



QUARTERLY ACTIVITIES REPORT

For the period ended 31 December 2018

23 January 2019

Corporate Directory

ASX: CY5

Non-Executive Chairman

Michael Bohm

Managing Director

James Merrillees

Non-Executive Directors

Amanda Buckingham

Simon Jackson

Oliver Kreuzer

Company Secretary

Michael Naylor

Cygnus Gold Limited

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Exploration

Stanley Project

- The Company carried out drilling programs testing gold targets on the 20km of the prospective Stanley greenstone including:
 - An 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 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 in late January and early February 2019.

Burracoppin Project

- Airborne electromagnetic (EM) survey identifies several new priority targets
- Targets associated with previously identified zones of Au-Ag-Pb-Zn (Gold-silver-lead-zinc) mineralisation
- Geophysical and geochemical signatures are comparable to known Volcanogenic Massive Sulphide ("VMS") belts globally
- Drill testing of high priority targets planned for Q1 2019

Bencubbin Project

- Regionally extensive surface nickel geochemical anomaly with more than 18km strike length identified on newly acquired tenements at Bencubbin North and Bencubbin South
- A prime target for sulphide-hosted nickel-copper mineralisation identified, in addition to the previously confirmed gold potential, at the Jeffries Prospect
- Elevated copper, lead and zinc mineralisation with outcropping gossans over 3.3km identified at the adjacent Mandiga prospect
- Follow up mapping and infill surface sampling on the base metals targets scheduled for early 2019
- EIS co-funded drilling of the Jeffries gold target planned for Q1 2019

Earn-in and Joint Venture Projects (with Gold Road Resources)

- Drilling of gravity and pathfinder gold targets planned for early 2019 on targets on the Lake Grace and Waddarin Earn-in projects
- Airborne magnetics collected over the Yandina JV
- Three new tenements were applied for which will form the Hyden JV (Cygnus 25%)

Corporate

- As at 31 December 2018, Cygnus Gold held \$3.5m in cash (September 2018: \$3.3m).



Exploration

Cygnus Gold's (**Cygnus** or the **Company**) exploration activities are focused on the Southwest Terrane of the Yilgarn Craton, Western Australia. The Company has more than 9,000km² 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).

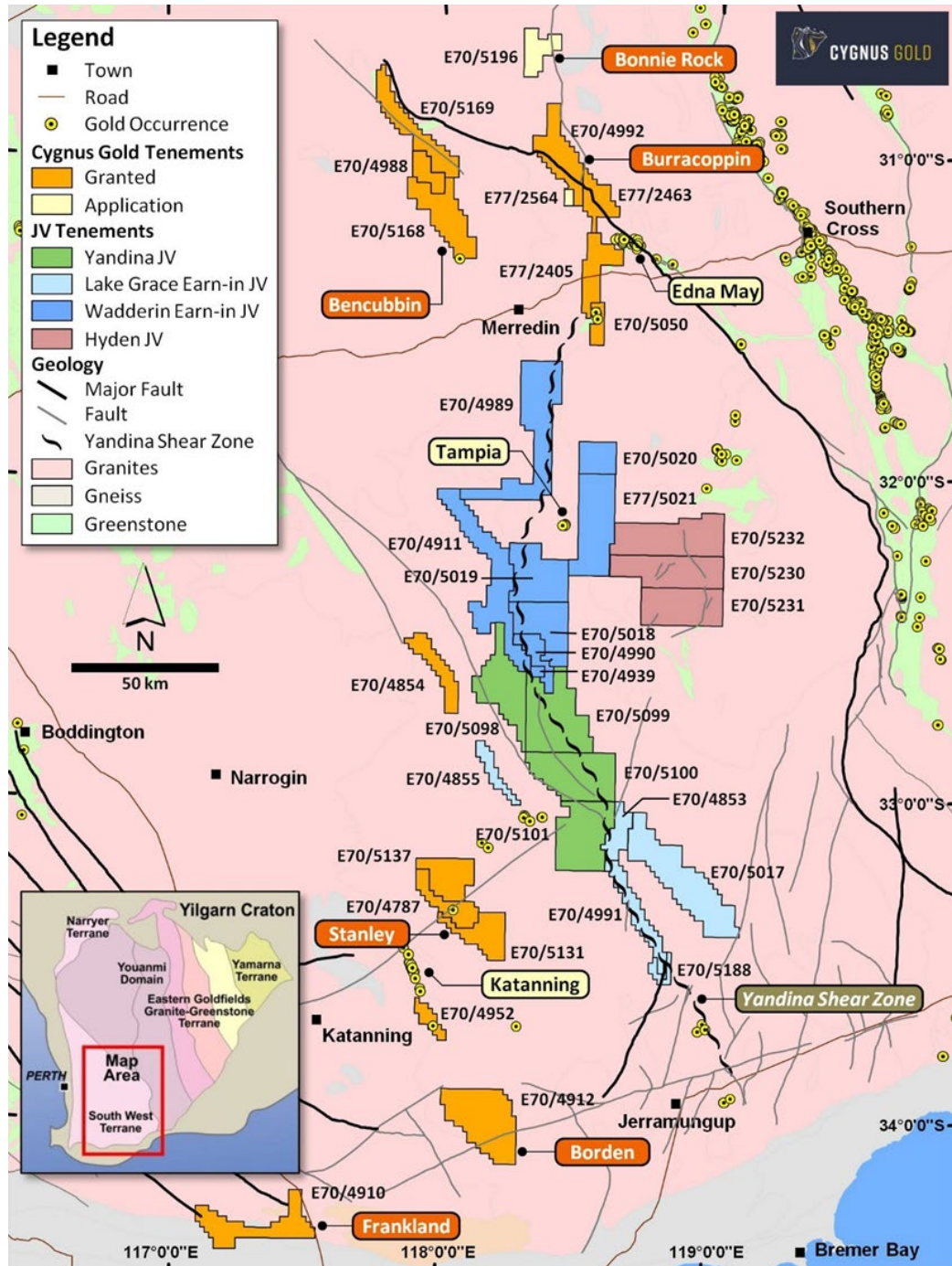


Figure 1: Cygnus Gold granted tenements and applications in the Southwest Terrane, Western Australia.



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).

