



CYGNUS GOLD

Financial Report

For the half-year ended
30 June 2019

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Directors' report

The Directors of Cygnus Gold Limited ("Cygnus" or "the Company") present their half year Financial Report of the Company for the period ended 30 June 2019.

Board of directors

The directors of the Company throughout the half year and to the date of this report are as follows:

Michael Bohm	Non-Executive Chairman
James Merrillees	Managing Director
Simon Jackson	Non-Executive Director
Oliver Kreuzer	Non-Executive Director
Amanda Buckingham	Non-Executive Director

Principal activities

Cygnus is focused on the exploration for gold and base metals in the Southwest Terrane of the Yilgarn Craton, Western Australia.

There have been no significant changes in the nature of these activities during the period.

Review of operations and financial results

Exploration

Cygnus Gold's 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 and base metals mineralisation.

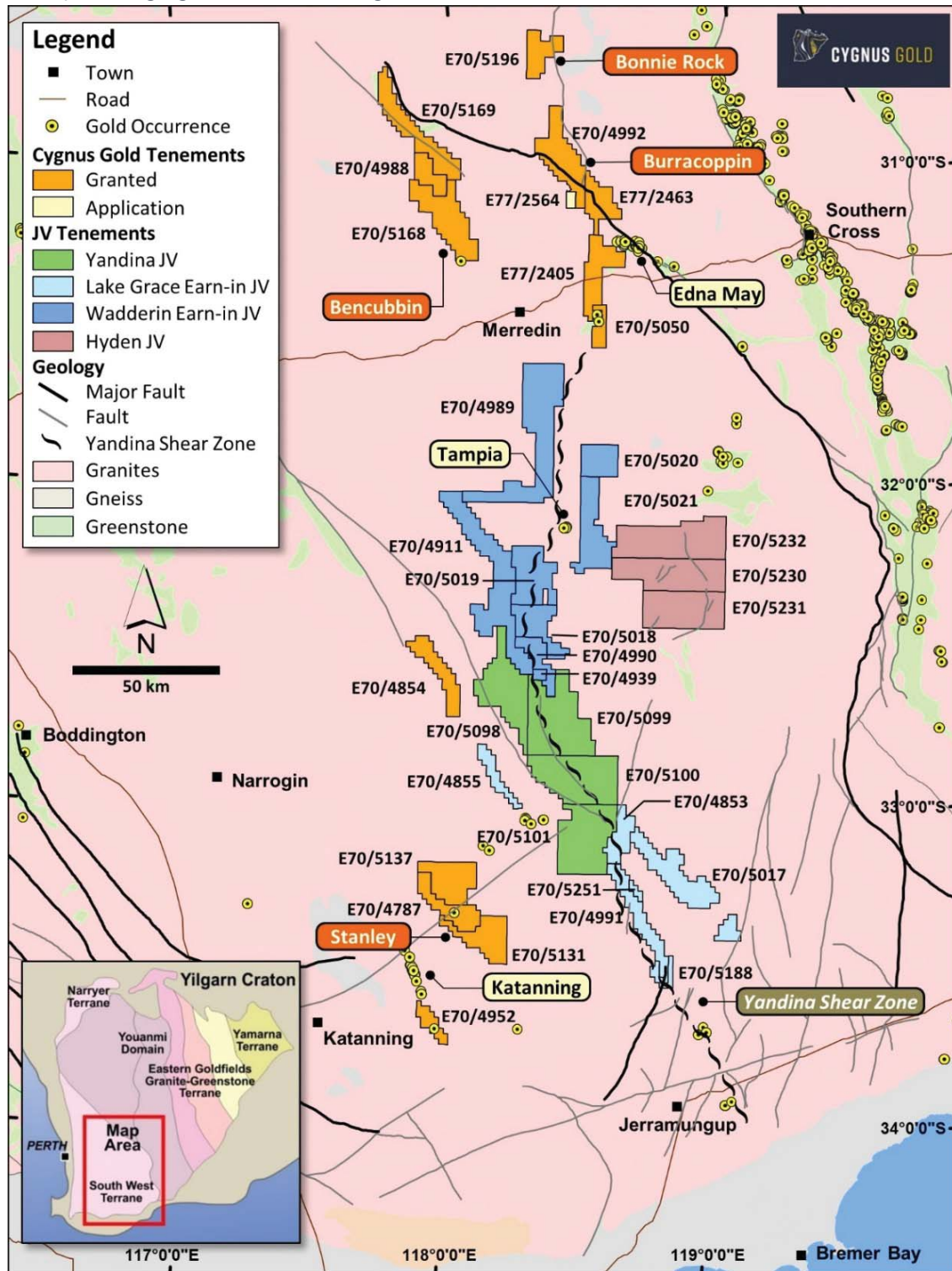


Figure 1: Cygnus Gold granted tenements and applications in the Southwest Terrane, Western Australia.

Stanley Project (Cygnus 100%)

The ~580km² Stanley tenement covers more than 20km strike length of prospective greenstone including numerous prospects where previous explorers intersected high-grade gold mineralisation (Figure 2).

