

## APPENDIX 4G AND CORPORATE GOVERNANCE STATEMENT

**ASX ANNOUNCEMENT:**

27 March 2018

**ASX: CY5**

**CORPORATE DIRECTORY**

**Non-Executive Chairman**

Michael Bohm

**Managing Director**

James Merrillees

**Non-Executive Directors**

Amanda Buckingham

Simon Jackson

Oliver Kreuzer

**Company Secretary**

Michael Naylor

Please find attached the Appendix 4G and Corporate Governance Statement in accordance with Listing Rule 4.7.3, 4.7.4 and 4.10.3.

For and on behalf of the Board.

Michael Naylor

Company Secretary

—  
**Cygnus Gold Limited**

—  
Level 3, 20 Parkland Rd,  
Osborne Park, WA 6017

—  
**T:** +61 8 9489 2680  
**E:** [info@cygnusgold.com](mailto:info@cygnusgold.com)  
**W:** [www.cygnusgold.com](http://www.cygnusgold.com)

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

CYGNUS GOLD LIMITED

ABN / ARBN:

609 094 653

Financial year ended:

31 DECEMBER 2017

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

☐ These pages of our annual report:

☒ This URL on our website: <https://www.cygnusgold.com/corporate-governancedetail/>

The Corporate Governance Statement is accurate and up to date as at 26 March 2018 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 26 March 2018

Name of Director or Secretary authorising  
lodgement: Michael Naylor  
Company Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

| Corporate Governance Council recommendation                             |                                                                                                                                                                                                                                                                                                                                       | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                           | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>                                                                                                                 |
|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b> |                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                       |
| 1.1                                                                     | A listed entity should disclose:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management.                                                                                                                            | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]<br>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):<br><input type="checkbox"/> at [insert location] | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.2                                                                     | A listed entity should:<br>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and<br>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]                                                                                                                                                                                                                                                  | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.3                                                                     | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.                                                                                                                                                                                                   | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]                                                                                                                                                                                                                                                  | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.4                                                                     | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.                                                                                                                                                               | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]                                                                                                                                                                                                                                                  | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

| Corporate Governance Council recommendation |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>                                                                                                                            |
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| 1.5                                         | <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> | <p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.6                                         | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.7                                         | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>                                                                                                                            |
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| PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                  |
| 2.1                                            | <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 2.2                                            | <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>... our board skills matrix:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>                                                                                                                 |
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| 2.3                                                | A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors;<br>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and<br>(c) the length of service of each director. | ... the names of the directors considered by the board to be independent directors:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]<br>... and, where applicable, the information referred to in paragraph (b):<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]<br>... and the length of service of each director:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location] | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement                                                                                                                               |
| 2.4                                                | A majority of the board of a listed entity should be independent directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                 | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]                                                                                                                                                                                                                                                                                                                                                                                                                             | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 2.5                                                | The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.                                                                                                                                                                                                                                                                                                                                                                     | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]                                                                                                                                                                                                                                                                                                                                                                                                                             | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 2.6                                                | A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.                                                                                                                                                                                                                                                                      | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]                                                                                                                                                                                                                                                                                                                                                                                                                             | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| <b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                       |
| 3.1                                                | A listed entity should:<br>(a) have a code of conduct for its directors, senior executives and employees; and<br>(b) disclose that code or a summary of it.                                                                                                                                                                                                                                                                                                                                                                 | ... our code of conduct or a summary of it:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]                                                                                                                                                                                                                                                                                                                                                                                                                                  | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement                                                                                                                               |

| Corporate Governance Council recommendation                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| <b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                       |
| 4.1                                                             | <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>        |
| 4.2                                                             | <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>                                                                                                                                                                                                                                                                                                                                                                                               | <p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>        |