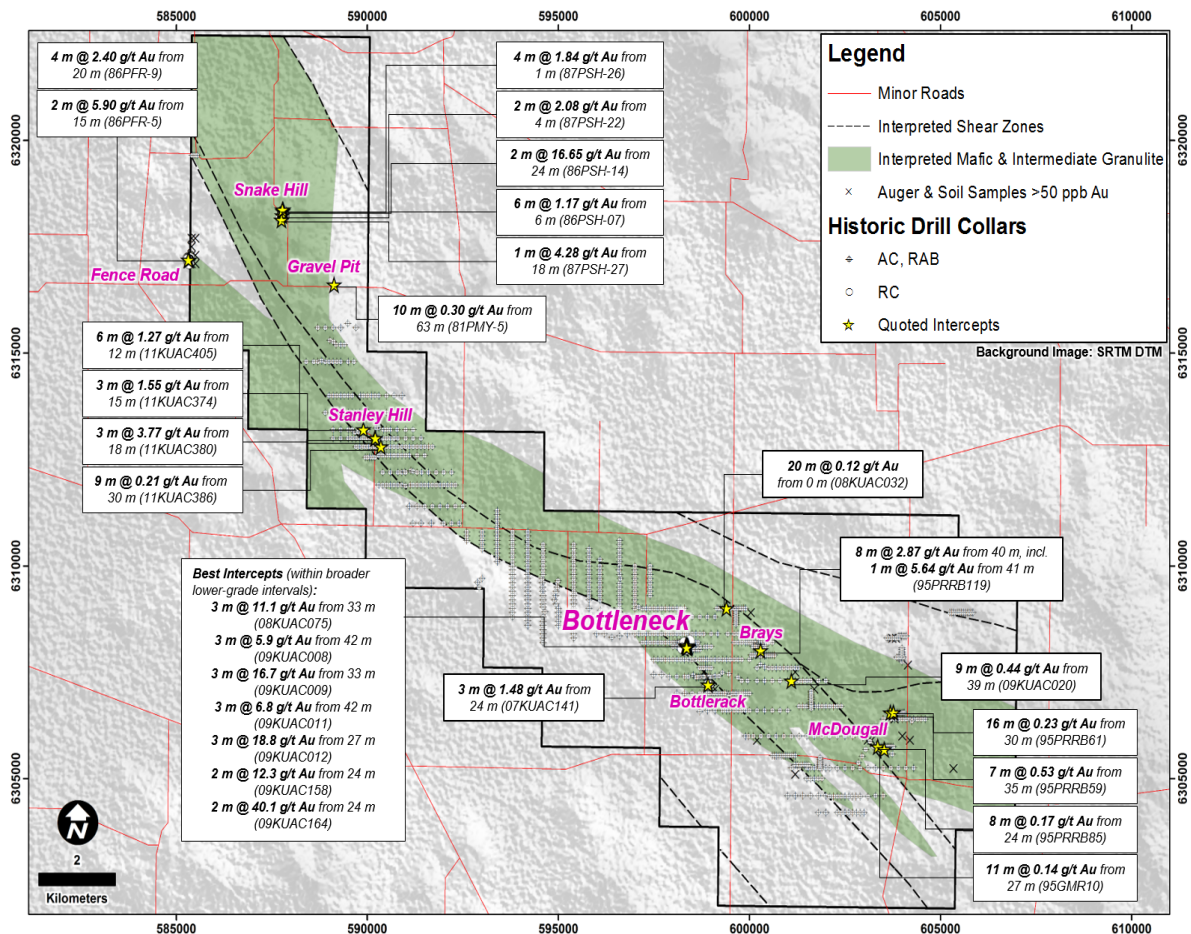


Figure 2: Cygnus' Stanley Project highlighting significant intersections drilled by previous explorers² with main prospects labelled.

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

- The aircore (AC) program drilled a total of 65 holes for 2,661 metres; and
- 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 in late January and early February 2019.

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 has re-mobilised to site and re-commenced drilling with results expected approximately 3-4 weeks after completion of this program.

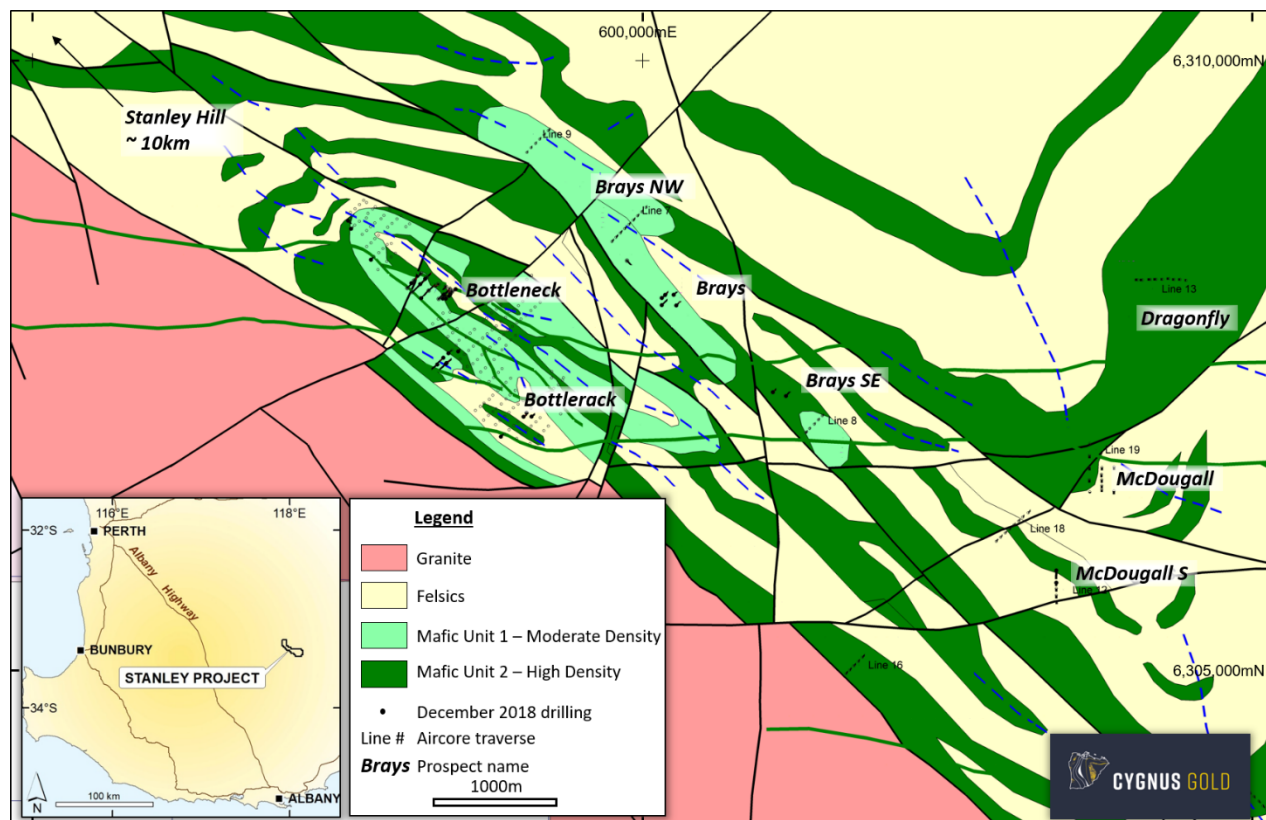


Figure 3: Stanley Project, SW Western Australia with geology and 2018 drilling.



