



Quarterly Activities Report for the period ended 30 June 2018

31 July 2018

ASX: CY5

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Managing Director

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HIGHLIGHTS

Exploration

Stanley Project

- A 32-hole (2,975m) RC drilling program was completed, targeting gold mineralisation surrounding the Bottleneck Prospect, as well as targets at the Brays and Stanley Hill Prospects
- Drilling intersected additional high-grade mineralisation surrounding Bottleneck including:
 - 7m @ 4.9 g/t Au from 42m in BNRC009
- Drilling also extended mineralisation to the northwest of Bottleneck including:
 - 3m @ 1.0 g/t Au from 111m to end of hole in BNRD010
- A 612m diamond drilling program targeted extensions to gold mineralisation surrounding Cygnus hole BNDD006, which intersected 6m @ 3.27 g/t Au from 157.5m including a higher-grade zone of 2m @ 8.82 g/t Au from 161.5m
- A follow up drill program on the more than 20km of prospective greenstone Stanley Project will focus on the Brays and Stanley Hill Prospects
- Results were received from a 176-hole (3,300m) aircore program, which was drilled to follow up broad target zones defined from detailed ground gravity the Company collected in late 2017. The aircore program identified several low-order gold anomalies over the broader Bottleneck area.
- Detailed gravity survey data now interpreted over the Stanley tenement (including Bottleneck) identified several high potential targets for drill testing.

Other Projects

- Ground geophysics and auger soil sampling commenced on the Company's JV Projects with Gold Road Resources (ASX:GOR) at Lake Grace and Wadderin
- \$120,000 State Government co-funding approved for the Bencubbin Project with initial focus on the Jefferies Prospect, a ~3.5km long, >25ppb Au (max 566ppb Au) auger anomaly within the Bencubbin Greenstone Belt
- Drilling will commence on high-priority targets at Bencubbin once all approvals are received expected in the second half of 2018.

Corporate

- As at 30 June 2018, Cygnus Gold held \$3.9m in cash (March 2018: \$4.9m).



Exploration

Cygnus Gold's (ASX:CY5, the 'Company') exploration activities are focused on the Southwest Terrane of the Yilgarn Craton, Western Australia (Figure 1). The Company has more than 8,000km² in granted tenements and applications covering interpreted and known greenstone rocks where previous explorers have identified numerous prospects with widespread high grade, near surface gold mineralisation.

