
CYGNUS GOLD LIMITED**ACN 609 094 653****NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Meeting will be held at:

TIME: 9.30am WST

DATE: 28 May 2019

PLACE: Level 3, 20 Parkland Road, Osborne Park, WA 6017.

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 9.30am WST on 26 May 2019.

BUSINESS OF THE MEETING

AGENDA

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2018 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2018.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR MICHAEL BOHM

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 6.1(f) of the Constitution and for all other purposes, Mr Michael Bohm, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – DR AMANDA BUCKINGHAM

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 6.1(f) of the Constitution and for all other purposes, Dr Amanda Buckingham, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of any persons who are expected to participate, or who will obtain a material benefit as a result of, an issue of Equity Securities under this Resolution (except a benefit solely by reason of being a holder of ordinary securities) or any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – MR JAMES MERRILLEES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue 750,000 Performance Rights to Mr James Merrillees (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr James Merrillees (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 224 of the Corporations Act, the Company will also disregard any votes cast on Resolution 5 (in any capacity) by or on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 5 and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 24 April 2019

By order of the Board



**Michael Naylor
Company Secretary**

How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, or by facsimile.

Voting in person (or by attorney)

To vote in person, attend the Meeting at the time, date and place set out above.

To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company by the same time as outlined for proxy forms below.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by 9.30am WST on 26 May 2019 and in accordance with the instructions set out on the Proxy Form. Proxies received after this time will be invalid.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9489 2680.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2018 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the management of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the auditor or the auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the independent audit report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.cygnusgold.com.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

1.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

1.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, if at least 25% of the votes cast on this Resolution are against the adoption of the remuneration report, it will not result in the Company putting a Spill Resolution to Shareholders.

2. RESOLUTION 2 – ELECTION OF DIRECTOR – MR MICHAEL BOHM

2.1 General

Rule 6.1(f) of the Constitution requires an election of Directors to take place each year and at that meeting one-third of the Directors (excluding any Director who is required to retire as a Director at the meeting under rule 6.1(e)) and the Managing Director) to retire from office as Director. Any Director who retires from office under rule 6.1(f) is eligible for re-election by resolution of the Company.

Mr Bohm was appointed as a Director by resolution of the Board on 30 September 2016. Pursuant to Rule 6.1(f) of the Constitution, Mr Bohm will retire and seek re-election.

2.2 Qualifications and other material directorships

Mr Bohm is a qualified mining professional with significant corporate and operations experience. He has had extensive minerals industry experience in Australia, South East Asia, Africa, Chile, Canada and Europe. A graduate of WA School of Mines, Michael has worked as a mining engineer, mine manager, study manager, project manager, project director and managing director and has been directly involved in a number of mine developments in the gold, nickel and diamond sectors. Mr Bohm currently serves as a Director and Chair of a number of ASX listed companies and sits on their Audit & Risk and Remuneration

Committees. Prior to this, he held directorships at Perseus Mining Limited, Argyle Diamonds Mines, Sally Malay Mining Limited and Ashton Mining of Canada.

Other current directorships	Commenced
Mincor Resources Limited	1 January 2017
Ramelius Resources Limited	29 November 2012

2.3 Independence

If elected the board considers Mr Bohm will not be an independent director due to being a substantial shareholder.

2.4 Board recommendation

The Board (with the exception of Mr Bohm) supports the election of Mr Bohm and recommends that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – ELECTION OF DIRECTOR – DR AMANDA BUCKINGHAM

3.1 General

Rule 6.1 (f) of the Constitution requires an election of Directors to take place each year and at that meeting one-third of the Directors (excluding any Director who is required to retire as a Director at the meeting under rule 6.1(e)) and the Managing Director) to retire from office as Director. Any Director who retires from office under rule 6.1 (f) is eligible for re-election by resolution of the Company.

Dr Buckingham was appointed as a Director by resolution of the Board on 21 April 2016. Pursuant to Rule 6.1 (f) of the Constitution, Dr Buckingham will retire and seek re-election.

3.2 Qualifications and other material directorships

Dr Buckingham has been involved full-time in mineral exploration for over 20 years. Dr Buckingham founded and remains a major shareholder and director of companies in the United States, Australia and Singapore and has been fundamental to their high profitability. Dr Buckingham founded Fathom Geophysics in 2007, an industry leading geophysical group that has developed worlds-best technology for targeting under cover and significantly increasing the chance of discovery.