Figure 4: Drilling in December 2018 at Cygnus' Stanley Project



Bencubbin (Cygnus 100%)

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 Jeffries 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 5)².

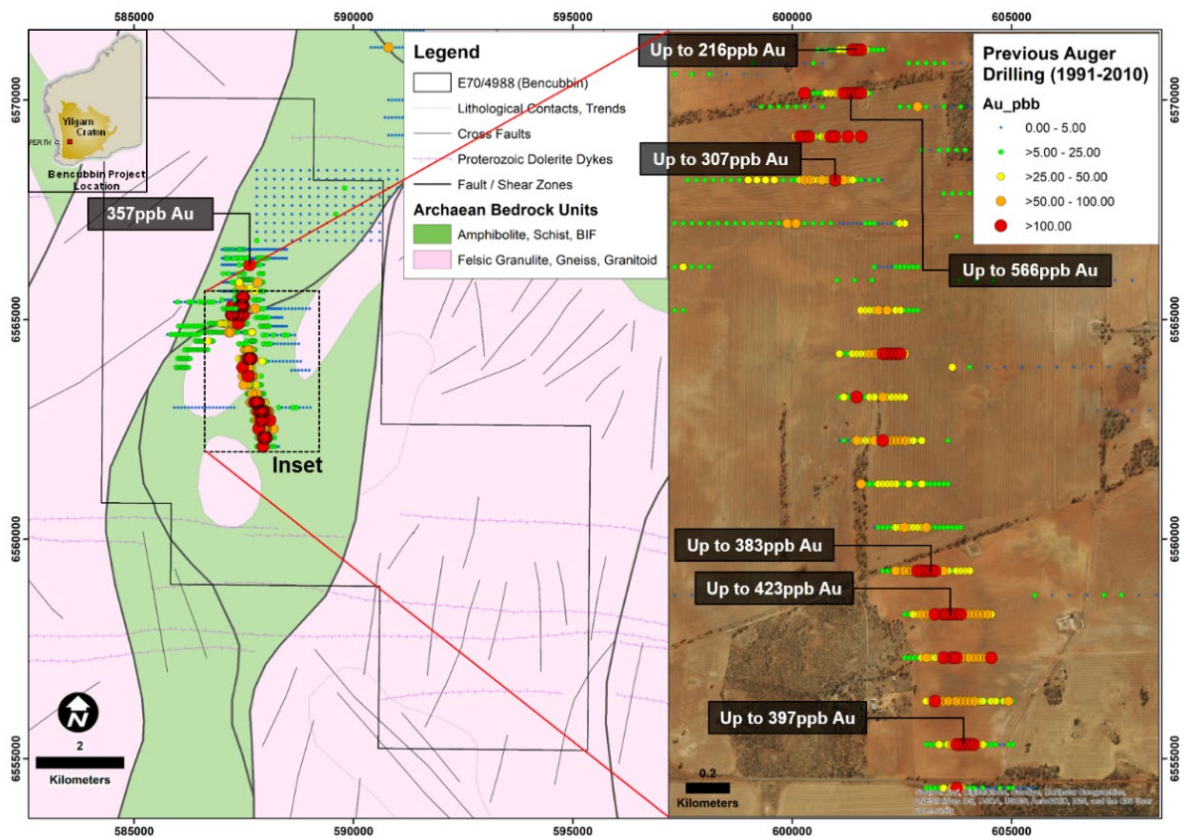


Figure 5: Bencubbin Project interpreted geology and historical auger samples². The geology is based on geophysical interpretation and modelling as explained in the Company's Independent Technical Assessment Report within Cygnus' Prospectus dated 22 November 2017.

Following completion of the Stanley drilling program (refer above), the RC rig will mobilise to drill the Jeffries Prospect. 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).

Bencubbin North

Bencubbin North forms part of the Company's ~675km² Bencubbin Project where review of historical exploration has identified a regionally extensive nickel auger surface geochemical anomaly, developed over a strike length of ~18km, and associated with ultramafic rocks within a north-northwest trending Archaean greenstone belt (Figure 6).



Bencubbin North Nickel-Copper Target (Ni-Cu ± Co, Au)

The Bencubbin North nickel anomaly is defined by consistent, highly anomalous (up to 1,500ppm) Ni in-auger geochemistry. This target has not been drilled and no electrical geophysics has previously been collected over the nickel anomalies and Cygnus considers this a prime target for sulphide-hosted nickel-copper-cobalt mineralisation, and potentially separate lode gold mineralisation.