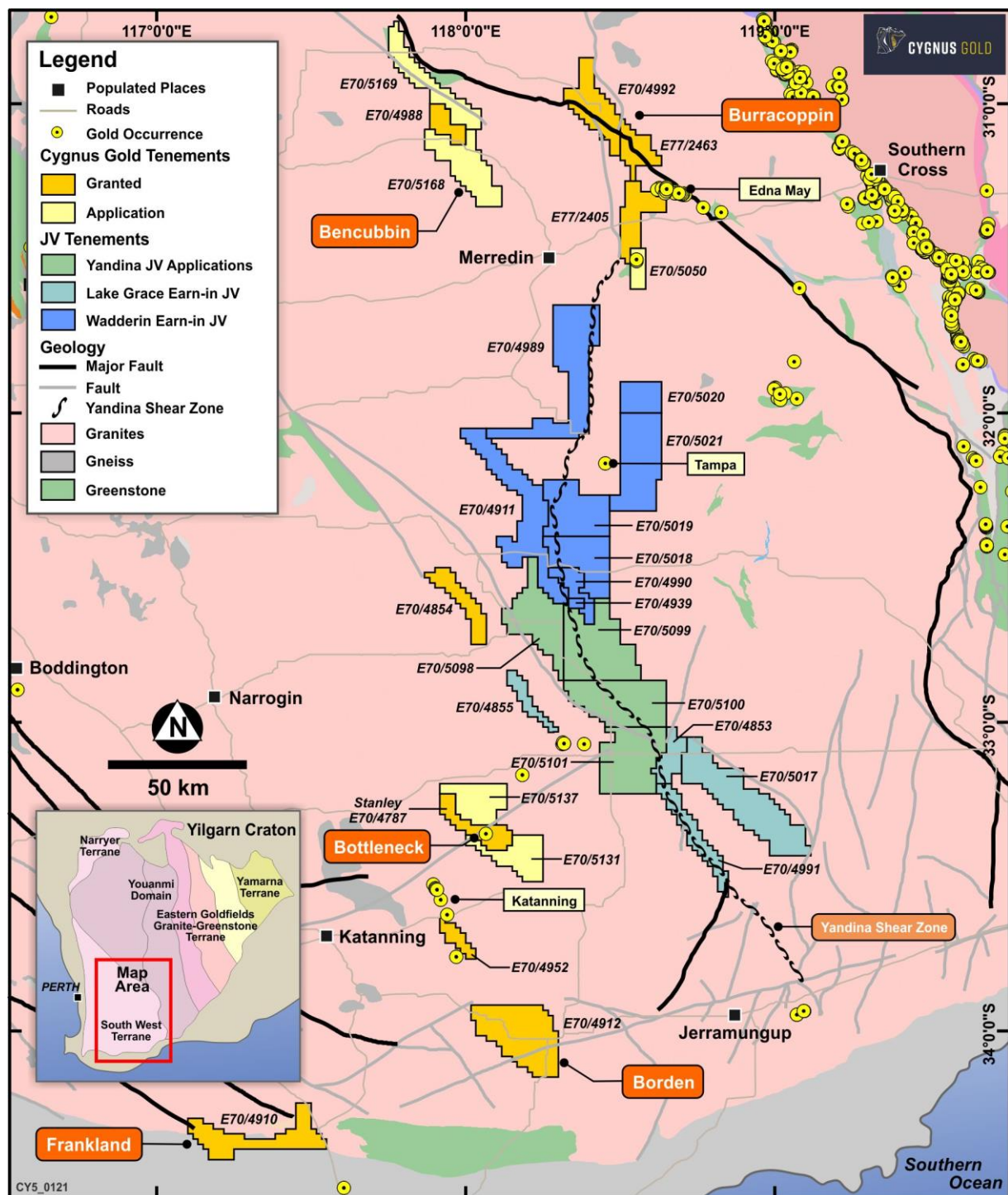


Figure 1: Cygnus Gold granted tenements and applications in the Southwest Terrane, Western Australia.



Stanley Project (Cygnus 100%)

The ~160km² Stanley tenement covers a more than 20km strike length of prospective greenstone including numerous prospects where previous explorers have intersected high grade gold mineralisation (Figure 2).

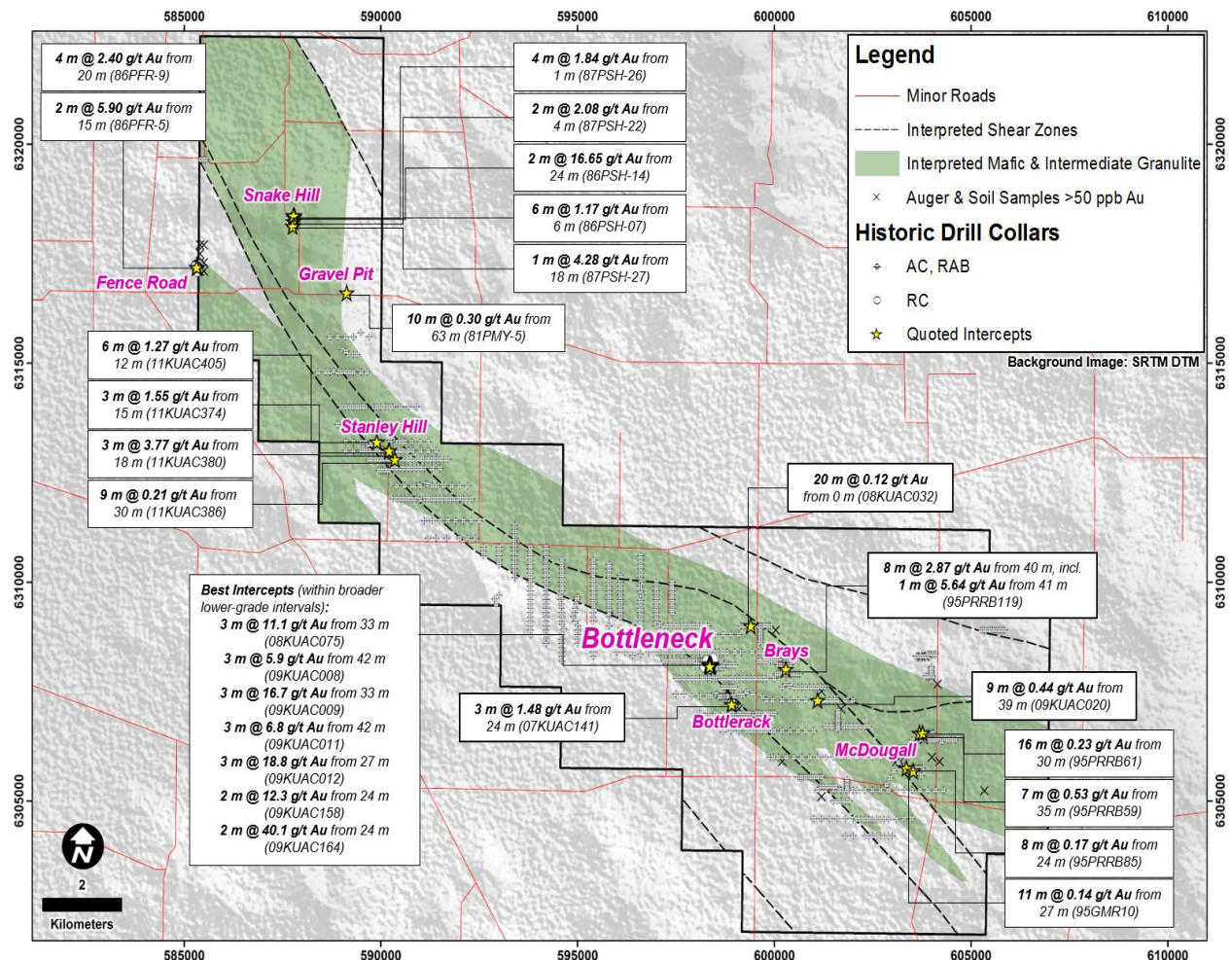


Figure 2: Cygnus' Stanley Project highlighting significant intersections drilled by previous explorers².