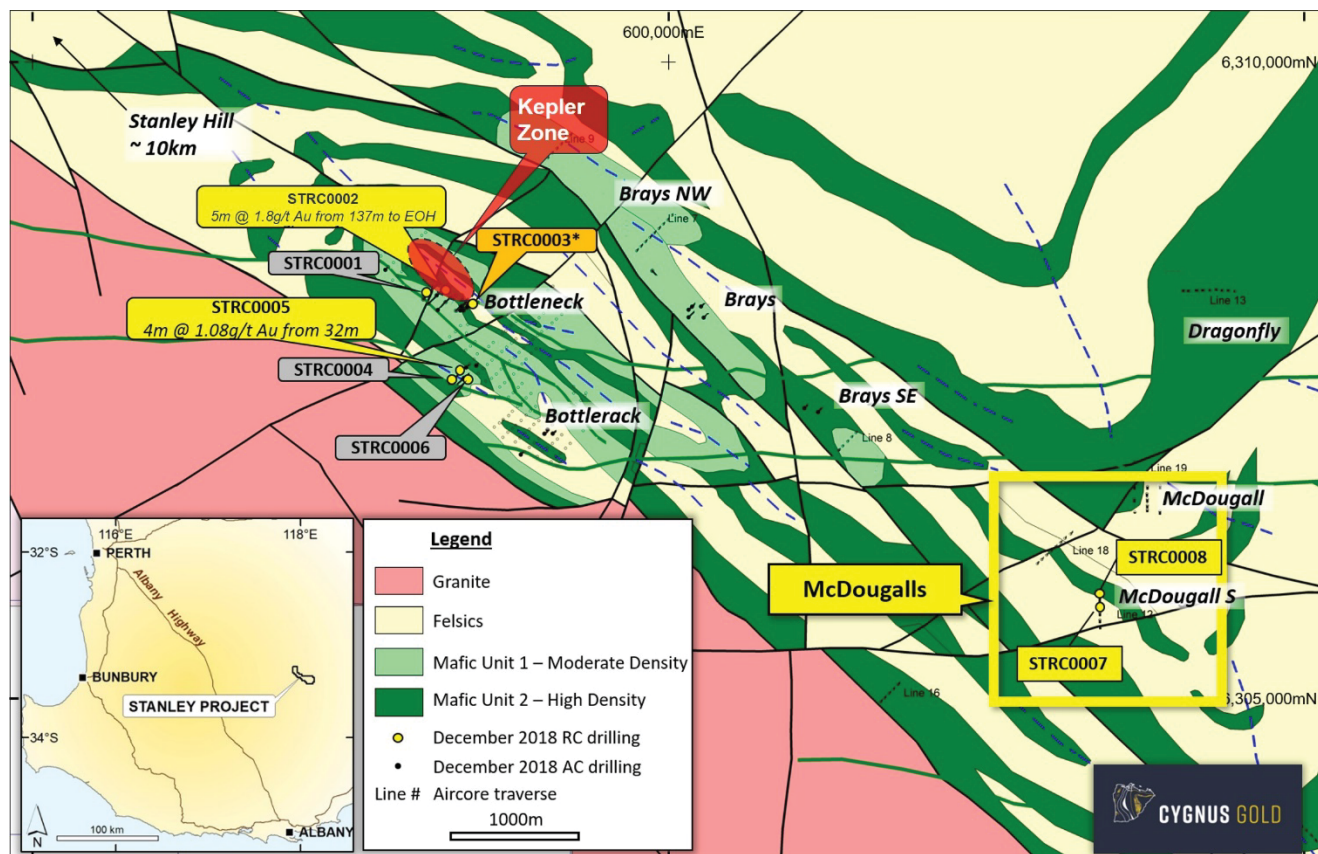


Figure 2: Cygnus Gold's Stanley Project Western Australia, highlighting the Kepler Zone and McDougalls,

During the period, results were obtained from eight reverse circulation (RC) holes drilled in December 2018 which tested several high priority gold prospects at Stanley.

Three holes (STRC0001-0003) targeted extensions to the Bottleneck Prospect with the best result from STRC0002 which intersected a narrow zone of mineralisation at the target depth with 4m @ 1.17g/t Au from 124m. STRC0002 finished in mineralisation with 6m @ 0.74g/t Au from 136m (refer to CY5 ASX announcement 4 February 2019)¹.

STRC0003 was drilled to test extensions of the high-grade mineralisation intersected in Cygnus hole BNDD001 which included 9.50m @ 29.20g/t Au from 36.70m (refer CY5 ASX announcement 22 February 2018)¹.

STRC0004, 0005 and 0006 tested a domal feature to the south of Bottleneck with the best result from STRC0005 with 4m @ 1.08g/t Au from 32m (refer to CY5 ASX announcement 4 February 2019)¹. STRC0004 and STR0006 did not intersect significant mineralisation and the dome is considered to have been tested with no follow up planned.

The Company also reviewed the drilling in the vicinity of the Bottleneck prospect and identified a new target, the 'Kepler Zone', which is defined by a mineralised metamorphosed dacitic rock package (metadacite) intersected in Cygnus hole STRC0002, which ended in mineralisation as noted above.

Hole STRC0002 was drilled to follow up the high-grade mineralisation intersected in Cygnus hole BNDD006, the first diamond core hole to intersect gold in fresh rock at Stanley with 6m @ 3.27g/t Au from 157.5m (refer to CY5 ASX announcement 7 March 2018)¹.

The original intersection was reported from 4m 'splits', which were resampled on one metre intervals returning an improved intersection of (refer to CY5 ASX announcement 2 April 2019)¹:

- 5m @ 1.8g/t Au from 137m to EOH (end of hole)
 - **including 1m @ 6.29g/t Au from 139m**

As well as identifying a higher-grade component to the mineralisation, the Company's review of multi-element geochemistry in STRC0002 demonstrated that mineralisation here and elsewhere at Bottleneck is hosted in a geochemically distinct felsic granulite after a dacitic precursor (i.e. a metadacite).

The metadacite is logged adjacent to a garnet-biotite bearing metamorphosed andesite and is cut by a dolerite dyke which also marks a faulted offset between the units.

The meta-andesite unit is a distinctive "marker bed" within an otherwise less distinctive succession of granulite facies metamorphic rocks and, thus, was key to understanding the distribution of gold mineralisation intercepted to date and, ultimately recognition of the Kepler Zone.

Although drilling at the Bottleneck prospect itself tested a narrow sequence of the metadacite, the STRC0002 intersection demonstrates that this sequence may extend further to the north-west along the regional fold structure, with the nearest drilling being shallow AC more than 300m along strike to the north-west.

In addition to this 'along-strike' potential, the multiple lodes intersected in STRC0002 indicate potential for stacking (or fold repetition) of the mineralised structures across strike, and on the north-eastern limb of the Bottleneck antiform, where there has been almost no drilling to date.

In April 2019, the Company completed a RC drilling program to test the newly identified Kepler Zone.

The drilling program comprised five holes for 608m designed to test the 'up-dip' component at STRC0002, as well as two holes each on sections 50m and 220m along strike of STRC0002 (Figure 3).

The best results from the Kepler program included a zone of mineralisation in the section 220m along strike from STRC0002, with hole STRC0020 intersecting (refer to CY5 ASX announcement 28 May 2019)¹:

- 6m @ 1.95 g/t Au from 81m which included
 - **2m @ 5.49 g/t Au from 81m.**

This basement intersection was in the modelled position of the Kepler target although did not extend the 'up-dip' component (Figure 4).

A large extent of the metadacite unit at Kepler remains untested by drilling, and Cygnus is undertaking a review to guide further drilling of this zone planned for later in the year.

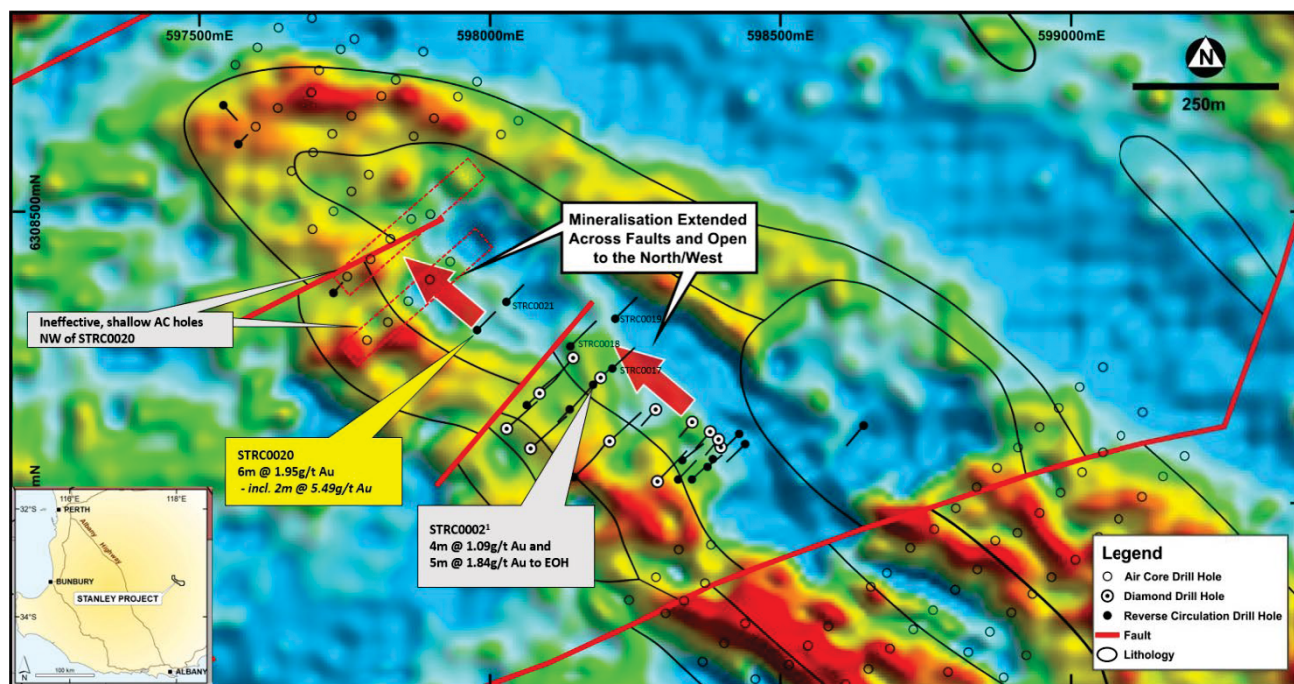


Figure 3: Cygnus Gold's Kepler Zone in the Stanley Project. Background image is 1VD of the Bouguer gravity where red colours (and blues) define more (and less) dense rock units.