Dr Buckingham's early career was at major mining companies such as Rio Tinto and several listed juniors. She has wide-ranging exploration experience in North and Sub-Saharan Africa, North and South America, South East and Central Asia, Russia and Europe. Dr Buckingham is a research fellow at the University of Western Australia and a founder of Cygnus.

Over the past three years, Dr Buckingham has not held any directorships with an ASX listed company.

3.3 Independence

If elected the board considers Dr Buckingham will not be an independent director due to being a substantial shareholder, and because she previously held a senior position within the Company and was a founder of the Company.

3.4 Board recommendation

The Board (with the exception of Dr Buckingham) supports the re-election of Dr Buckingham and recommends that Shareholders vote in favour of Resolution 3.

4. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

4.1 General

Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (10% Placement Capacity).

The Company is an Eligible Entity.

If Shareholders approve Resolution 4, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out in 'Listing Rules 7.1A' below).

The effect of Resolution 4 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

4.2 Listing Rule 7.1A

Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- a. is not included in the S&P/ASX 300 Index; and
- b. has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$3,155,534.

Any Equity Securities issued must be in the same class as an existing quoted class of quoted Equity Securities. The Company currently has one quoted class of Equity Securities on issue, being the Shares (ASX Code: CY5).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
- i. plus the number of Shares issued in the previous 12 months under an exception in Listing Rule 7.2;
 - ii. plus the number of partly paid shares that became fully paid in the previous 12 months;
 - iii. plus the number of Shares issued in the previous 12 months with approval of holders of Shares under this rule; and
 - iv. less the number of Shares cancelled in the previous 12 months.
- D is 10%.
- E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under Listing Rule 7.1 or 7.4.

Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

a. **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- i. the date on which the price at which the Equity Securities are to be issued is agreed; or
- ii. if the Equity Securities are not issued within 5 ASX trading days of the date in the paragraph above, the date on which the Equity Securities are issued.

b. **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- i. 12 months after the date of this Meeting; and
- ii. the date of approval by Shareholders of any transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of

the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

c. Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares Issue	of on	Dilution		
		Issue Price (per Share)	\$0.035 (50% decrease in current Issue Price)	\$0.052 (Current Issue Price)
60,683,341 (Current)	Shares issued	6,068,334 Shares	6,068,334 Shares	6,068,334 Shares
	Funds Raised	\$210,369	\$315,553	\$473,330
91,025,012 (50% increase)*	Shares issued	9,102,501 Shares	9,102,501 Shares	9,102,501 Shares
	Funds Raised	\$315,553	\$473,330	\$709,995
121,366,682 (100% increase)*	Shares issued	12,136,668 Shares	12,136,668 Shares	12,136,668 Shares
	Funds Raised	\$420,738	\$631,107	\$946,660

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. 60,683,341 existing Shares are on issue as at the date of this Notice of Meeting.
2. The issue price set out above is the closing price of the Shares on the ASX on 5 April 2019.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- i. the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- ii. the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

d. ***Purpose of Issue under 10% Placement Capacity***

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- i. as cash consideration in which case the Company intends to use funds raised for: the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and general working capital; or
- ii. as non-cash consideration for: the acquisition of new resources assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

e. **Allocation under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- i. the purpose of the issue;
- ii. alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- iii. the effect of the issue of the Equity Securities on the control of the Company;
- iv. the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- v. prevailing market conditions; and
- vi. advice from corporate, financial and broking advisers (if applicable).

f. **Previous Approval under Listing Rule 7.1A**

The Company has not previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A.

g. **Compliance with Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- i. a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- ii. the information required by Listing Rule 3.10.5A for release to the market.

Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

5. RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – MR JAMES MERRILLEES

5.1 General

The Company proposes to grant a total of 750,000 Performance Rights (**Related Party Performance Rights**) to Mr James Merrillees (**Related Party**) on the terms and conditions set out below.

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (i) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (ii) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Related Party Performance Rights constitutes giving a financial benefit to Mr James Merrillees, who is a related party of the Company by virtue of being a Director.

In relation to Resolution 5, the Directors (other than the Related Party who has a material personal interest in Resolution 5 and accordingly was not part of this consideration) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the proposed grant of the Related Party Performance Rights on the basis that the Related Party Performance Rights are considered a reasonable part of the Related Party's remuneration in the circumstances.