RC and Diamond Drilling Program

Cygnus completed a 32-hole (2,975m) RC drilling program, targeting gold mineralisation surrounding the Bottleneck Prospect, as well as targets at the Brays and Stanley Hill Prospects, which have never been tested with deeper drilling (Figures 3 & 4).

Six of the RC holes at Bottleneck were extended with diamond core 'tails' and one diamond hole (BNDD007) was drilled to test a structural position at Brays.

Bottleneck Prospect

Drilling at Bottleneck targeted:

- The high-grade zone at Bottleneck;
- Extensions of mineralisation into the basement as defined by Cygnus Gold drilling in BNDD006 and;
- New targets defined from aircore drilling in the broader Bottleneck area.



High-grade Zone

BNRC009 targeted extensions to high-grade mineralisation previously reported by Cygnus Gold around BNDD001 where the Company intersected 4.75m @ 34.17g/t Au from 24.7m (refer CY5 ASX announcement 22 February 2018)¹. BNRC009 intersected:

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

BNRC009 confirmed the targeted high-grade horizon however did not materially extend mineralisation into the basement. A review of any further potential to extend this high-grade zone is underway.

Basement Extensions

Six holes (BNRD005, BNRD007, BNRC022 BNRD023 BNRD024 and BNRD025) targeted extensions to mineralisation previously reported in Cygnus hole BNDD006.

The mineralised zone at BNDD006 was considered a high priority target by the Company as it was the first Cygnus Gold hole to intersect high-grade mineralisation in fresh basement rock, with 6m @ 3.3g/t Au from 157.5m (refer to CY5 ASX announcement 7 March 2018)¹, approximately 250m along strike from the shallow high-grade intercepts at the main Bottleneck Prospect. Significant intersections included:

- BNRD010 with:
 - 3.0m @ 1.01g/t Au from 111.0m and
 - 1.0m @ 0.32g/t Au from 116.2m and
 - 2.0m @ 0.58g/t Au from 131.2m and
 - 1.0m @ 0.66g/t Au from 152.3m;
- BNRD024 which intersected:
 - 2.7m @ 0.33g/t Au from 151.4m and
 - 1.0m @ 0.10g/t Au from 190.0m.

BNRD005 intersected several narrow zones of mineralisation coincident with BNDD006 including 1m @ 1.31g/t Au from 83m (refer CY5 ASX announcement 6 June 2018)¹.

Holes BNRC022 and BNRD023 intersected what is interpreted as a narrow, mineralised zone that extends more than 80m between these two holes, with best intervals of 4m @ 0.27g/t Au from 148m in BNRC022 (refer CY5 ASX announcement 6 June 2018)¹:

Although drilling successfully tested the mineralised position intersected in BNDD006, overall these narrow, lower grade zones demonstrated that mineralisation in this part of the Bottleneck system is variable.

Bottleneck 'Extended'

Several RC holes were drilled to test aircore gold anomalies drilled by Cygnus Gold up to 5km from the Bottleneck Prospect. The best intersections from these holes included (refer CY5 ASX announcement 6 June 2018)¹:

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



Other Prospects

The Cygnus Gold's RC program also targeted other zones on the Stanley Project where the Company's detailed gravity survey has identified several targets associated with shallow aircore gold anomalies reported by previous explorers.

At Brays - where drilling by previous explorers intersected up to 8m @ 2.97g/t Au² - the Company drilled seven RC holes (BRRC025-BRRC031) with a best intersection of 8m @ 0.53g/t Au from 80m in BRRC031 (Figure 4).

A single Cygnus Gold diamond hole immediately north of Brays (BNDD007) did not intersect any significant gold mineralisation but drilled a dense, magnetite and sulphide-rich (pyrite, pyrrhotite and trace chalcopyrite) mafic-ultramafic unit. Detailed structural logging in combination with interpretation of newly acquired ground gravity data demonstrated that the hole was drilled down the limb of a fold and missed the potentially more prospective fold nose structure immediately to the north.

Further drilling at Brays will include testing this fold nose position as well as follow up of mineralisation intersected in hole BRRC031 (refer ASX announcement 8 June 2018)¹.

The Company also drilled one RC hole (SHRC032) into the Stanley Hill Prospect intersecting 8m @ 0.31g/t Au from 28m (refer CY5 ASX announcement 6 June 2018)¹.