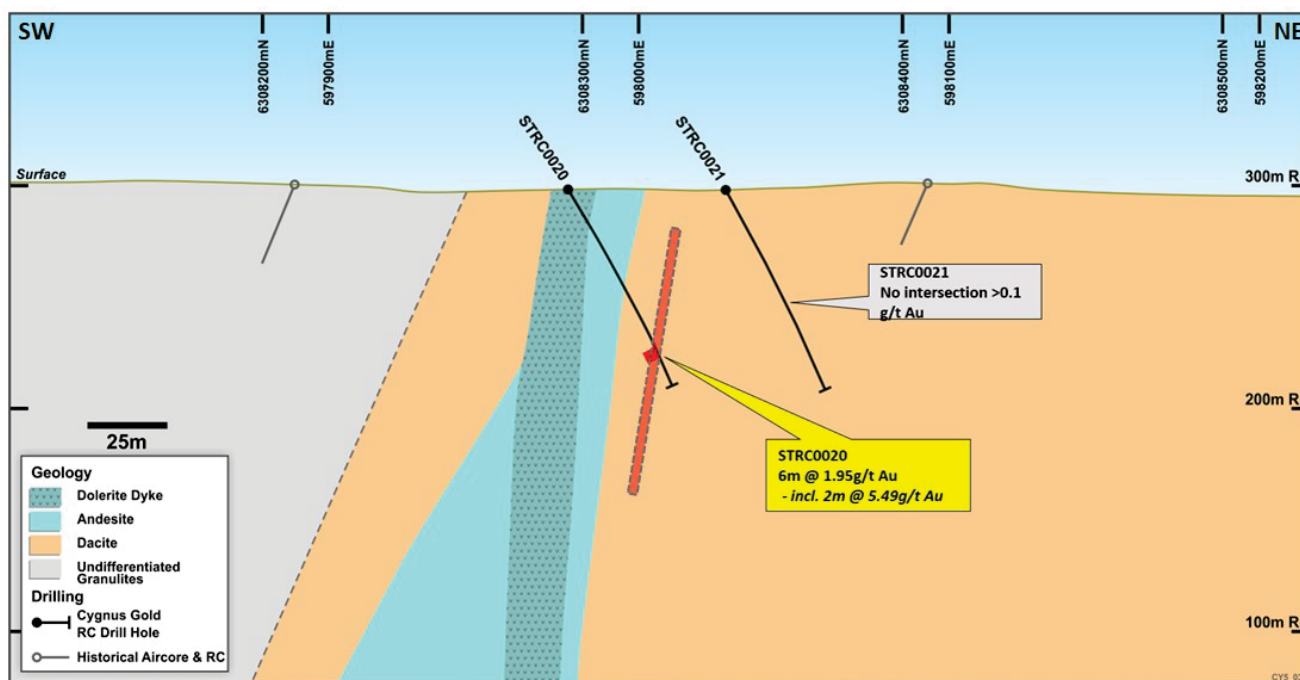


Figure 4: Cross section hole STRC0020 intersecting high grade gold mineralisation associated with metadacite unit at Kepler. STRC0021 drilled too far northeast (right of figure) to intersect the 'up-dip' projection of the mineralised zone intercepted in hole STRC0020.

At McDougall South, Cygnus reported two RC holes intersected anomalous gold over wide intervals including (refer to CY5 ASX announcement 4 February 2019)¹:

- STRC0007: 4m @ 0.25g/t Au from 32m; and
- STRC0008: 16m @ 0.19g/t Au from 32m.

Follow-up AC drilling by Cygnus at McDougall South demonstrated these mineralised zones are associated with a shallow, 1km x 500m zone of anomalous gold within a NW-trending structural zone, including STAC028 with 12m @ 0.34g/t Au from 16m (refer to CY5 ASX announcement 4 February 2019)¹.

This gold anomalous zone is defined by a +50ppb Au mineralised halo hosted in basement rock interpreted as a felsic granulite after a granitic precursor (Figure 5).

The Company subsequently drilled a further two RC holes (STRC0015 and 0016) with STRC0016, drilled to a total depth of 136m, intersecting multiple low-grade zones up to 10m wide hosted in the same felsic rock unit intersected in holes STRC007 and 008, including (Figure 4 and refer to CY5 ASX announcement 2 April 2019)¹:

- 6m @ 0.22g/t Au from 31m;
- 5m @ 0.25g/t Au from 40m;
- 1m @ 0.35g/t Au from 46m;
- 10m @ 0.37g/t Au from 50m;
- 3m @ 0.12g/t Au from 61m;
- 1m @ 0.19g/t Au from 74m; and
- 1m @ 0.23g/t Au from 80m.

Cygnus also completed two lines of AC drilling at McDougall South which intersected further widespread gold mineralisation, and intersections >0.1g/t Au from this AC program include (refer to CY5 ASX announcement 2 April 2019)¹:

- STAC0067 7m @ 0.12g/t Au from 24m;
- STAC0071: 3m @ 0.14g/t Au from 28m and 1m @ 0.96g/t Au from 37m (EOH); and
- STAC0075: 4m @ 0.13g/t Au from 4m.

Several other holes intersected anomalous gold and pathfinder geochemistry however the Company believes much of this drilling ended in transported regolith, which masks the basement response.

The Company subsequently drilled another RC program to test these basement targets at McDougalls. This drilling intersected further widespread gold mineralisation confirming the Company's interpretation of the mineralised zone with intersections including (see ASX announcement 28 May 2019)¹:

- STRC0023: 9m @ 0.40g/t Au from 42m;
- STRC0024: 5m @ 0.34g/t Au from 32m;
- STRC0025: 3m @ 0.31g/t Au from 90m; and
- STRC0027: 11m @ 0.14g/t Au from 64m.

Interpretation of results from the McDougalls drilling is ongoing, including a review of multi-element geochemistry and gold-in-regolith dispersion along with a structural interpretation to target higher gold grades in this broad mineralised system.