| Corporate Governance Council recommendation                 |                                                                                                                                                                                            | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                        | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>                                                                                                                                                                          |
|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.3                                                         | A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.                  | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]                                                               | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable             |
| <b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>    |                                                                                                                                                                                            |                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                |
| 5.1                                                         | A listed entity should:<br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) disclose that policy or a summary of it. | ... our continuous disclosure compliance policy or a summary of it:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]                                            | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement                                                                                                                                                                                        |
| <b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b> |                                                                                                                                                                                            |                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                |
| 6.1                                                         | A listed entity should provide information about itself and its governance to investors via its website.                                                                                   | ... information about us and our governance on our website:<br><input type="checkbox"/> at [insert location]                                                                                                                                | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement                                                                                                                                                                                        |
| 6.2                                                         | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.                                                    | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]                                                               | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement                                                                                                                                                                                                   |
| 6.3                                                         | A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.                                      | ... our policies and processes for facilitating and encouraging participation at meetings of security holders:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location] | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable |
| 6.4                                                         | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.                   | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [insert location]                                                               | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement                                                                                                                                                                                        |

| Corporate Governance Council recommendation    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
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| <b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                       |
| 7.1                                            | <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>        |
| 7.2                                            | <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>        |

| Corporate Governance Council recommendation |                                                                                                                                                                                                                                                                                                                                                                           | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| 7.3                                         | <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>        |
| 7.4                                         | <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>                                                                                                                                                                  | <p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>                                                                                                                                                                                                                                                                                                                                                                         | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>        |

| Corporate Governance Council recommendation            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                   |
| 8.1                                                    | <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>                                                                                                                                                  |
| 8.2                                                    | A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>                                                                                                                                                  |
| 8.3                                                    | <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

|                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                       |                                                                                                                       |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Corporate Governance Council recommendation                             |                                                                                                                                                                                                                                                                                                                                                                                                                                | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
| ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES |                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                       |                                                                                                                       |
| -                                                                       | <p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p> | <p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>         | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |
| -                                                                       | <p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>                                                                                                                                                                                                  | <p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |

## Corporate Governance Statement

This Corporate Governance Statement reports the governance processes and procedures in place at Cygnus Gold Limited as at 31 December 2017 and has been approved by the board of the Company as at 26 March 2018. This Corporate Governance Statement is also provided on our website at [www.cygnusgold.com](http://www.cygnusgold.com), together with copies of our Board and Board Committee Charters and some of the Company's key policies. The ASX Appendix 4G, which is a checklist cross-referencing the third edition of the ASX Corporate Governance Principles and Recommendations (ASX Recommendations) to the relevant disclosures in the Corporate Governance Statement and the 2017 Annual Report is also provided on that webpage.

### Commitment to Good Governance

The directors of Cygnus Gold Limited ("Cygnus" or the "Company") believe that effective corporate governance improves company performance, enhances corporate social responsibility and benefits all stakeholders. Governance practices are not a static set of principles and the company will assess its governance practices on an annual basis. Changes and improvements are made in a substance over form manner, which appropriately reflect the changing circumstances of the company as it grows and evolves. Accordingly, the Board has established a number of practices and policies to ensure that these intentions are met and that all shareholders are fully informed about the affairs of the Company.

### ASX Corporate Governance Council's Principles and Recommendations (3rd Edition)

Cygnus reviews all of its corporate governance practices and policies on an annual basis to ensure they are appropriate for the Company's current stage of development. The establishment of the corporate governance practices and policies was made with consideration to the new ASX Corporate Governance Council's Principles and Recommendations (third edition) ('CGRs').

The Company was officially admitted to the ASX on 15 January 2018 and adopted the new ASX Corporate Governance Council's Principles and Recommendations (third edition) on 17 November 2017 in preparation for listing on ASX. ***Prior to this date, the Company did not adopt any of the ASX Corporate Governance Council's Principles and Recommendations (third edition).***

From 17 November 2017, the following table outlines which of the ASX recommendations the Company has not complied with. Reasons for non-compliance are explained in this report.

| ASX Recommendation | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.5                | <p>A listed entity should:</p> <ol style="list-style-type: none"> <li>have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>disclose the policy or a summary of it; and</li> <li>disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: <ol style="list-style-type: none"> <li>the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ol> </li> </ol> |
| 2.4                | A majority of the board of a listed entity should be independent directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 2.5                | The chair of the board of a listed entity should be an independent director and in particular, should not be the same person as the Managing Director of the entity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

## Principle 1 - Lay solid foundations for management and oversight by the board

### Recommendation 1.1

A listed entity should disclose:

- (a) the respective roles and responsibilities of its board and management; and
- (b) those matters expressly reserved to the board and those delegated to management.