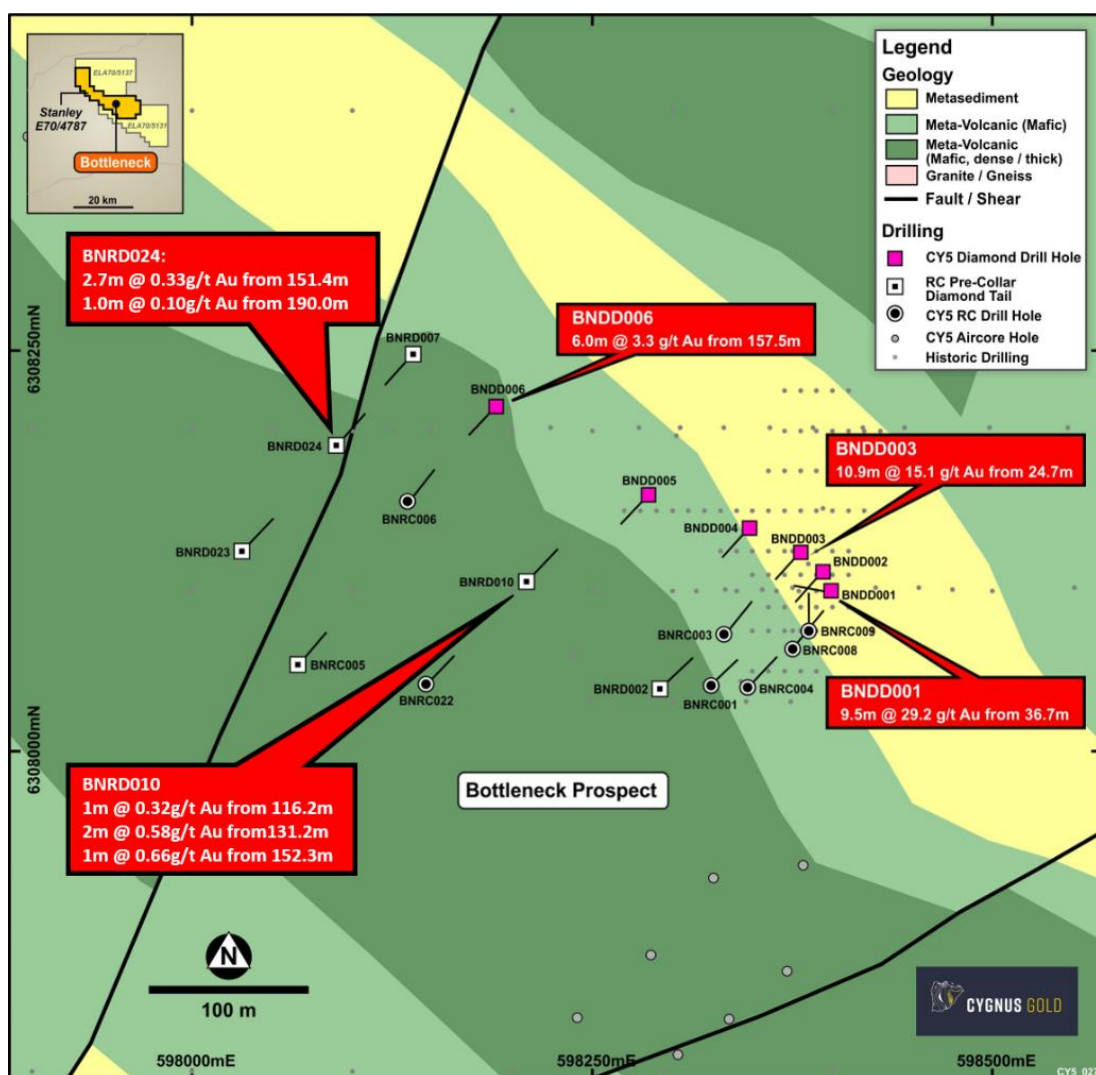


Figure 3: Plan view of Cygnus' drilling at Bottleneck over interpreted geology. Holes BNDD001 - BNDD006 are previously reported Cygnus holes (refer CY5 ASX announcement 7 March 2018)¹.

