

Cygnus exploration activity update

ASX ANNOUNCEMENT:

16 January 2019

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

Cygnus Gold (ASX:CY5, 'Cygnus' or the 'Company') is pleased to provide an exploration update on field activity currently underway at the Company's 100%-owned projects in the Wheatbelt district of Western Australia.

In December 2018 the Company completed air-core and reverse circulation drilling programs testing gold targets on the 20km of prospective greenstone in the Stanley Project:

- The Stanley aircore (AC) program drilled a total of 65 holes for 2,661 metres
- Reverse circulation (RC) drilling of interpreted extensions of the Bottleneck Prospect and other targets at the Brays and McDougall prospects were completed with eight holes drilled for 866m.

Overall drilling intersected the targeted geology with varying levels of alteration typical of mineralisation encountered elsewhere at Stanley. Assay results from the above programs are anticipated this month.

Drilling of six holes of the planned RC program, including holes on the Stanley Hill Prospect, were re-scheduled to fit in with harvesting activity. The rig is re-mobilising to site later this week to re-commence drilling with results expected approximately 3-4 weeks after completion.

Following completion of the Stanley program, the RC rig will mobilise to drill the Jeffries Prospect on the Company's exciting Bencubbin Project. The Bencubbin program is supported by the WA Government co-funding initiative, a result of Cygnus' successful co-funding application (refer ASX announcement 14 June 2018).

Managing Director James Merrillees stated, *"The Company has been very active over the past few months and we will continue with our drilling programs this quarter. We look forward to updating the market when results arrive"*

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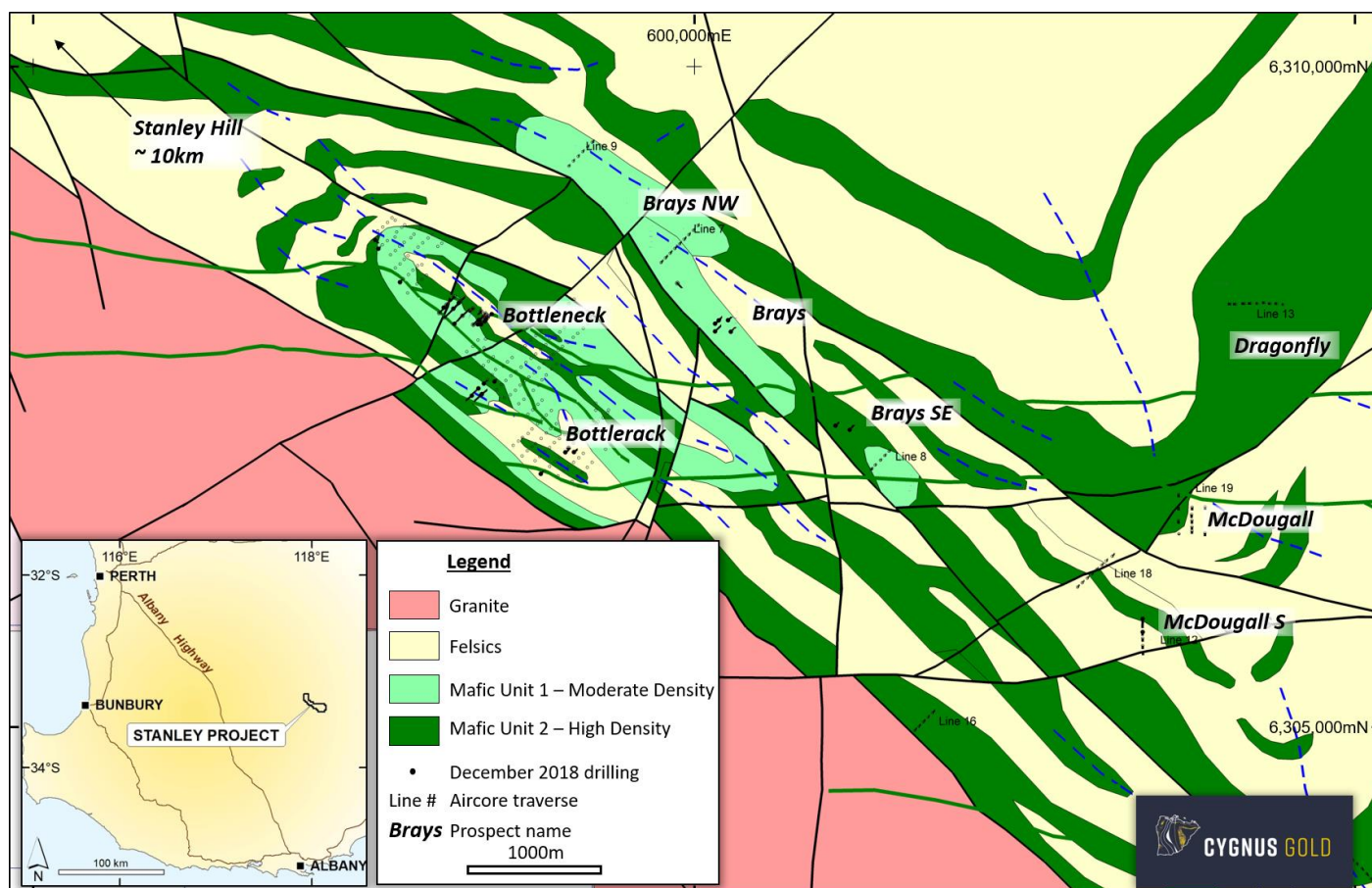


Figure 1: Stanley Project, SW Western Australia with geology and 2018 drilling.

TABLE 1: Summary of Cygnus' December 2018 drilling program at Stanley

Target	Summary	Planned AC	Actual	Planned RC	Actual
Bottleneck	Extensions to high grade zone at Bottleneck Prospect and wide zone of >0.1gt Au to the southwest of Bottleneck			630	684
Brays	Fold hinge at Brays NW and 3-5km long Brays mineralised trend	2,200	1,306		
McDougall	Gold-in-soil anomaly parallel to late E-W fault & demagnetised zone McDougall South	350	328	240	182
McDougall Extn	>2km-long Au-in-soils anomaly at McDougall and Dragonfly	950	1,027	230	Jan 2019
Stanley Hill	Stanley Hill system at depth and arsenic 'pipe' at Stanley Hill North			400	Jan 2019
TOTAL		3,500	2,661	1,500	866



About Cygnus Gold

Cygnus is targeting the discovery of gold and base metals deposits within the Southwest Terrane, in the Wheatbelt region of Western Australia. The Southwest Terrane is a package of high metamorphic grade rocks forming part of the well mineralised Yilgarn Craton.

Cygnus' tenements include both early stage exploration areas through to advanced drill-ready targets, where high-grade results were achieved in drilling by previous explorers. In addition to its wholly-owned projects, Cygnus is managing two significant earn-in agreements with ASX-listed Gold Road Resources, whereby Gold Road is earning into Cygnus' Lake Grace and Wadderin Projects. The Company is also managing exploration on the Yandina Project, in joint venture with Gold Road.

Cygnus' team has considerable technical expertise in targeting and evaluating gold mineralised systems world-wide, using a regional-scale, mineral systems approach to identifying areas prospective for economic mineral deposits.

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.