The Board of Directors is collectively responsible for the success of the Company. In order to achieve this objective, the Board must promote and protect the interests of shareholders and other stakeholders. The Board must also ensure that the Company complies with all of its contractual, statutory and legal obligations.

The conduct of the Board, as well as being governed by federal and state legislation, the ASX Listing Rules and the Common Law, is also regulated by the Company's constitution, Code of Conduct and other Company policies.

The roles and responsibilities of the Board and the Senior Management ("Executive's") are set out in the Company's Board and Executive Charter, of which a copy is available on the Company's website at [www.cygnusgold.com](http://www.cygnusgold.com)

The Board and Executive Charter provides that the Board has the following key responsibilities:

- leading and setting the strategic direction/objectives of the Company;
- appointing the Chairman of the Board;
- appointing, and when necessary replacing, the Managing Director or CEO (Collectively referred to as Managing Director);
- approving the appointment, and when necessary replacement, of Executives and the Company Secretary;
- overseeing the Executive's implementation of the Company's strategic objectives and the Executive's performance generally;
- approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit, satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance;
- overseeing the Company's processes and procedures for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- approving the Company's remuneration framework.

The Board has delegated responsibility for the day to day management of the Company to the Managing Director who is supported by the Executives. However, the Board remains ultimately responsible for the strategic direction of the Company.

The Board and Executive Charter provides that the Managing Director has the following key responsibilities:

- overseeing the day-to-day operations and administration of the Company;
- leading and supervising the Executive's; and
- keeping the Board informed of any material issues or developments within the Company;

The charter also states that the Managing Director receives support from the Executive's in respect of:

- implementing the strategic direction/objectives provided by the Board;
- supplying the Board with required information in a timely and clear manner;
- developing control and accountability systems in respect of compliance, risk management and corporate governance;
- operating within the risk appetite set by the Board; and
- maintaining accurate financial and other reports.

**Recommendation 1.2**

A listed entity should:

- a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
- b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

As stipulated in the CGRs, background checks are now carried out on all new directors prior to their submission to security holders for election. These checks include: gaining character references; confirming the experience and education of the new director; and checking that the new Director has not been bankrupt.

The Company ensures that all material information in its possession relevant to a shareholder's decision whether to elect or re-elect a director, including the information referred to in Recommendation 1.2, is provided to shareholders in the Company's Notice of Annual General Meeting.

**Recommendation 1.3**

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Each director and Executive of the Company has an agreement in writing with the Company which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities and (to the extent applicable) the matters referred to in the commentary to Recommendation 1.3.

**Recommendation 1.4**

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary has a direct line of reporting to the Chairman and is responsible for:

- advising and supporting the Chairman and the Board and its committees to manage the day to day governance framework of the Company;
- assisting with Board effectiveness by monitoring whether applicable Board and committee policies, procedures and charters are followed and coordinating timely completion and despatch of Board agendas and papers; and
- assisting with all matters to do with the proper functioning of the Board including advising on governance matters and assisting with induction and professional development of directors.

The responsibilities of the Company Secretary are set out in the Board and Executive Charter located at: [www.cygnusgold.com](http://www.cygnusgold.com).

**Recommendation 1.5**

A listed entity should:

- a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- b) disclose the policy or a summary of it; and
- c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
  - 1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
  - 2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Company is committed to workplace diversity through acting in fairness and without prejudice. The Company believes that decision-making is enhanced through diversity and supports and encourages diversity at all levels of the organisation in accordance with the Company's Diversity Policy, a copy of which is located at [www.cygnusgold.com](http://www.cygnusgold.com).