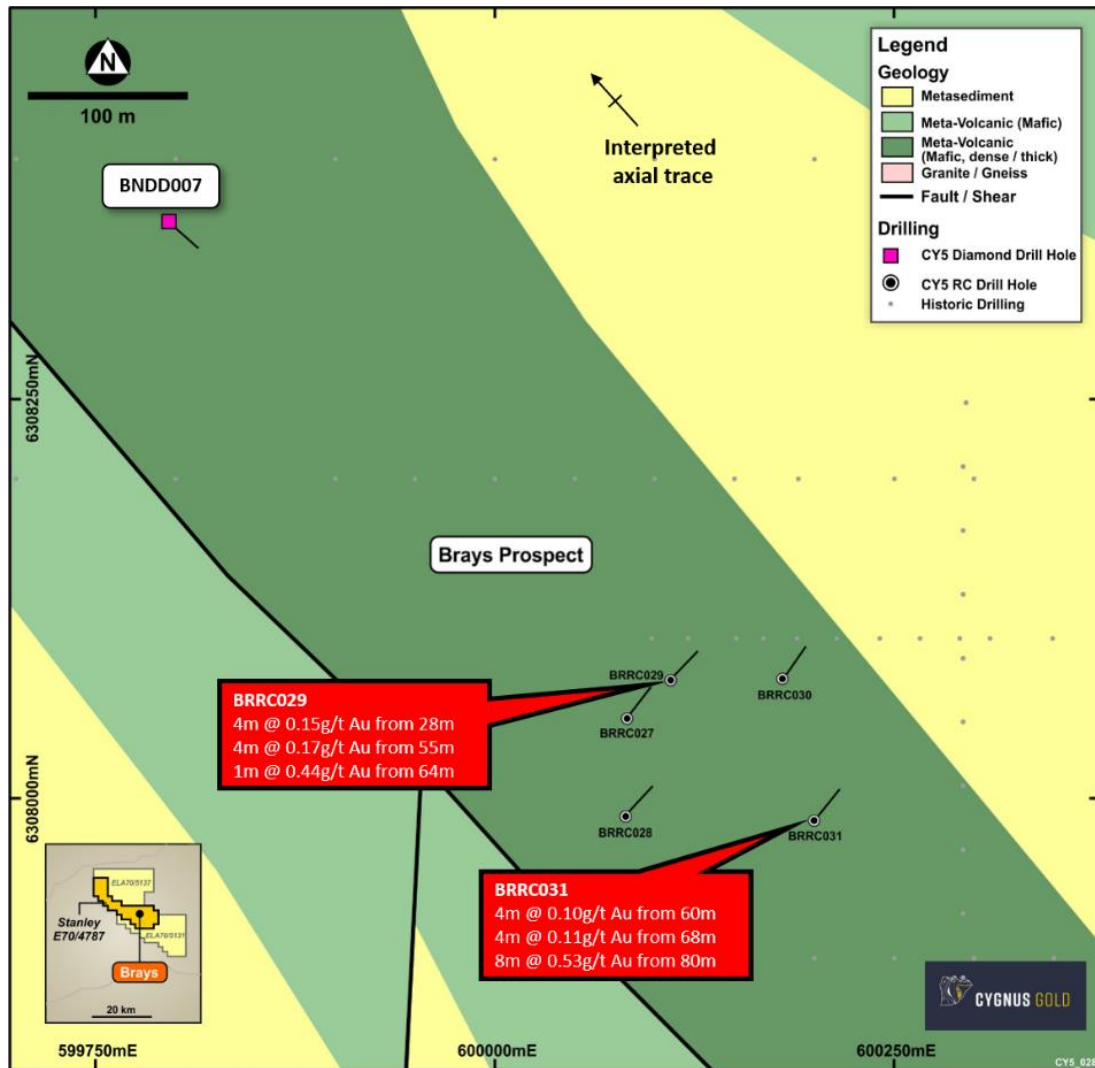


Figure 4: Plan view of Cygnus' drilling at the Brays Prospect over interpreted geology with arrow on axial trace indicating location of fold nose.

Aircore Drilling Program

Cygnus received and interpreted results from a 176-hole (3,300 m) aircore program, which was drilled to follow up broad target zones defined from a ground gravity survey the Company completed in late 2017.

Vertical drilling to blade refusal – typically occurring in the upper saprolite – has defined several NW-trending gold anomalies coincident with interpreted structural zones, considered important controls on gold mineralisation at Stanley. These anomalies are defined by aircore results greater than 0.1g/t Au (Figure 5).



Several holes with greater than 0.1g/t Au in bottom of hole samples are located at the end of drill lines and anomalous is therefore open in several directions. This includes a cluster of holes in the west of the survey area which map out a series of anomalous zones outboard of, and parallel with, the main Bottleneck structural trend.

A cluster of holes targeting a plunging regional fold closure to the northwest of and along strike from Bottleneck were terminated in transported sediments so are therefore not considered to have been an effective test of this area.

For full results of the aircore program refer to ASX announcement dated 12 April 2018.¹