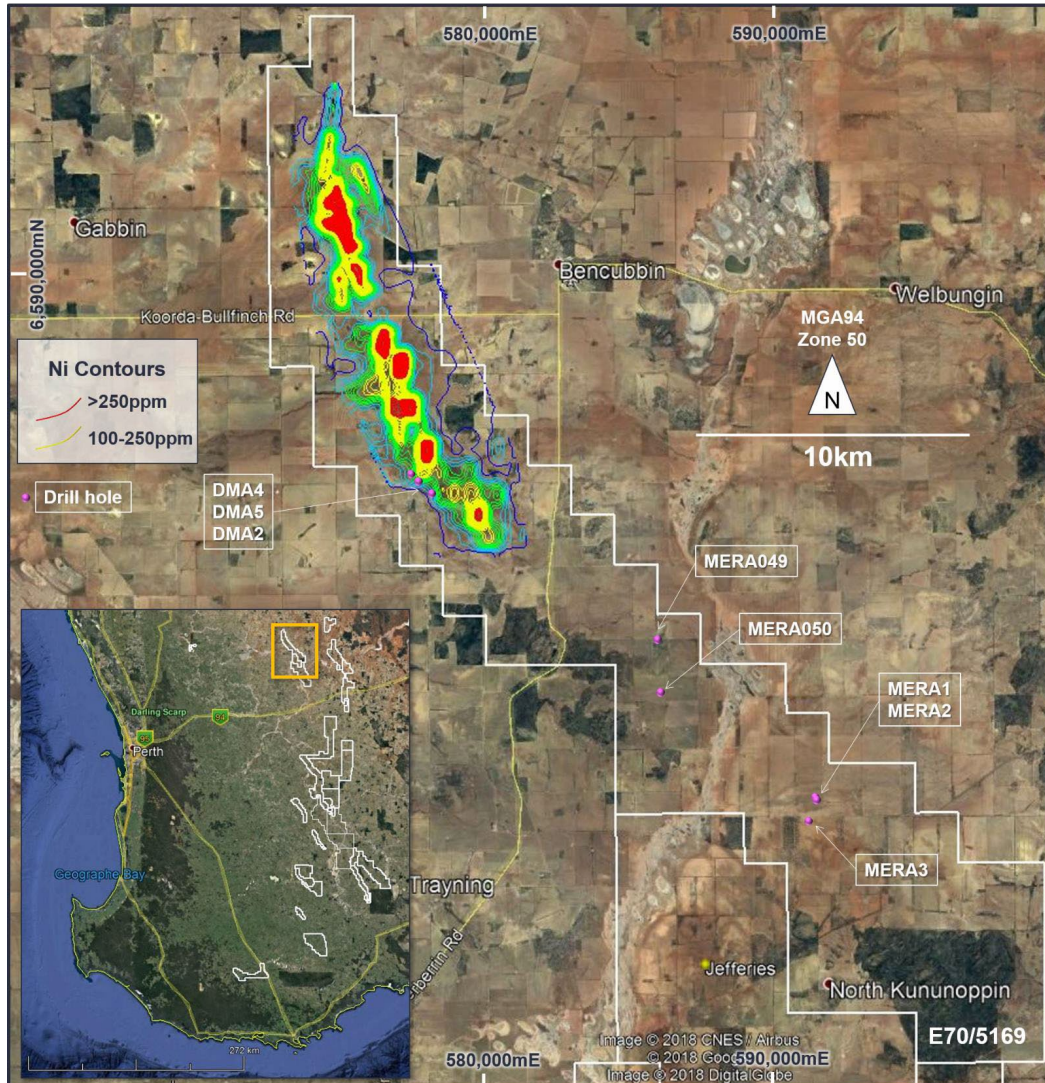


Figure 6: E70/5169 (Bencubbin North) surface geochemistry grid contours for nickel. White polygons Cygnus tenements in southwest Western Australia.

Several discrete Cu and Au anomalies are located within or adjacent to the Ni anomalism, with a maximum coincident auger Cu result of 162ppm recorded, and a (separate) maximum Au value of 71 ppb reported, both within the greenstone sequence (Figure 7).

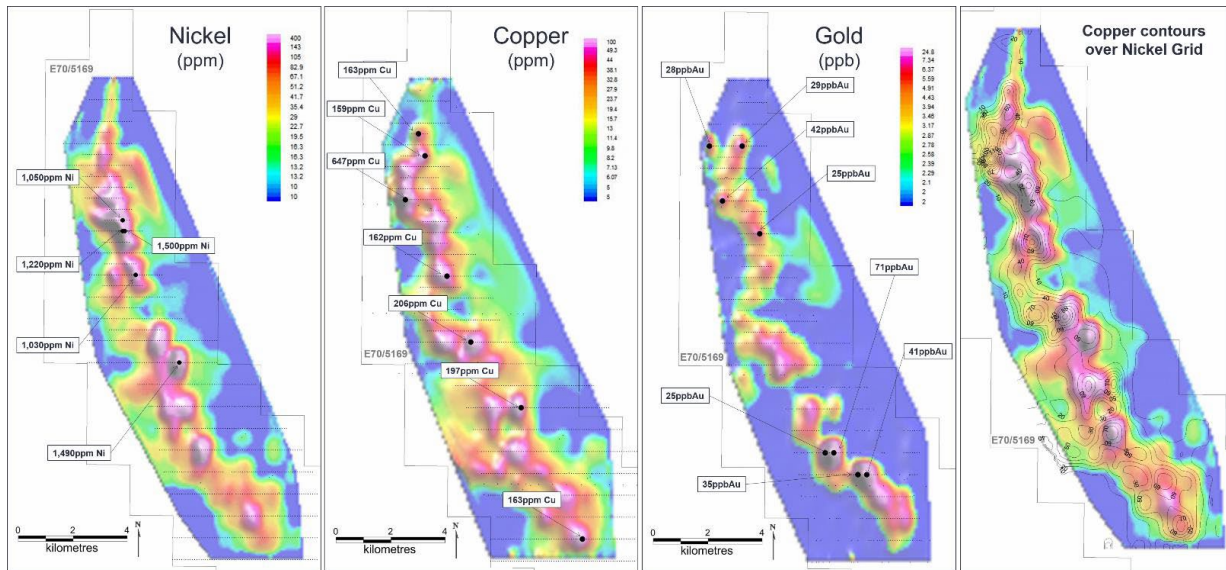


Figure 7: E70/5169 (Bencubbin North); gridded historical nickel, copper and gold surface geochemistry.

Historic drilling included five lines of shallow (<40m) RAB holes principally targeting gold mineralisation. None of these holes tested the peak nickel anomalism, and none were assayed for Ni, leaving the entire 18km surface multi-element geochemical anomaly effectively untested for nickel deposits.

Air core drilling within the Bencubbin greenstone belt approximately 15km to the southeast of the main Bencubbin North Ni-Cu target intersected extensions of the Bencubbin North ultramafic package including:

- 12m @ 0.13% Ni from 48m in hole MERA 3
- 16m @ 0.12% Ni from 47m in hole MERA 1 ~ 600m to the northeast of MERA 3. (Refer ASX announcement on 30 November 2018)¹

Importantly, no Platinum Group Element (PGE) or cobalt analyses were recorded with PGEs considered an important indicator of nickel sulfide mineralisation.

Given the lack of effective historic exploration, as well as the ability to apply improved (and more detailed) geochemical sampling (including Ni pathfinder geochemistry), and electromagnetic (EM) geophysics, Cygnus considers the Bencubbin Project a high priority target for the discovery of new nickel systems.

Mandiga Base Metal (VMS) Target (Cu-Pb-Zn-Au-Ag)

Previous explorers targeted a series of gossans known as the Mandiga prospect, within the Bencubbin North tenement. These gossans are the surface expression of a laterally extensive sulphide-bearing ironstone unit within the Bencubbin greenstone, west of the Bencubbin North nickel anomaly.

The Mandiga gossans outcrop discontinuously over a strike length of more than 3km with a true thickness of up to 15m (Figure 8).