Under the principles outlined in the Company's Nomination and Remuneration Committee Charter the Board is responsible for setting measurable objectives for achieving gender diversity and annually reviewing any such objectives and the Company's progress towards achieving them. A copy of the Nomination and Remuneration Committee Charter is available at [www.cygnusgold.com](http://www.cygnusgold.com).

Given the size of the Company the Directors do not consider it appropriate to set measurable objectives in relation to diversity. Cygnus is not considered a "relevant employer" under the Workplace Gender Equality Act and is not required to report against the Gender Equality Indicators as defined by the Act.

Notwithstanding this the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Company's Diversity Policy.

As at 26 March 2018 the Company had no women employees out of a total of one (1) employee, with no women in a senior management position and one (1) woman on the board.

**Recommendation 1.6**

A listed entity should:

- a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board and Executive Charter provides that the Board's performance shall be evaluated in such a manner as the Board deems appropriate. A copy of this Charter is available on the Company's website.

In the coming year, each Director performance will be discussed, whereby the performance of individual members and the performance of the Board as a whole, will be assessed. A standalone board performance review may be conducted.

### Recommendation 1.7

A listed entity should:

- a) have and disclose a process for periodically evaluating the performance of senior executives; and
- b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company's process for evaluating the performance of the Executive's is stated in the Board and Executive Charter, a copy of which is available on the Company's website.

The evaluation is required to include:

- assessment of performance against the requirements of the Board and Executive Charter;
- measurement of performance against previously agreed key performance indicators ('KPIs'); and
- setting new KPIs.

A review of the performance of Executive's will be carried out annually. The review will be conducted by the Chairman or Managing Director.

## Principle 2 - Structure the board to add value

### Recommendation 2.1

The board of a listed entity should:

- a) have a nomination committee which:
  - 1. has at least three members, a majority of whom are independent directors; and
  - 2. is chaired by an independent director,
 and disclose:
  - 3. the charter of the committee;
  - 4. the members of the committee; and
  - 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or
- b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Given the size of the board it has been decided that there are no efficiencies to be gained from forming a separate nomination committee. The current board members carry out the roles that would otherwise be undertaken by a nomination committee and each director excludes himself from matters in which he has a personal interest.

The roles and responsibilities conducted by the full board to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively include:

- considering the size and composition of the Board;
- assessing and determining the independent status of each director;
- regularly determine whether each director has enough time to commit to carry out his or her responsibilities;
- implementing a plan for identifying, assessing and enhancing director competencies;
- developing and implementing processes to identify suitable candidates for nomination or appointment to the Board;
- developing and implementing induction procedures for new directors;
- developing, implementing and reviewing the Company's succession plans in place for membership of the Board and the Executives;
- developing and implementing processes for evaluating the performance of the Board and individual directors;

When deciding to appoint a new director or renew an existing director's tenure, the Board takes into account: the number of directors necessary to add value to the Company; the specific skills sets or experience required by the Company at its current stage of growth; the decision-making and judgment skills a director might bring to the Board; and a director's capacity to commit adequate time to the role.

### Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

As detailed on the Company website, the directors are all professionals with a wealth of experience in different areas relevant to Cygnus's business. Cygnus is committed to ensuring the Board is comprised of directors who possess the appropriate mix of skills, expertise and diversity to adequately discharge its responsibilities and duties.

In the coming year, through the use of a board skills matrix, the Board will assess the need for additional or new directors and the value the current directors bring to the Board. The mix of skills comprised in the current Board, and that the Board would look to maintain and to build on, includes:

- resource sector experience;
- technical expertise (including accounting, legal, exploration and mining operations);
- governance and risk management;
- debt and equity fundraising experience;
- high level of business acumen; and
- appropriate team orientated behavioural characteristics.

In saying that, the Board structure and composition will be reviewed as and when the company's strategic direction and activities change. The Company will only recommend the appointment of additional directors to your board where it believes the expertise and value added outweighs the additional cost.

### Recommendation 2.3

A listed entity should disclose:

- a) the names of the directors considered by the board to be independent directors;
- b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- c) the length of service of each director.