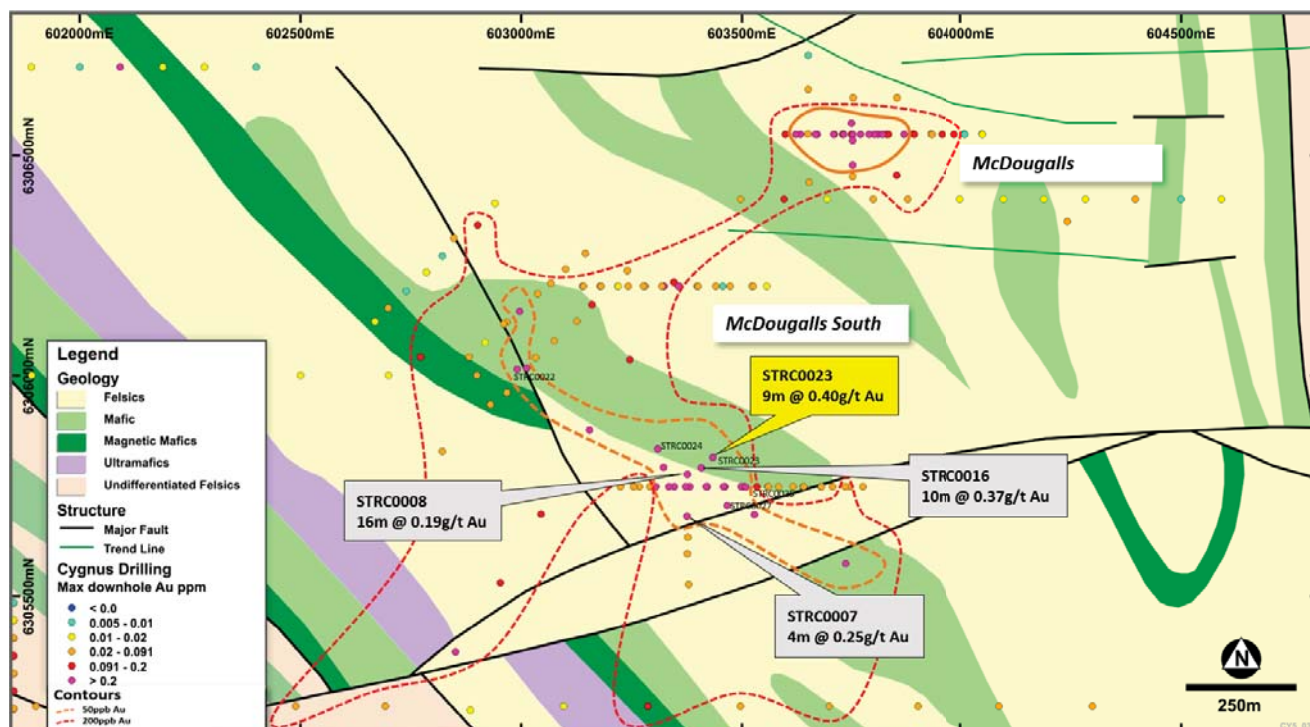


Figure 5: Cygnus drilling at McDougalls (Stanley Project) with gold anomalous zones defined by +50ppb and 200ppb maximum downhole gold contours.

Stanley Hill

Cygnus' early 2019 RC program at Stanley included a further three holes (372m) at the Stanley Hill prospect. These holes were drilled to test widespread, shallow high-grade gold intersected in AC and RAB drilling by previous explorers.

The only deeper drilling at Stanley Hill was a 2018 Cygnus hole (SHRC032) which reported an intersection of 8m @ 0.31g/t Au from 28m (refer to CY5 ASX announcement 8 June 2018)¹.

Results from this RC program included (refer to CY5 ASX announcement 2 April 2019)¹:

- STRC011 intersected multiple zones of >0.1 g/t Au;
- STRC009 intersected a narrow, mineralised interval in the weathered zone higher in the hole (4m @ 0.11 g/t Au from 16m); and
- STRC0010 was abandoned short of the target depth due to high water flows.

The Company is reviewing the Stanley Hill drilling results to determine the next steps.

Bencubbin (Cygnus 100%)

The ~675km² Bencubbin Project includes three granted tenements (E70/4988, Bencubbin, E70/5169, Bencubbin North and E70/5168, Bencubbin South) covering the Bencubbin Greenstone Belt.

The Bencubbin Greenstone Belt extends more than 70km north south and up to 5km wide and is considered prospective for gold, magmatic copper-nickel and base metals deposits (Figure 6).

During the period, Cygnus exploration programs focussed on nickel-copper exploration over the Bencubbin North tenement.

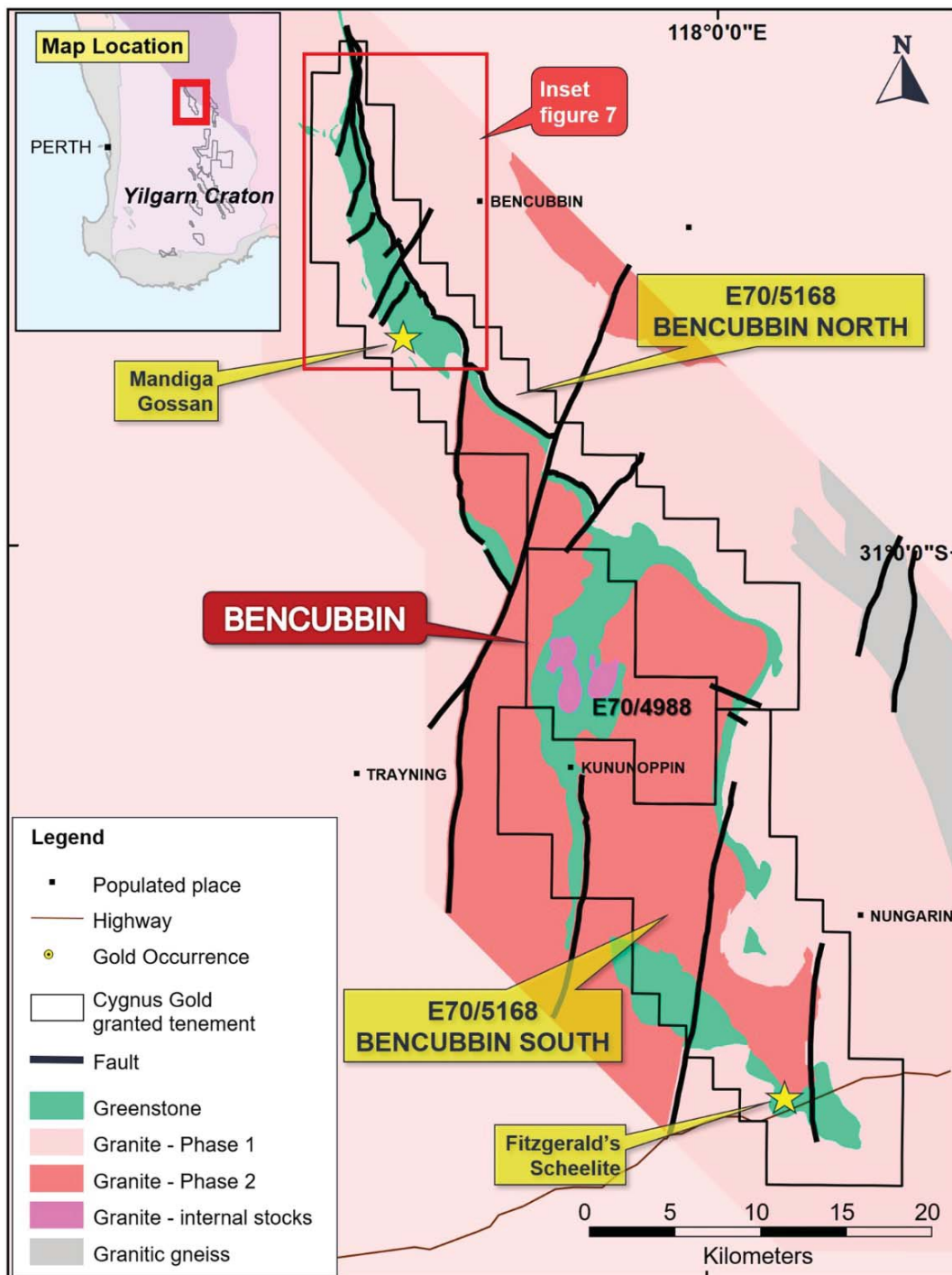


Figure 6: Cygnus Gold's Bencubbin Project Western Australia.

Bencubbin Au

The Company drilled six diamond core (DD) and five reverse circulation (RC) holes focused on the Jefferies gold prospect.

Drilling intersected several narrow zones of >0.1 g/t Au. The Company's interpretation is that the shallow, laterally extensive gold mineralisation identified by previous explorers represents the remnant of a gold system that has been largely 'stoped out' by a late granite intrusion.