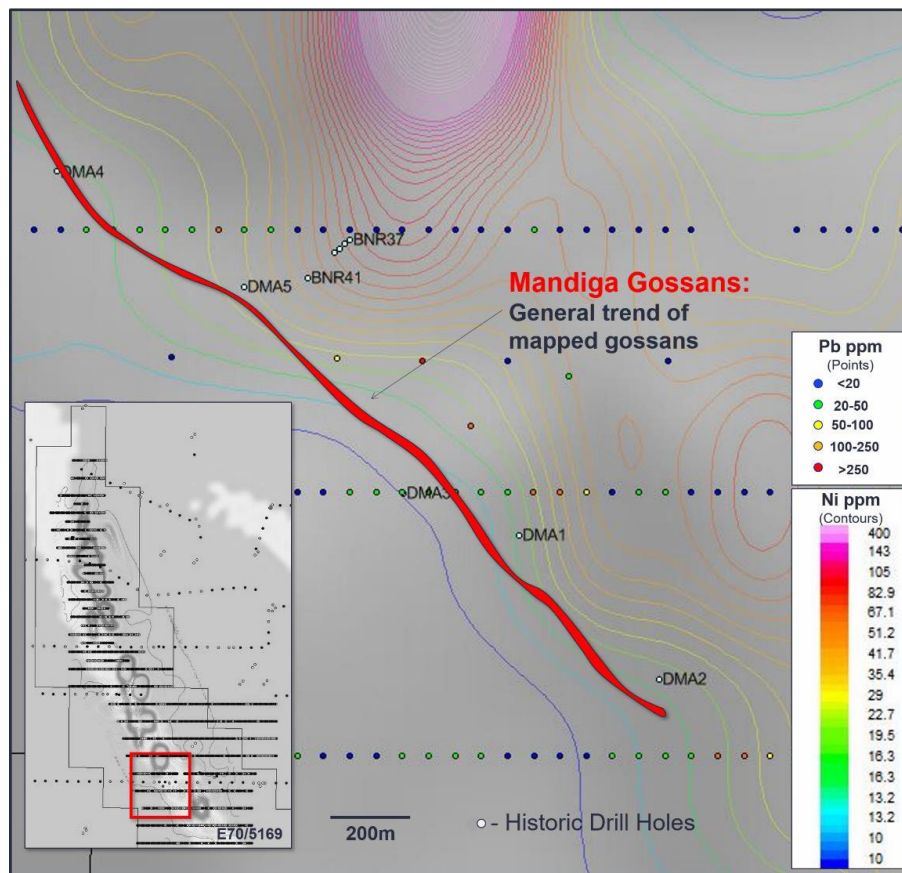


Figure 8: E70/5169 (Bencubbin North); Mandiga Gossan VMS Target Zone Lead points over nickel grid contours

Mandiga was explored between 1978 and 1979, including auger sampling which identified a Pb anomaly spatially coincident with the gossan.

Drilling at Mandiga included percussion drilling and seven diamond core holes, with best results of:

- 18m @ 0.14% Ni from 32m in Hole DMA4;
- 2m @ 0.63% Pb from 52m in Hole DMA2; and
- 2m @ 1.7% Zn from 176m in Hole DMA5. (Refer ASX announcement on 30 November 2018)¹

The Pb-in-auger anomalism extends for a further 1.2km south of the known drilling and has not been drill tested in any subsequent work.

Historical drilling and sampling demonstrated that the Mandiga sequence hosts a semi-massive to massive sulphide system, mainly comprising pyrite and pyrrhotite. The maximum tested thickness is approximately 15m and maximum intersection depth was about 150m (vertical). Oxidation generally extends to a vertical depth of approximately 50m.

Given the extent and known thickness of the system, encouraging early results, and lack of modern exploration techniques applied, Cygnus considers this target highly prospective for base metal mineralisation.

Burracoppin Project (Cygnus 100%)

Cygnus' wholly owned Burracoppin tenements are located ~25 km east-northeast of Merredin with excellent access via the Great Eastern Highway that crosses the tenements and a network of local roads and local farm tracks. The Edna May gold mine owned and operated by Ramelius Resources Ltd (ASX:RMS), is located approximately 4 km from the corner of Cygnus' Burracoppin Project (Figure 9).

The Burracoppin Project is underlain by Archaean granite and greenstone that were metamorphosed to amphibolite and granulite facies grade. Outcropping bedrock is rare with the area being dominated by an intensely developed regolith rarely more than 50 m thick.

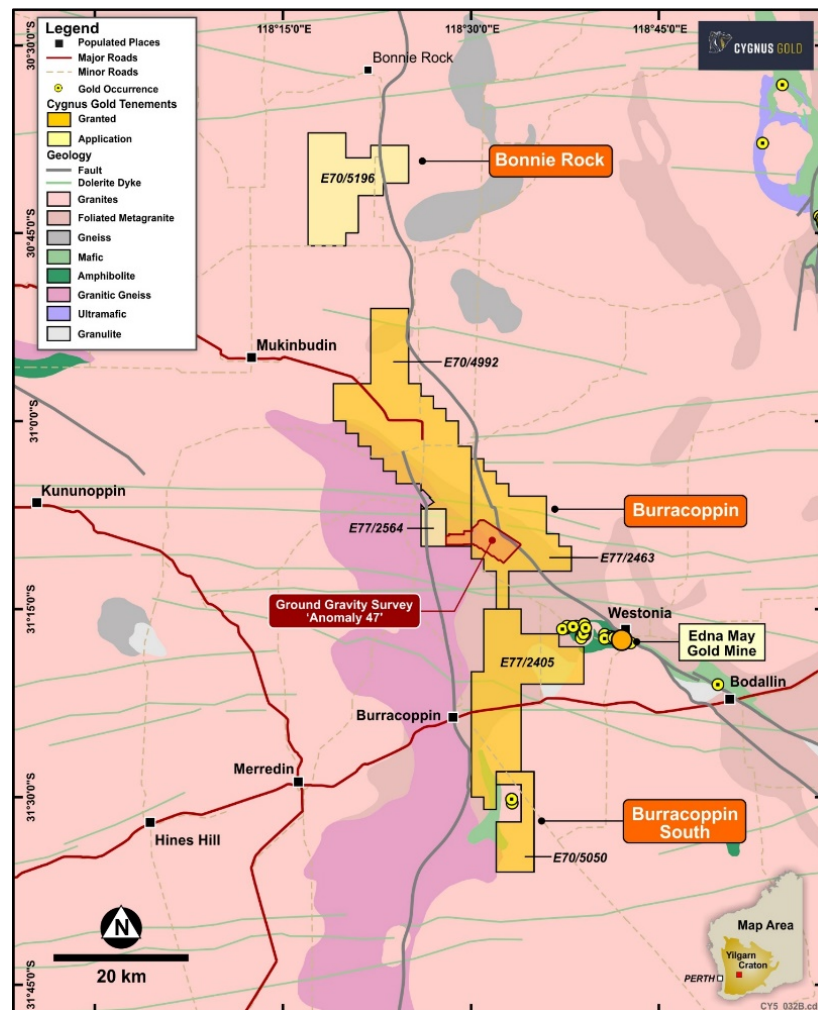


Figure 9: Cygnus' Burracoppin Project and location of Cygnus' ground gravity survey. Regional geology from 1:500,000 GSWA mapping.