**Recommendation 2.3**

| Director             | Role                   | Profession                         | Non-Executive | Independent | In office (years) |
|----------------------|------------------------|------------------------------------|---------------|-------------|-------------------|
| Mr Michael Bohm      | Non-Executive Chairman | Mining Professional and Engineer   | Yes           | No          | 1                 |
| Mr James Merrillees  | Managing Director      | Geologist                          | No            | No          | Less than 1       |
| Mr Simon Jackson     | Non-Executive Director | Mining Professional and Accountant | Yes           | Yes         | Less than 1       |
| Dr Amanda Buckingham | Non-Executive Director | Geophysical Professional           | Yes           | No          | 2                 |
| Dr Oliver Kreuzer    | Non-Executive Director | Geologist                          | Yes           | No          | 2                 |

**Recommendation 2.4**

A majority of the board of a listed entity should be independent directors.

The Board is not comprised of a majority of independent directors and does not have an independent Chairman. The independent director is Simon Jackson.

The Company considers an independent director to be a non-executive director who:

- is not a substantial shareholder of the Company (as defined in section 9 of the Corporations Act 2001 (Cth));
- within the last 3 years has not been employed in an executive capacity by the Company;
- within the last 3 years been a partner, director or senior employee of a provider of material professional services or material consultant to the Company;
- is not a material supplier or customer of the Company;
- has no material contractual relationship with the Company other than as a director of the Company;
- has no close family ties with any person who falls within any of the categories above; and
- has not been a director of the Company for such a period that his or her independence may have been compromised.

The assessment of whether a director is considered independent (both from the perspective of the Company and the director) is based on the following materiality thresholds:

- payments made by the Company to the director or any of his associated entities for the provision of goods and/or services does not exceed 2% of the annual gross expenditure of the Company; or
- payments received by the director for the provision of goods and/or services to the Company does not exceed 25% of the annual income or business turnover of the director or his associated entities.

The Company does not have a majority of Independent Directors, however, the Board considers that given the size and scope of the Company's operations, it has the relevant experience in the exploration and mining industry and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders from both a long-term strategic and operational perspective.

To assist the directors of the Board with their independent decision making, the Board collectively, and each Director, has, subject to prior consultation with the Chairman, the right to seek independent professional advice at the Company's expense. A copy of such advice is required to be made available to all members of the Board.

#### Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the Managing Director of the entity.

The Board does not have an independent chairman however as recommended by the CGRs and stipulated in the Company's Board and Executive Charter, the Chairman and Managing Director are not the same individual. A copy of the Board and Executive Charter is available at [www.cygnusgold.com](http://www.cygnusgold.com).

The Board considers that given Mr Bohm's industry experience, he is the correct person to be Chairman of the Company.

#### Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

In order for the new director to participate fully and actively in board decision-making at the earliest opportunity, an induction process is carried out immediately after appointment. This induction is facilitated by the Company Secretary and involves meeting with other members of the Board, the Managing Director and the Executives; and being provided with a pack of relevant documents and information.

All directors are expected to maintain skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education which is paid for by the Company where appropriate.

### Principle 3 - Promote ethical and responsible decision making

#### Recommendation 3.1

A listed entity should:

- a) have a code of conduct for its directors, senior executives and employees; and
- b) disclose that code or a summary of it.

The Company has a Code of Conduct, Continuous Disclosure Policy, Diversity Policy and Security Trading Policy which set out the standards of behaviour expected of all its employees, directors, officers, contractors and consultants. Copies of these documents are located at [www.cygnusgold.com](http://www.cygnusgold.com)

### Principle 4 - Safeguard integrity in financial reporting

#### Recommendation 4.1

The board of a listed entity should:

- a) have an audit committee which:
    1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
    2. is chaired by an independent director, who is not the chair of the board,
- and disclose:

3. the charter of the committee;
  4. the relevant qualifications and experience of the members of the committee; and
  5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members of those meetings; or
- b) if it does not have an audit committee, disclose the fact and the process it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Company does not have a separate Audit Committee. Given the size of the board it has been decided that there are no efficiencies to be gained from forming a separate audit committee. The current board members carry out the roles that would otherwise be undertaken by an Audit Committee.