Bencubbin North

Nickel-copper

Cygnus' review of historical exploration at Bencubbin North has defined a regionally extensive nickel-in-auger geochemical anomaly, representing a high priority target for sulfide-hosted nickel-copper (Ni-Cu) mineralisation and potentially separate lode gold mineralisation (refer CY5 ASX announcement on 30 November 2018)¹.

The Bencubbin North nickel prospect is defined by a surface nickel anomaly (up to 1,500ppm Ni) developed over a strike length of ~18km and up to 400m in apparent width, associated with ultramafic rocks within a north-northwest trending Archaean greenstone belt (Figure 7).

Several copper and gold anomalies are associated with the nickel, with a maximum coincident auger result of 162ppm Cu recorded and a (separate) maximum gold value of 71ppb Au reported, both within the greenstone sequence (Figure 7).

Importantly, none of the previous samples were assayed for platinum group elements (PGEs), considered an important indicator of magmatic sulfide prospectivity within ultramafic rock sequences.

The limited historic drilling in the Bencubbin North area did not test the peak nickel anomalism nor were the drill samples assayed for nickel. In addition, no electrical geophysics were collected, leaving the entire 18km-long multi-element surface geochemical anomaly effectively untested for nickel deposits.

During the period, the Company completed first pass soil sampling (31 lines of auger soil on 200m line spacing) over the Bencubbin North nickel targets in order to:

- i) Resample existing historical lines over the original Ni-Cu anomalies to confirm their potential;
- ii) Analyse samples from selected lines for PGE's (platinum, Pt and palladium, Pd); and
- iii) Infill selected lines to 200m spacing (*cf.* original spacings of more than 400-800m).

Cygnus' sampling confirmed the original Ni auger soil results with a maximum value of 1,895 ppm Ni and defined six discrete, but extensive Ni-Cu (PGE) anomalies associated with the interpreted ultramafic package (Figure 7, Table 1 and refer CY5 ASX announcement 28 May 2019)¹.

Importantly the elevated PGEs are similar to levels associated with mineralised nickel sulfide systems elsewhere in the WA Goldfields.

Mandiga base metals (Cu-Pb-Zn-Au-Ag)

Historical soil sampling along the southwestern margin of the nickel anomaly at Bencubbin North identified elevated copper, lead (Pb) and zinc (Zn) mineralisation associated with outcropping gossans over a 3.3km trend known as the Mandiga base metal prospect, a VMS-related system developed.

Drilling at Mandiga by previous explorers included best results of (refer Cygnus Gold ASX announcement 30 November 2018)¹:

- 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.

Cygnus' review identified that the strongest lead soil anomalism extends a further 1.2km south of the known drilling and was never drilled. This is a priority target for follow up drill testing by the Company.

Forward plan

The Company is currently completing surface sampling over extensions of the Bencubbin Greenstone on the Bencubbin South tenement as well as infill and extensional sampling of the Bencubbin North nickel and Mandiga Trend base metals anomalies.

Drilling is planned for later in the year targeting anomalies defined from this sampling, with this program co-funded by a \$150,000 award from the WA Government's Exploration Initiative Scheme.

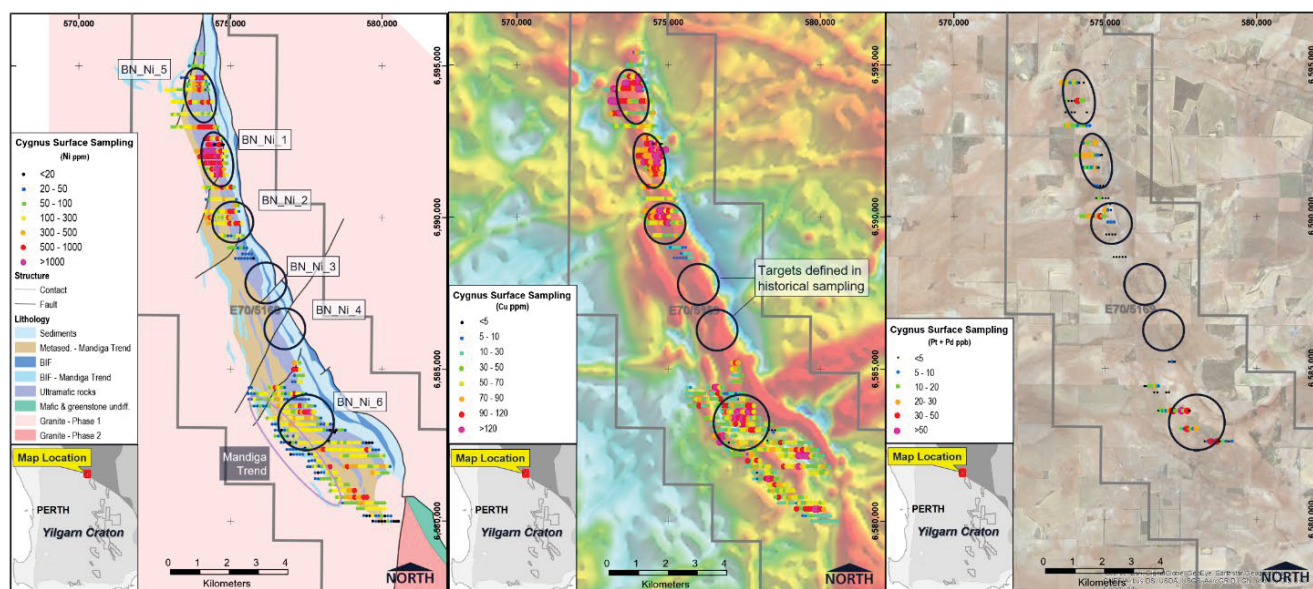


Figure 7: Bencubbin North sampling results. Left to right: Nickel (Ni ppm) on interpreted geology; Copper (Cu ppm) on airborne magnetics (RTP TMI); Palladium (Pd ppb) plus Platinum (Pt ppb) on air photo. Only Cygnus' sampling results are shown here. Refer to CY5 ASX announcement 8/5/2019¹ for historical results and target descriptions.

Table 1: Priority anomalies Bencubbin North (na = not assayed for PGEs) (refer CY5 ASX announcement 28 May 2019)¹.

Anomaly	Nickel Threshold (ppm)	Peak Ni (ppm)	Peak Cu (ppm)	Pt + Pd (ppb)	Pd:Pt	Length Ni (m)	Width Ni (m)
BN_Ni_1	800	1,895	197	27.9	1.9	1,200	600
BN_Ni_2	300	709	119	16.9	3	850	200
BN_Ni_3	300	784	206	na	na	900	400
BN_Ni_4	300	1,490	77	na	na	900	400
BN_Ni_5	300	1,040	179	25.7	2.2	800	300
BN_Ni_6	300	1,655	210	75.8	0.32	800	400

Burracoppin Project (Cygnus 100%)

Cygnus' Burracoppin tenements are located ~25 km east-northeast of Merredin and along strike from the Edna May gold mine owned and operated by Ramelius Resources Ltd (ASX:RMS) (Figure 8).

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 sampling at Anomaly 47 identifying several 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.