Exploration by previous explorers at Burracoppin identified a more than 2.5km long by 0.7km wide gold-in-soil anomaly at Anomaly 47, which is open to the east where it is cut by a paleochannel system. These explorers also recognised the base metals potential of the region with follow-up auger sampling at Anomaly 47 identifying coherent Au-Pb-Zn anomalies as well as an arsenic (As) "pipe" at Dicks Reward defined by a >100ppm As anomaly more than 2.6km long and up to 1.5km wide, also open to the east.

The geochemical signature of mineralisation at Anomaly 47 is similar to known Volcanogenic Massive Sulphide ("VMS") deposits globally, with the Au-Ag-Zn-Pb rich mineralisation located to date potentially being the distal signature of a more proximal Cu-Zn rich system, the target of Cygnus' planned follow up.

In September Cygnus commissioned NRG to carry out an Xcite™ AEM survey to screen the prospective gravity anomalies as well as identify additional conductive targets. In total, 277-line kms of AEM data were flown on 100m spaced north-south lines. The survey identified several discrete bedrock conductors, in addition to numerous shallow conductors which likely correspond to conductive zones within transported cover (Figure 10).

Drill testing of targets identified from the gravity and EM surveys is planned to commence once statutory approvals are received.

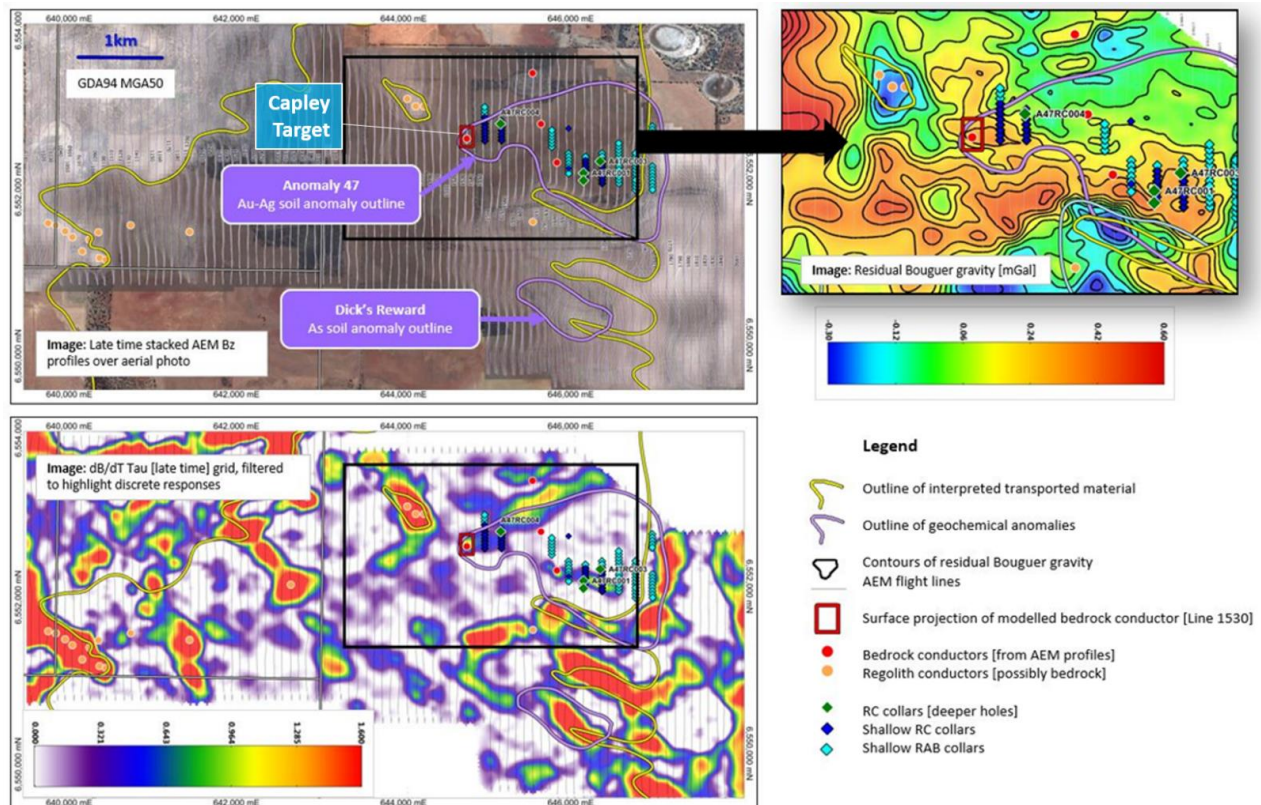


Figure 10: TOP LEFT: AEM survey location with respect to the Anomaly 47 and Dicks Reward prospects. The location of previous drilling, discrete AEM conductors and the modelled bedrock conductor at the newly identified Capley target [on Line 1530] is shown. The red polygon indicating the location of the modelled body on line 1530 is the surface projection of the 3D plate.

BOTTOM LEFT: Gridded image of Tau [decay constant] derived from dB/dT, long wavelength removed.

RIGHT: Inset over the Anomaly 47 prospect showing the ground gravity anomaly coincident with the Capley AEM bedrock conductor, and historical drill collars.

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

In October 2017 the Company entered into earn-in joint venture agreements with ASX-listed developer Gold Road (ASX:GOR) over Cygnus Gold's Lake Grace and Waddarin Projects. These agreements provide Gold Road with the opportunity to earn up to a 75% interest in the ~3,400km² area of Cygnus' Waddarin and Lake Grace exploration projects by spending \$3.7m over four years (refer GOR ASX announcement 10 October 2017). Cygnus is initially managing the exploration programs on these projects.

On the **Lake Grace Earn-in Project** the Company completed a detailed interpretation of the geology and regolith and regional surface sampling. Detailed follow up of these new areas including aircore drilling planned for early 2019 will include testing of the previously reported targets at **Panhandle** and **HR3**.