The procedures detailed in the Audit and Risk Management Committee Charter continue to be relevant and outlines the process employed by the board of directors to independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner, a copy of which is available at [www.cygnusgold.com](http://www.cygnusgold.com).

**Recommendation 4.2**

The board of a listed entity should, before it approves the entity's financial statements for a financial period, received from its Managing Director and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Managing Director and CFO will provide the Board with a declaration in accordance with S295A of the Corporations Act that all financial statements that will be lodged throughout the reporting period are founded on a sound system of risk management and internal compliance.

**Recommendation 4.3**

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Representatives from the Company's external auditor, Grant Thornton, will attend each AGM and will be available to answer questions from security holders relevant to the audit of the Company.

**Principle 5 - Make timely and balanced disclosure****Recommendation 5.1**

A listed entity should:

- a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- b) disclose that policy or a summary of it.

The Company has a Continuous Disclosure Policy. This policy outlines the disclosure obligations of the Company and its subsidiaries as required under the Corporations Act 2001 (Cth) (the "Corporations Act") and the ASX Listing Rules. This policy is designed to ensure that Cygnus complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules such that:

- all investors have equal and timely access to material information; and
- Cygnus announcements are factual and presented in a clear and balanced manner.

All Cygnus Group directors, officers and employees should observe the requirements set out in this policy.

The purpose of the policy is to:

- summarise the Company's disclosure obligations in accordance with the Listing Rules and the Corporations Act 2011 (Cth);
- explain what type of information needs to be disclosed;
- identify who is responsible for disclosure; and
- explain how individuals at the Company can contribute.

The Company Secretary is responsible for ensuring disclosure of information to the ASX.

A copy of the Continuous Disclosure Policy is available from the corporate governance section of the company's website at [www.cygnusgold.com](http://www.cygnusgold.com)

## Principle 6 - Respect the rights of shareholders

### Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

Information about the Company and its operations is located at: [www.cygnusgold.com](http://www.cygnusgold.com)

Information about the Company's corporate governance (including links to the Company's corporate governance policies and charters) is located on the Company's website.

### Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company respects the rights of its shareholders and is committed to communicating effectively with them. The Company has a Continuous Disclosure Policy and a Shareholder Communications Policy located at [www.cygnusgold.com](http://www.cygnusgold.com)

The Chairman, the Managing Director and the Company Secretary have the primary responsibility for communication with shareholders. Information is communicated through:

- continuous disclosure to relevant security exchanges of all material information;
- periodic disclosure through the annual, half year and quarterly financial reports;
- notices of meetings and explanatory material;
- investor presentations;
- the annual general meeting; and
- the Company's website.

The Company also makes available a telephone number and email address for shareholders to make enquiries.

The Company's website is updated with material announcements released to the ASX as soon as practicable after confirmation of release, by the ASX. In addition, shareholders' can be notified by email of all material announcements by subscribing to the Company's mailing list (this is done via the Company's website).

Cygnus shareholders are also provided an opportunity to ask questions at the Company's AGM, which is also attended by the Company's external auditor (who can answer questions about the annual audit).

### Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company's Shareholder Communication Policy sets out how the Company communicates with shareholders and the market effectively and is designed to promote a two-way dialogue, a copy of which is located at [www.cygnusgold.com](http://www.cygnusgold.com)

**Recommendation 6.4**

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company welcomes electronic communications from its Shareholders via its publicised email address [admin@cygnusgold.com](mailto:admin@cygnusgold.com).

Upon admission onto the Company's share register the Company's security registry provides shareholders with the option to receive communications from, and send communications to, the Company's security registry electronically including the Annual Report and Notice of Meeting and electronic voting.