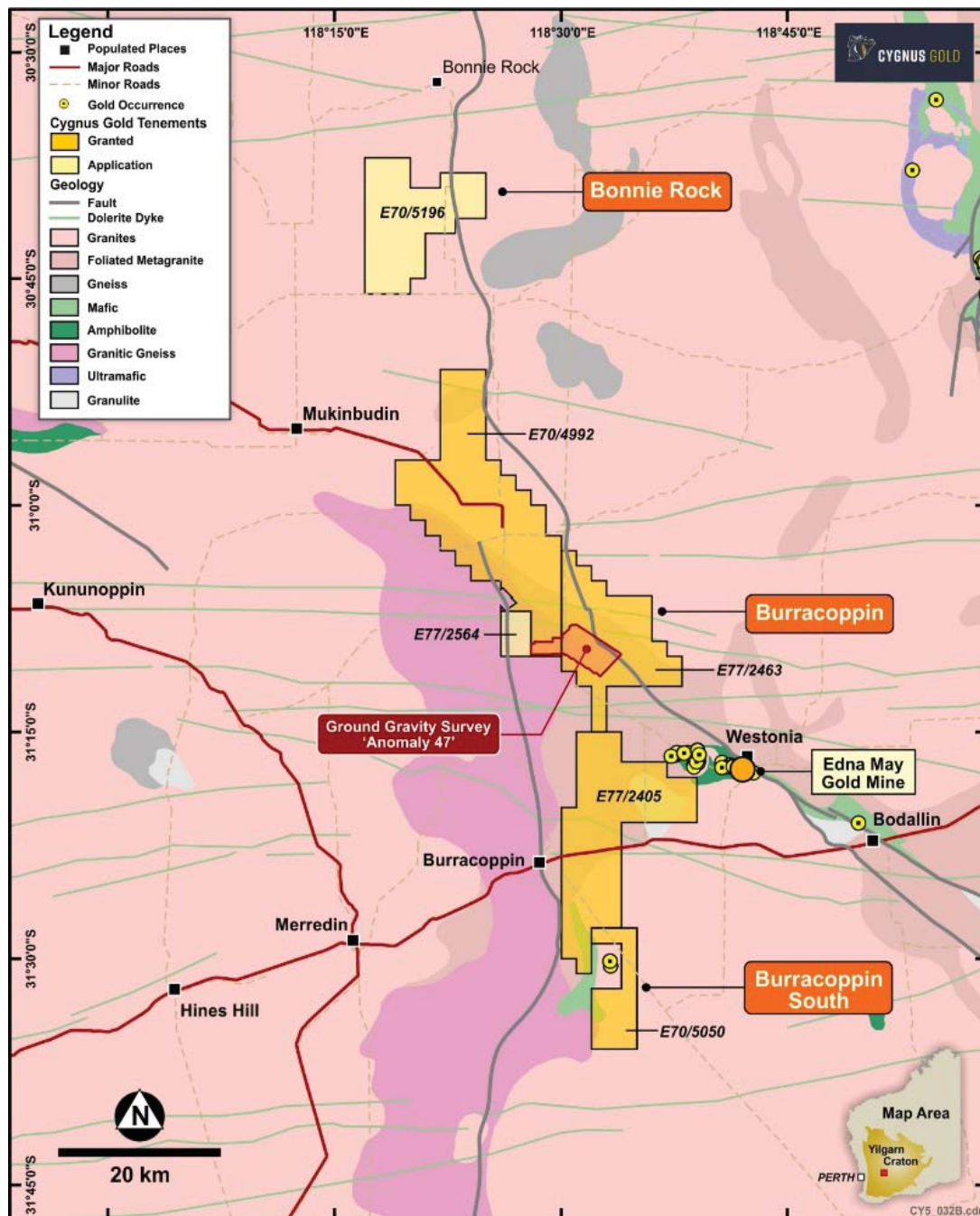


Figure 8: Cygnus' Burracoppin Project and location of Cygnus' ground gravity survey. Regional geology from 1:500,000 GSWA mapping.

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, and the target of Cygnus' planned follow up.

In late 2018 Cygnus collected detailed ground gravity and flew an airborne electromagnetic (AEM) survey which identified several anomalies with signatures comparable with known VMS systems and considered high priority for follow up drill testing (Figure 9).

Cygnus has been awarded a grant by the Western Australian Government to co-fund drill testing of these anomalies at Burracoppin. This program was originally planned to be drilled in Q1 2019, however has been pushed back to later in the year due to delays in negotiating access agreements with the underlying landowners.

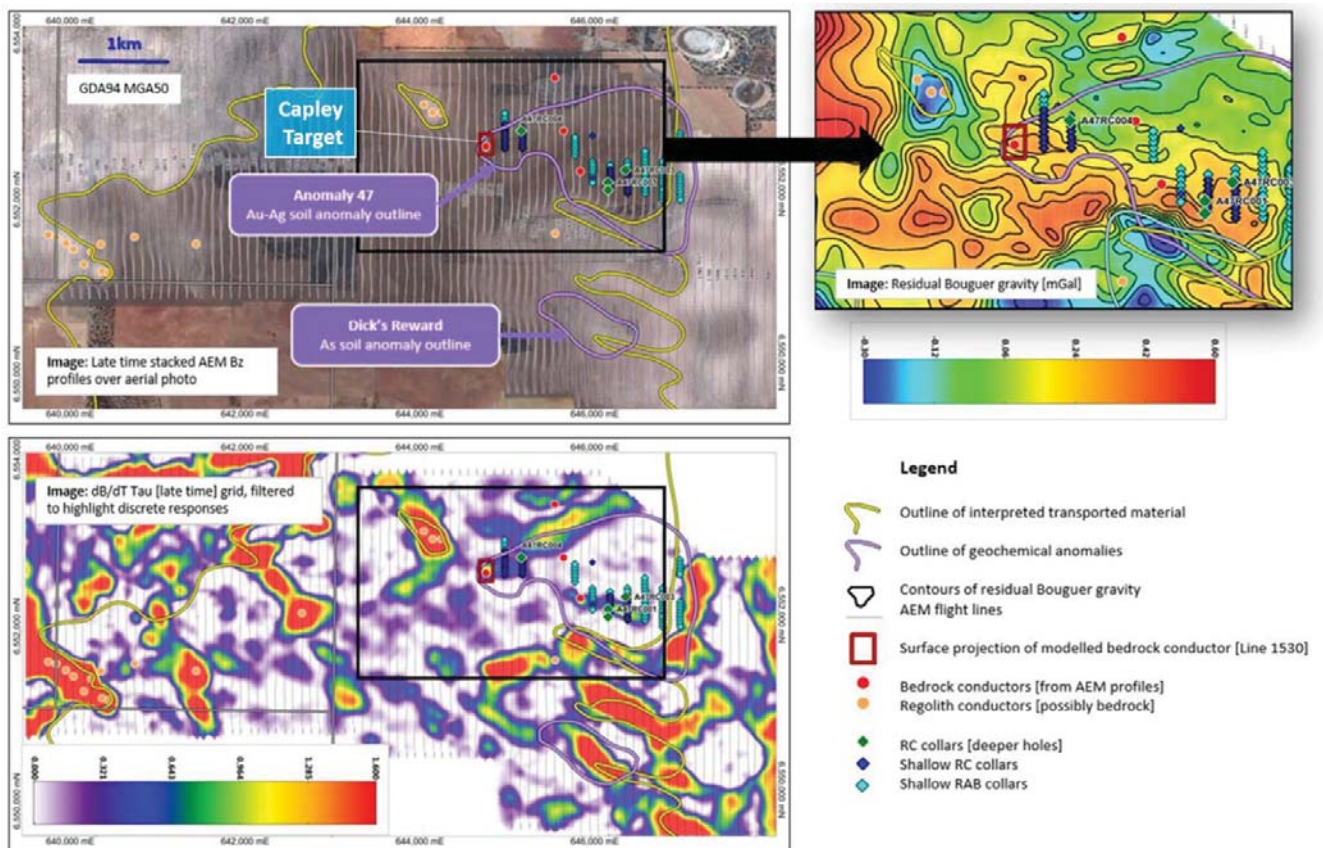


Figure 9: TOP LEFT: AEM survey location with respect to the Anomaly 47 and Dicks Reward prospects. BOTTOM LEFT: Gridded image of Tau [decay constant] derived from dB/dT, long wavelength removed. RIGHT: Inset over the Anomaly 47 prospect showing the ground gravity anomaly coincident with the Capley AEM 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 Wadderin Projects.