In forming this view, the Directors (other than the Related Party) considered the position and responsibilities of the Related Party, the need to effectively incentivise the Related Party while aligning the incentive with shareholder value, the desirability of preserving cash resources, the remuneration offered to persons in comparable positions at comparable companies, and the terms of the Related Party Performance Rights.

5.3 Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

If Resolution 5 is passed, the Related Party may be issued the Related Party Performance Rights, which would constitute the issue of securities to a related party. Accordingly, approval for the issue of the Related Party Performance Rights to the Related Party is sought under Listing Rule 10.11.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Related Party Performance Rights to the Related Party as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Related Party Performance

Rights to the Related Party will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

5.4 Information Requirements - Listing Rule 10.13

The following information in relation to the Related Party Performance Rights to be issued pursuant to Resolution 5 is provided to Shareholders for the purposes of Listing Rule 10.13:

- (i) the Related Party Performance Rights will be issued to the Related Party, or its nominee;
- (ii) the maximum number of Related Party Performance Rights to be issued is 750,000;
- (iii) the Related Party Performance Rights will be issued to the Related Party no later than one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Related Party Performance Rights will be issued on one date;
- (iv) the Related Party Performance Rights will be issued for nil cash consideration. Accordingly, no funds will be raised, and no consideration will be payable upon the vesting of the Related Party Performance Rights into ordinary shares in the Company;
- (v) the terms and conditions of the Related Party Performance Rights are set out in Schedule 1 to this Explanatory Memorandum; and
- (vi) a voting exclusion statement is included in this Notice.

5.5 Directors' recommendation

All Directors (other than the Related Party who has a material personal interest in Resolution 5 and accordingly was not part of this consideration) recommend that Shareholders vote in favour of Resolution 5.

5.6 Other Information

Under the Australian Equivalent of the International Financial Reporting Standards, the Company is required to expense the value of the Performance Rights in its statement of financial performance for the current financial year.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 5.

6. GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in section 4 of this Notice

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Cygnus Gold Limited (ACN 609 094 653).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the A&P/ASX 300 Index; and
- (b) has a maximum market capitalization (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Performance Right means a performance right in the Company.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2018.

Related Party means Mr James Merrillees, a Director of the Company.

Related Party Performance Rights has the meaning given in Section 5.1.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

VWAP means the volume weighted average price of Shares.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF RELATED PARTY PERFORMANCE RIGHTS

The terms and conditions of the Related Party Performance Rights are set out below:

- (a) Each Performance Right entitles the holder to be issued one Share, subject to the satisfaction of the relevant conditions during the relevant Measurement Period and on the terms and conditions below.
- (b) Subject to these terms and conditions, the exercise of a Class A or Class B Performance Right is subject to:
 - (i) the holder remaining engaged as a full-time employee of the Company at all times during the Measurement Period;
 - (ii) there not being any fatality (Company personnel, consultant, contractor or a sub-contractor) on a tenement held by the Company (or any of its subsidiaries) during the Measurement Period; and
 - (iii) the satisfaction of the relevant vesting condition specified below:

Class	Number	Vesting Condition	Measurement Period
A	175,000	(a) 30 Day VWAP exceeds \$0.10 at any time during the Measurement Period; or (b) 5 Day VWAP as at 31 December 2020 is greater than \$0.10.	By 31 December 2020
B	175,000	(a) 30 Day VWAP exceeds \$0.20 at any time during the Measurement Period; or (b) 5 Day VWAP as at 31 December 2020 is greater than \$0.20.	By 31 December 2020

- (c) Subject to these terms and conditions, the exercise of a Class C, Class D or Class E Performance right is subject to:
 - (i) the Company having a cash balance at bank of at least \$1 million by the end of the Measurement Period;
 - (ii) the holder remaining engaged as a full-time employee of the Company at all times during the Measurement Period;

- (iii) there not being any fatality (Company personnel, consultant, contractor or a sub-contractor) on a tenement held by the Company (or any of its subsidiaries) during the Measurement Period; and
- (iv) the satisfaction of the relevant vesting condition specified below:

Class	Number	Vesting Condition	Measurement Period
C	150,000	5 Day VWAP as at 31 December 2019 is greater than \$0.10.	By 31 December 2019
D	150,000	(a) ASX announcement regarding the commencement of a RC or DD drilling program targeting Ni/Zn/Pb at the Bencubbin North Project; or (b) approval by the Board of the Company of entry into a binding Joint Venture in relation to the Bencubbin North Project.	By 31 December 2019
E	100,000	The direct introduction by the holder of a new shareholder to the Company with a relevant interest of more than 5% of the Company's shares on issue.	By 31 December 2019

- (d) After the relevant Measurement Period, the Board shall promptly determine whether the conditions attaching to the Performance Rights have been met, and shall provide written notice to the holder as to that determination.
- (e) Where a holder (or their nominee) receives notice from the Board that a Performance Right has vested (**Notice**), the Performance Right may be exercised at any time up until 5:00pm (WST) on the date determined by the Board and notified to the holder (**Last Exercise Date**), subject to any restriction in the Corporations Act from time to time and in any event, no longer than 6 months from the date of the Notice, by the delivery to the Company Secretary of a duly completed and executed notice of exercise of a Performance Right in the form approved by the Board from time to time.:
- (f) Subject to paragraph (e) above, upon exercise of a Performance Right, the Company will:
- (i) issue the Shares pursuant to the exercise;

- (ii) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Performance Rights.

If the Company is unable to give ASX a notice in accordance with paragraph (ii) within the time required, the Company must issue a disclosure document as soon as reasonably practicable thereafter, with such disclosures necessary to comply with the criteria in 'case 2' of section 708A of the Corporations Act in respect of any the Shares issued pursuant to the exercise of the Performance Rights. Until such time as the disclosure document has been issued, the holder must only transfer such Shares to a person satisfying the requirements of section 708(8), (10) or (11) of the Corporations Act.

- (g) In the event that a takeover bid (as defined in the Corporations Act) to acquire ordinary shares in the Company becomes unconditional, or a merger by way of scheme of arrangement under the Corporations Act has been approved by the Court, any unvested Performance Rights will vest and become immediately exercisable, regardless of whether or not the employment, engagement or office of the person eligible to receive the Performance Rights is terminated or ceases in connection with such event.
- (h) Unless determined otherwise by the Board a Performance Right lapses on the earlier of:
 - (i) the Board determining that any condition applicable to the Performance Right has not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met;
 - (ii) an unauthorised dealing in, or hedging of, the Performance Right;
 - (iii) the Last Exercise Date; and
 - (iv) the date the holder ceases to be a full time employee of the Company.
- (i) Where a Performance Right has lapsed:
 - (i) all rights of a holder in respect of those Performance Right is forfeited; and
 - (ii) the Company will:
 - (A) notify the holder that the Performance Right has lapsed;
 - (B) cancel the Performance Right;
 - (C) if only part of the Performance Rights covered by a certificate have lapsed, issue a certificate stating the remaining number of Performance Rights held by the holder that have not lapsed; and
 - (D) not be liable for any damages or other amounts to the holder in respect of the Performance Right.
- (j) All Shares in the Company allotted on the exercise of the Performance Rights will rank equally in all respects with the then existing Shares.

- (k) The Performance Rights are not transferable.
- (l) The Company will not apply to the ASX for quotation of the Performance Rights. The Company will apply for quotation of all Shares in the Company allotted pursuant to the exercise of Performance Rights not later than 10 Business Days after the date of allotment.
- (m) Holders may only participate in new issues of securities to holders of Shares in the Company if the Performance Rights have been exercised and Shares allotted in respect of the Performance Rights before the record date for determining entitlements to the issue. The Company must give to holders at least 7 business days' notice of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.
- (n) If prior to the Vesting Date, there is a reorganisation of the issued capital of the Company, the Performance Rights are to be treated in the manner set out in the Listing Rules.



Cygnus Gold Limited
ABN 80 609 094 653

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 9:30am (WST) Sunday, 26 May 2019

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the annual report, 24 hours a day, 7 days a week:

www.cygnusgold.com

Update your security information:

www.investorcentre.com

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Cygnus Gold Limited hereby appoint

the Chairman of the Meeting **OR**

 **PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Cygnus Gold Limited to be held at Level 3, 20 Parkland Road, Osborne Park, Western Australia on Tuesday, 28 May 2019 at 9:30am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 5 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

 **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director – Mr Michael Bohm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Director – Dr Amanda Buckingham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Issue of Performance Rights to related party – Mr James Merrillees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____ / ____ / ____