**Principle 7 - Recognise and manage risk****Recommendation 7.1**

The board of a listed entity should:

- a) have a committee or committees to oversee risk, each of which:
  1. has at least three members, a majority of whom are independent directors; and
  2. is chaired by an independent director,
  3. and disclose:
    4. the charter of the committee;
    5. the members of the committee; and
    6. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Company does not have a separate Risk Management Committee. Given the current size of the Company and board, the directors believe there are no efficiencies in forming a separate committee and the board as a whole performs this role.

However the Company does have an Audit and Risk Management Charter which is available on the Company's website at [www.cygnusgold.com](http://www.cygnusgold.com).

The Company does not have a single specific risk management policy, but rather, financial and operating risks are addressed through individual approved policies and procedures covering financial, contract management, safety and environmental activities of the company.

The Company also engages an insurance broking firm as part of the company's annual assessment of the coverage for insured assets and risks. The results of all the various reviews and insurances are reported to the board at least annually.

The integrity of Cygnus's financial reporting relies upon a sound system of risk management and control. Accordingly, the Managing Director and Chief Financial Officer, to ensure management accountability, are required to provide a statement in writing to the board that the financial reports of Cygnus are based upon a sound risk management policy.

The board believes that it has a thorough understanding of the Company's key risks and is managing them appropriately.

**Recommendation 7.2**

The board or a committee of the board should:

- a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- b) disclose, in relation to each reporting period, whether such a review has taken place.

The Company has outlined the risks of the Company in its recent prospectus. Reporting on Company risk management will occur on an ongoing basis and reported to the Board of Directors (by the MD and CFO). Risk management workshops are not held, but business risk will be continually assessed (at least annually) by the Board in accordance with the Company's risk management and internal compliance and control policy.

**Recommendation 7.3**

A listed entity should disclose:

- a) if it has an internal audit function, how the function is structured and what role it performs; or
- b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Given the Company's current size and level of activity, the Board does not deem it appropriate to create an internal audit function or engage an external advisor to complete this function. Through external audit procedures and internal risk management policies and procedures the Board considers there to be sufficient processes in place for evaluating and continually improving the effectiveness of its risk management and internal control processes. Copies of the Company's Audit and Risk Management Committee Charter are available on the Company's website at [www.cygnusgold.com](http://www.cygnusgold.com)

**Recommendation 7.4**

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company, as a gold exploration company, faces inherent risks in its activities, including economic, environmental and social sustainability risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term.

The Company has in place procedures in place for reporting on significant risks (as described above at 7.2), which are continually being developed and updated to help manage these risks. The board also believes that it has a thorough understanding of the Company's key risks and is managing them appropriately.

**Principle 8 - Remunerate fairly and responsibly****Recommendation 8.1**

The board of a listed entity should:

- a) have a remuneration committee which:
  1. has at least three members, a majority of whom are independent directors; and
  2. is chaired by an independent director,

**Recommendation 8.1**

and disclose:

the charter of the committee;

3. the members of the committee; and
  4. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Company has not established a separate remuneration committee. Given the current size of the company and board, the directors believe there are no efficiencies in forming a separate committee and the board as a whole performs this role. The board of directors reviews and approves recommendations in terms of compensation and incentive plan arrangements for directors and senior executives, having regard to market conditions and the performance of individuals and the consolidated entity.

The procedures detailed in the Nomination and Remuneration Committee Charter outlines the process employed by the board of directors for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. A copy of this policy is available from the corporate governance section of the company's website at [www.cygnusgold.com](http://www.cygnusgold.com).

**Recommendation 8.2**

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives is set out in the Company's Nomination and Remuneration Committee Charter and in the Remuneration Report. The Nomination and Remuneration Committee Charter is available from the corporate governance section of the Company's website at [www.cygnusgold.com](http://www.cygnusgold.com)

**Recommendation 8.3**

A listed entity which has an equity-based remuneration scheme should:

- a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit economic risk of participating in the scheme; and
- b) disclose that policy or a summary of it.

The Company has an equity-based remuneration scheme. The Company has an internal policy on director and employee incentive hedging which imposes securities trading restrictions on Cygnus employees. Under the policy, employees who have been issued Incentives are strictly prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested scheme entitlement.