These agreements provide Gold Road with the opportunity to earn up to a 75% interest in the ~3,400km² area of Cygnus' Wadderin 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.

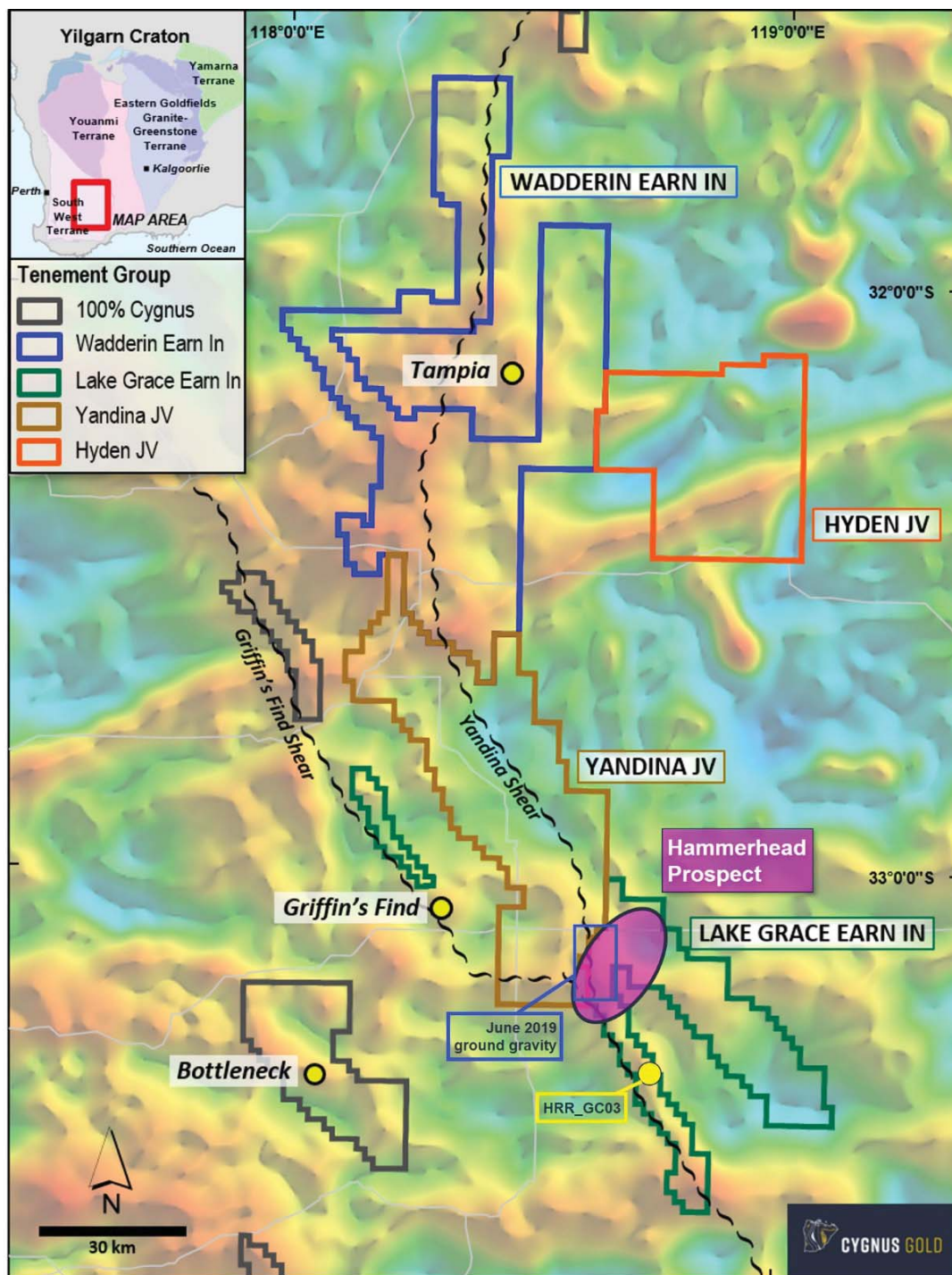


Figure 10: Cygnus Gold | Gold Road Projects' Earn-in and JV Projects, Wheatbelt, SW Western Australia. Background image is regional gravity (residual Bouguer).

Lake Grace Earn-in Project (Cygnus 49%)

On the **Lake Grace Earn-in Project** the Company completed drilling, a detailed interpretation of the geology and regolith and regional surface sampling.

Gold Road earned a 51% interest in the Lake Grace Project having spent an initial earn-in amount of \$700,000. Gold Road has now elected to earn a further 24% interest (75% in total) by spending a further \$500,000 within 18 months.

The Company drilled extensions of the HRRGC03 target (no significant results) and the newly defined Hammerhead prospect (Figure 11).