The Panhandle prospect is a >500ppb Au-in soils anomaly that the Company believes was only partly drill tested in the early 1990's however drilling appears to have missed the core of the gold system.

At Panhandle the Cygnus gravity data defines a dense and structurally complex unit sitting proximal to a jog in the regionally extensive Yandina shear zone (Figure 11). This unit is interpreted as a prospective mafic-ultramafic sequence within the Lake Grace greenstone.

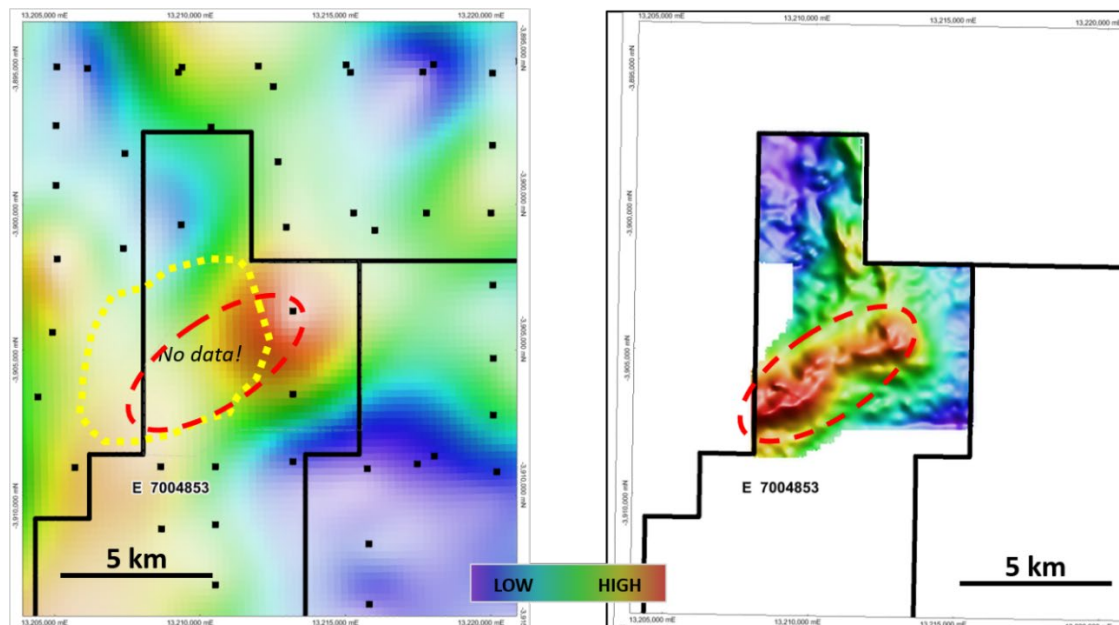


Figure 11: Panhandle Prospect. Left is historical residual bouguer gravity anomaly data [0-2k] from the GSWA. Right image is the Cygnus' semi-detailed bouguer gravity data, imaged using a histogram equalized stretch (NE illumination). The new dense target is circled by the red dashes. Scale in mGals.

HR3 is the extension of a ~6 km-long and up to 1.5 km-wide gold-in-soil anomaly ranging from 5 to 128 ppb Au. At HR3 the Company's gravity data defines a distinct fold nose coincident with a narrow gold anomaly and a broader multi-element (As-Sb-Bi-Te-Mo-Pb) anomaly considered to be 'pathfinder' elements for gold mineralisation in the region (Figure 12). There has been no historical drilling at HR3.

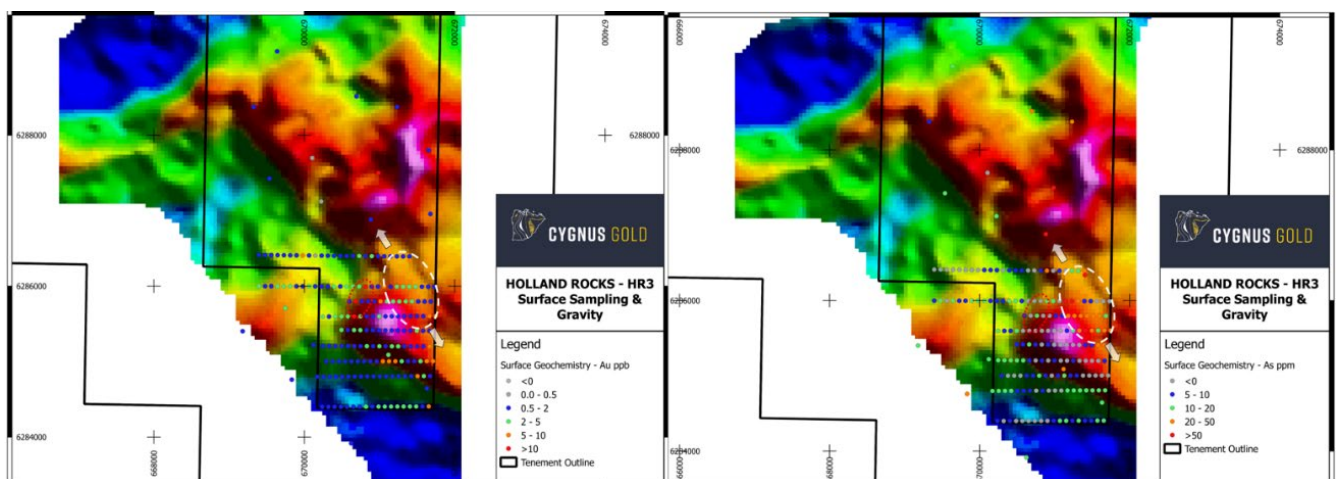


Figure 12: Surface sampling over target HR3 (Lake Grace Project) overlain on Cygnus bouguer gravity image. Left frame Au (ppb); Right frame As (ppm). Gold anomaly outlined in red and multi-element (As-Sb-Bi-Te-Mo-Pb) pathfinder anomaly in yellow.



At the **Wadderin Earn-in project** the Company has completed a detailed interpretation of the geology and regolith which has defined several high priority gold prospects slated for follow up ground work. These targets include major bends on the regional Yandina shear and extensions to the Hardies Prospect where previous explorers intersected shallow gold with several intervals of more than 2 g/t (Figure 13). Follow-up aircore drill testing of targets at Wadderin are planned for early 2019 subject to statutory approvals.