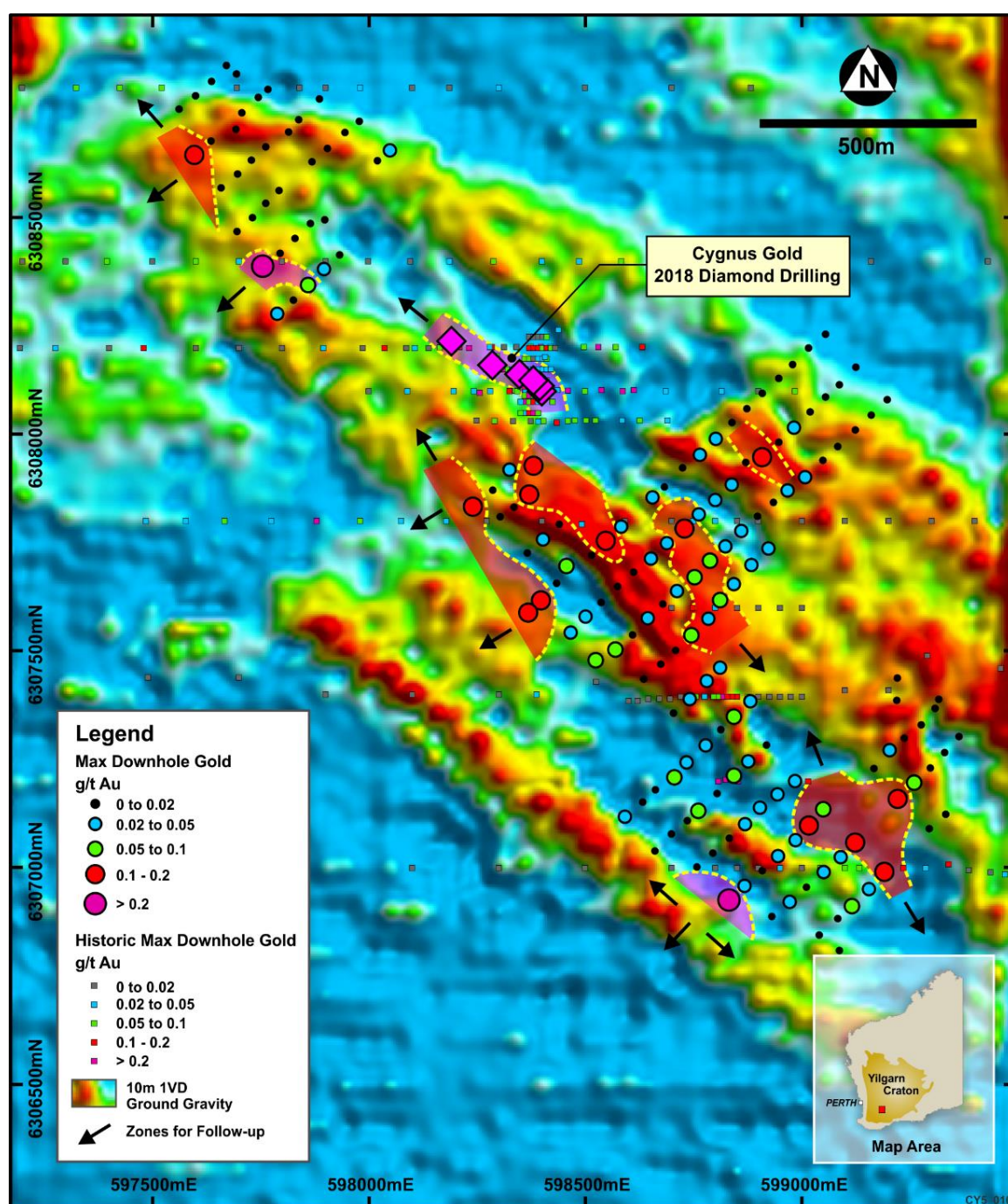


Figure 5: Plan view of Cygnus Gold's Bottleneck aircore and diamond drilling with historical drilling on detailed ground gravity (first vertical derivative of Bouguer gravity).



Ground Gravity Survey

During the quarter Cygnus Gold completed processing and interpretation of detailed ground gravity data collected by the Company over much of the Stanley tenement. Data was collected at 3,054 stations using a regular 150m x 150m grid. The interpretation of this high-resolution ground gravity data has identified several high priority target zones for follow up (Figure 6).

As verified by drilling, at Stanley, the gravity survey effectively mapped denser, commonly mafic greenstone rocks; the Company's key target host rock types for gold mineralisation. The gravity data has also mapped out the key structures not evident in magnetic data and interpreted as the pathways or 'plumbing system' along which gold bearing fluids are transported, as well as the key structural 'traps' such as fold hinges or closures that commonly focus gold and are targets for follow up testing.

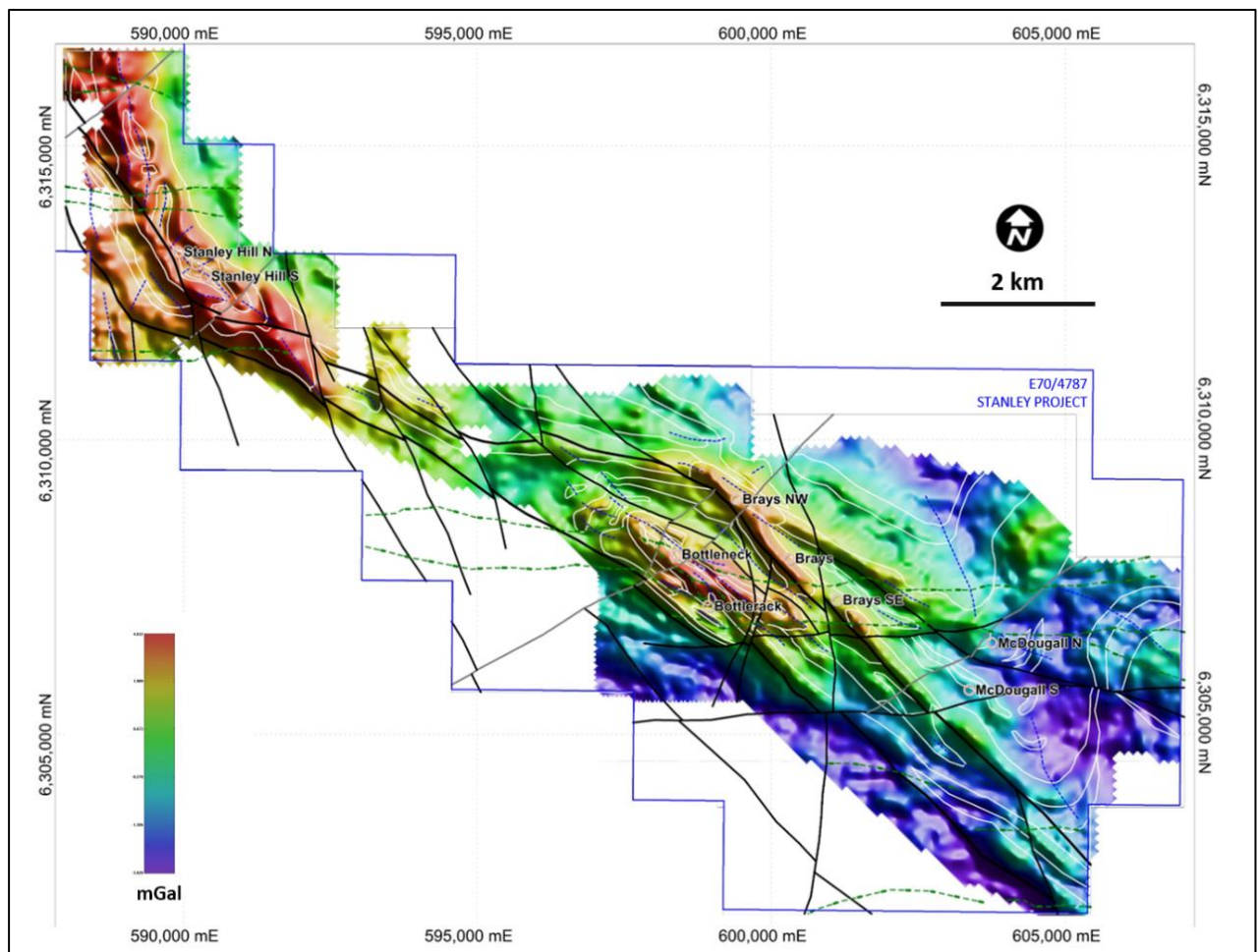


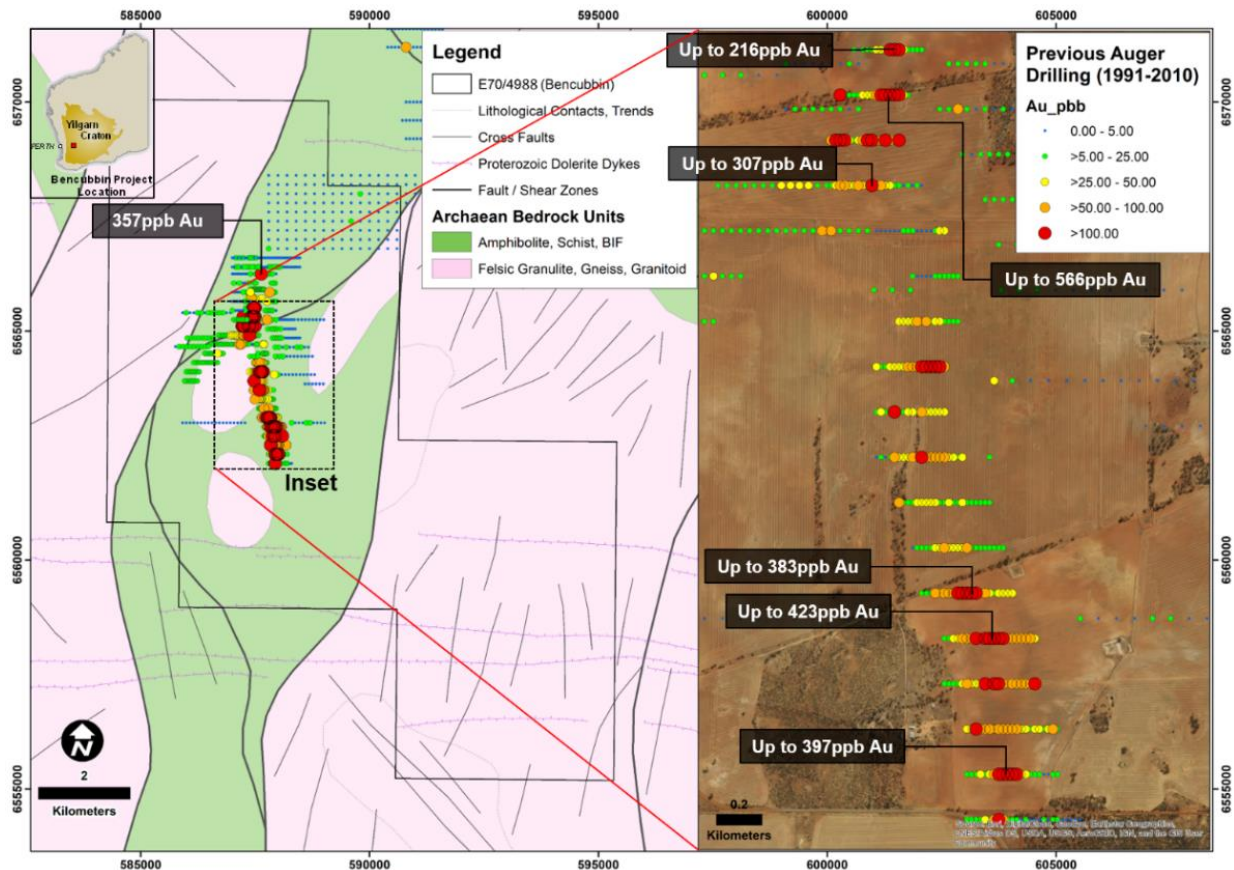
Figure 6: Residual Bouguer gravity image of detailed gravity collected over the Stanley Project with main prospects, structural interpretation and geology (white lines).



Bencubbin

Cygnus Gold's Bencubbin tenement, located ~220km northeast of Perth, is centred on a 10km long section of the Bencubbin Greenstone Belt.