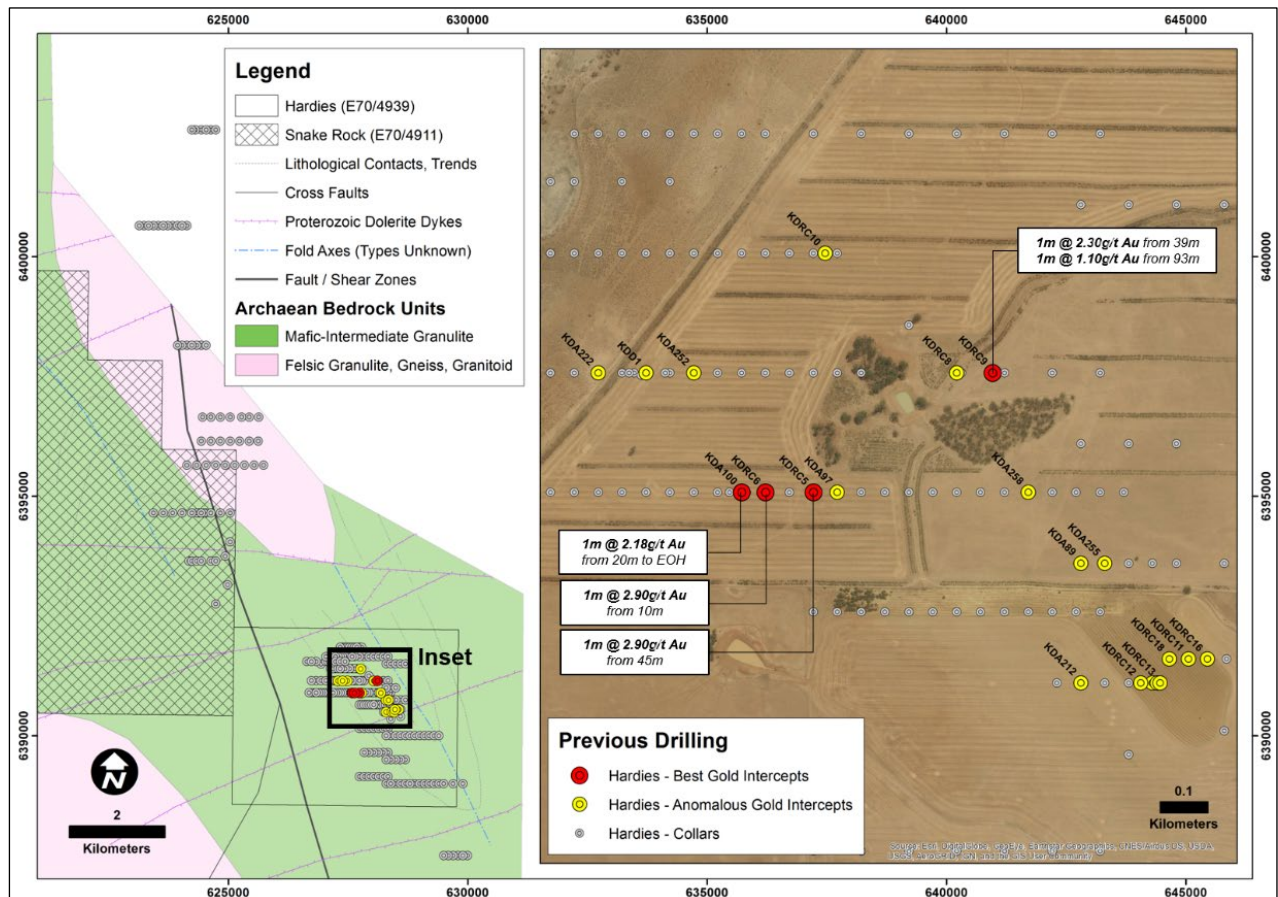


Figure 13: E70/4939 (Hardies Project) with Hardies Prospect inset showing previous drill coverage and gold intersections².

Yandina Joint Venture (Cygnus 25%)

The Yandina Joint Venture with Gold Road comprises four tenements covering an area of approximately 1,727km² over the prospective Yandina Shear which is known to host gold mineralisation elsewhere in the Southwest Terrane.

The Yandina tenements are now granted and field work during the quarter comprised regional surface sampling and a detailed airborne magnetics survey over a section of the shear zone which only had regional data. The Company has also completed a detailed geological interpretation of the Yandina project area which has identified targets for follow up field checking and surface sampling during the coming quarter.

**Hyden Joint Venture (Cygnus 25%)**

During the period the Company acquired a 25% interest in three new applications east of Explaurum's (ASX:EXU) Tampia Project (Figure 1). The Company will complete open file review and field checking over prior to grant and a new joint venture with Gold Road will be formed once the tenements are granted (expected Q4 2019).

Corporate***Cash Position and Movements***

As at 31 December 2018, Cygnus Gold held \$3.5m in cash (September 2018: \$3.3m). For further movements in cash during the quarter, refer to the Appendix 5B.

Cash has increased due to the reimbursement of exploration expenditure on the Gold Road Earn In Projects from Gold Road and a cash call received in advance for exploration programs due to be conducted in the first quarter of 2019.


Cygnus Gold Limited Tenements (As at 31 December 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	100%
E70/5131	Western Australia	Cygnus Gold Limited	100%
E70/5137	Western Australia	Cygnus Gold Limited	100%
E70/5168	Western Australia	Cygnus Gold Limited	100%
E70/5169	Western Australia	Cygnus Gold Limited	100%
E70/5196	Western Australia	Cygnus Gold Limited	Pending, 100%
E77/2405	Western Australia	Cygnus Gold Limited	100%
E77/2463	Western Australia	Cygnus Gold Limited	100%
E77/2464	Western Australia	Cygnus Gold Limited	Pending, 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	25%
E70/5099	Western Australia	Gold Road (Projects) Pty Ltd	25%
E70/5100	Western Australia	Gold Road (Projects) Pty Ltd	25%
E70/5101	Western Australia	Gold Road (Projects) Pty Ltd	25%
E70/5098	Western Australia	Gold Road (Projects) Pty Ltd	25%
Hyden Joint Venture Project			
E70/5230	Western Australia	Cygnus Gold Limited, Gold Road (Projects) Pty Ltd	Pending 25%
E70/5231	Western Australia	Cygnus Gold Limited, Gold Road (Projects) Pty Ltd	Pending 25%
E70/5232	Western Australia	Cygnus Gold Limited, Gold Road (Projects) Pty Ltd	Pending 25%



Mining Tenements disposed: Applications for E70/5203 and E70/5206 withdrawn

Mining Tenements acquired: Nil

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: E70/5230, E70/5231 & E70/5232 acquired (Cygnus 25%)

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.