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



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

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

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

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

During the quarter the Company was successful in securing a \$120,000 State Government Exploration Incentive Scheme (EIS) grant to co-fund drilling of highly-prospective targets at Bencubbin.

Drilling is planned to commence in the second half of the year.



Other Cygnus 100% Projects

In addition to Stanley and Bencubbin the Company has ~1,700km² of granted tenements and 997km² of applications, covering prospective greenstone rocks of the Southwest Terrane of the Yilgarn Craton.

During the period the Company identified and met with landowners of properties covering prospects and targets identified from Cygnus Gold's review of historical data. The response from landowners was generally positive and field reconnaissance has commenced on several targets that will be the focus of exploration during the upcoming quarter once access has been negotiated.

Gold Road Earn-in Agreements (Cygnus diluting to 25%)

On 9 October 2017, the Company entered into two earn-in and joint venture agreements with Gold Road Resources Limited (ASX:GOR); whereby Gold Road is earning into Cygnus Gold's Wadderin and Lake Grace Projects.

The Company is the manager of the Earn-in Projects, and in collaboration with GOR has developed programs and budgets to further exploration on several high priority areas defined from existing and historical datasets.

During the quarter the Company commenced ground follow up of high priority targets at both Wadderin and Lake Grace including detailed and regional geochemical sampling over high priority targets as well as follow up ground geophysics.

Targeted aircore and RC drilling is planned in the second half of the year to test targets defined by the current ground programs.

Yandina Joint Venture (Cygnus 25%)

The Yandina Joint Venture comprises four tenement applications covering an area of approximately 1,727km² over the prospective Yandina Shear which is known to host gold mineralisation elsewhere in the Southwest Terrane. Field work will commence once tenements are granted, which is anticipated in the coming quarter.

Corporate

Cash Position and Movements

As at 30 June 2018, Cygnus Gold held \$3.9m in cash (March 2018: \$4.9m). For further movements in cash during the quarter, refer to the Appendix 5B.



Cygnus Gold Limited Tenements (As at 30 June 2018)

Tenement	Location	Registered Owner	Structure and Ownership
E70/4787	Western Australia	Cygnus Gold Limited	100%
E70/4854	Western Australia	Cygnus Gold Limited	100%
E70/4910	Western Australia	Cygnus Gold Limited	100%
E70/4912	Western Australia	Cygnus Gold Limited	100%
E70/4952	Western Australia	Cygnus Gold Limited	100%
E70/4988	Western Australia	Cygnus Gold Limited	100%
E70/4992	Western Australia	Cygnus Gold Limited	100%
E70/5050	Western Australia	Cygnus Gold Limited	Pending, 100%
E70/5131	Western Australia	Cygnus Gold Limited	Pending, 100%
E70/5137	Western Australia	Cygnus Gold Limited	Pending, 100%
E70/5131	Western Australia	Cygnus Gold Limited	Pending, 100%
E70/5137	Western Australia	Cygnus Gold Limited	Pending, 100%
E70/5168	Western Australia	Cygnus Gold Limited	Pending, 100%
E70/5169	Western Australia	Cygnus Gold Limited	Pending, 100%
E77/2405	Western Australia	Cygnus Gold Limited	100%
E77/2463	Western Australia	Cygnus Gold Limited	100%
Wadderin Earn-In Project			
E70/4911	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/4939	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/4989	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/4990	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/5018	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/5019	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/5020	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/5021	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
Lake Grace Earn-In Project			
E70/4853	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/4855	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/4991	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/5017	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/5188	Western Australia	Cygnus Gold Limited	Pending 100%, diluting to 25%
Yandina Joint Venture Project			
E70/5098	Western Australia	Gold Road (Projects) Pty Ltd	Pending, 25%
E70/5099	Western Australia	Gold Road (Projects) Pty Ltd	Pending, 25%
E70/5100	Western Australia	Gold Road (Projects) Pty Ltd	Pending, 25%
E70/5101	Western Australia	Gold Road (Projects) Pty Ltd	Pending, 25%



Mining Tenements disposed: Nil

Mining Tenements acquired: E70/5131, E70/5137, E70/5168, E70/5169.

Beneficial percentage interests held in farm in or farm-out agreements: Refer above.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed: E70,5021, E70/5188.

Forward Looking Statement

This announcement may contain certain forward-looking statements and projections regarding estimated, resources and reserves; planned production and operating costs profiles; planned capital requirements; and planned strategies and corporate objectives. Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of Cygnus Gold Limited. The forward-looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved.

Cygnus Gold Limited does not make any representations and provides no warranties concerning the accuracy of the projections and disclaims any obligation to update or revise any forward looking statements/projects based on new information, future events or otherwise except to the extent required by applicable laws. While the information contained in this report has been prepared in good faith, neither Cygnus Gold Limited or any of its directors, officers, agents, employees or advisors give any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. Accordingly, to the maximum extent permitted by law, none of Cygnus Gold Limited, its directors, employees or agents, advisers, nor any other person accepts any liability whether direct or indirect, express or limited, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the information or for any of the opinions contained in this presentation or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this announcement.

Competent Persons Statement

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

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

End Notes

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