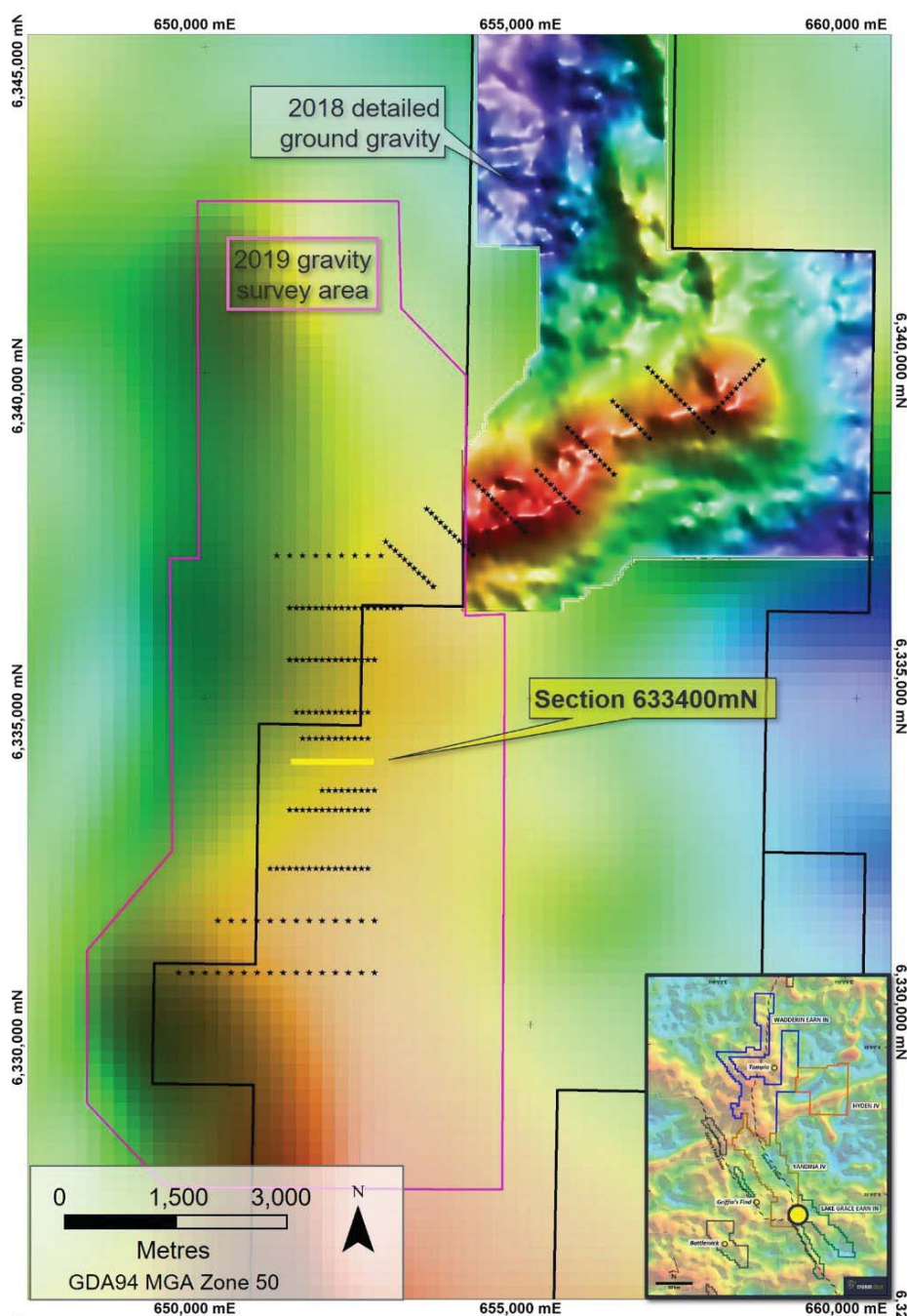


Figure 11: Hammerhead prospect, Cygnus July 2019 AC drilling (black stars) and outline of 2019 ground gravity survey. Background image regional (Bouguer) gravity and detailed 2018 Cygnus gravity survey.

Drilling at the Hammerhead prospect (12 holes for 462m) focused on a broad zone of surface gold anomalism associated with the regional Yandina Shear, an important geological structure controlling mineralisation in the region. Results announced after the end of the quarter defined a broad zone of mineralisation with >20ppb Au.

The intersections are within broader zones of >20ppb Au considered to be related to both supergene gold in the cover as well as gold associated with basement rocks.

Importantly drilling intersected several zones with more than 1,000ppm arsenic (As) associated with the gold anomalies. Arsenic is considered an important pathfinder element for gold mineralisation in this part of the Yilgarn Craton as exemplified by the nearby Tampia and Griffins Find deposits.

The widespread gold and pathfinder anomalism at Hammerhead is associated with sulfides (pyrite) and quartz veining in mafic to intermediate rocks associated with the Yandina Shear Zone, a regional structure interpreted to control the distribution of gold mineralisation in this part of the Yilgarn Craton.

A follow up aircore drilling program of 74 holes (3,467m) was drilled in July targeting extensions of the Hammerhead mineralisation along the regional Yandina Shear with results awaited.

Further work will depend on results from this program anticipated later in the year.

A ground geophysical (gravity) survey commenced in late June (completed mid-July) over the Hammerhead prospect to extend a detailed survey Cygnus completed in early 2018. Preliminary interpretation of results from this survey indicate the presence of widespread dense (mafic) rocks spatially associated with the gold anomalism at Hammerhead.

Wadderin Earn-in Project

The Company drilled 20 aircore holes for 439m into the HAR1GC04 target where Cygnus surface sampling defined a zone of elevated gold and multi-element geochemistry. No significant results were reported from this drilling.

Soil sampling was also completed on the Emu Hill prospect, east of Ramelius Resources' (ASX:RMS) Tampia deposit to follow up anomalous roadside samples with results not indicating the presence of a gold mineralising system.

Further surface sampling and an AC drilling program are planned at Wadderin later in the year to follow up geological and geochemical targets.

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.

Cygnus has completed a detailed geological interpretation of the Yandina project area to define targets for follow up which will include further AC drilling and surface sampling in the second half of the year once access agreements are negotiated.

Hyden Joint Venture (pending, Cygnus 25%)

The Company acquired a 25% interest in three new applications east of Ramelius Resources' (ASX:RMS) Tampia Project.

The Company is undertaking a detailed open file review of historical exploration prior to grant, and a new joint venture with Gold Road will be formed once the tenements are granted (anticipated in Q4 2019).

Corporate

Financial Information

The loss of the Company for the six months ended 30 June 2019 after providing for income tax amounted to \$463,700. The net assets of the Company are \$5,162,925 as at 30 June 2019.

At 30 June 2019 the Company has \$1,879,131 in cash and cash equivalents.

EIS Co-Funding Grant

The Company was successful in its application for State Government Co-Funded exploration drilling support and will receive \$150,000 towards drilling programs to test nickel and base metals targets at Bencubbin.

The funding is part of the WA Government's Exploration Incentive Scheme (EIS), and this is Cygnus' fourth successful application under this competitive scheme, which is considered a strong endorsement of the Company's technical team and projects.

Performance Rights

In January 2019, 750,000 Performance Rights have expired that were issued to the directors of the Company. In addition, a further 750,000 Performance Rights were issued to the Managing Director in June 2019.

Events arising since the end of the reporting period

There are no matters or circumstances that have arisen since the end of the half year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years

Likely developments and expected results

Cygnus is committed to realising value from its exploration assets and will continue its exploration activities in the Southwest Terrane of the Yilgarn Craton, Western Australia

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 28 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors.



James Merrillees
Managing Director

11 September 2019

Competent Persons Statement

The information in this report 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 the report of the matters based on his information in the form and context in which it appears.

Forward Looking Information

Certain statements in this half year report constitute statements relating to intentions, future acts and events. Such statements are generally classified as "forward-looking statements" and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ materially from what is presented or implicitly portrayed herein. The Company gives no assurances that the anticipated results, performance or achievements expressed or implied in these forward-looking statements will be achieved.

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.

Statement of profit or loss and other comprehensive income

For the half year ended 30 June 2019

	Notes	30 June 2019 \$	30 June 2018 \$
Income			
Other Income		124,018	73,857
		124,018	73,857
Expenses			
Audit fees		(14,004)	(10,177)
Consultants and contractors		(48,500)	(36,272)
Corporate costs		(64,132)	(44,493)
Depreciation		(20,921)	(4,968)
Employee benefits		(126,808)	(199,613)
Exploration expenditure		(4,562)	(121,746)
Impairment of exploration & evaluation assets	5	(268,102)	-
Listing & compliance		(20,286)	(27,481)
Office rental & outgoings		(20,403)	(25,154)
		(587,718)	(469,904)
Loss before income tax		(463,700)	(396,047)
Income tax expense		-	-
Loss after income tax for the period		(463,700)	(396,047)
Other comprehensive loss		-	-
Total comprehensive loss for the period net of tax		(463,700)	(396,047)
Loss per share attributable to equity holders of the Company		Cents	Cents
Basic loss per share		(0.80)	(0.68)
Diluted loss per share		(0.80)	(0.68)

The above statement should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2019

	Notes	30 June 2019 \$	31 December 2018 \$
Assets			
Current			
Cash and cash equivalents		1,879,131	3,512,139
Trade and other receivables		216,984	72,313
Total current assets		2,096,115	3,584,452
Non-Current			
Exploration & evaluation	5	3,179,154	2,555,261
Property, plant and equipment		90,246	102,353
Total non-current assets		3,269,400	2,657,066
Total assets		5,365,515	6,242,066
Liabilities			
Current			
Trade and other payables		178,863	561,451
Employee benefit provisions		23,727	53,990
Total current liabilities		202,590	615,441
Total liabilities		202,590	615,441
Net assets		5,162,925	5,626,625
Equity			
Contributed equity	6	7,128,373	7,128,373
Reserves		2,596	2,596
Accumulated losses		(1,968,044)	(1,504,344)
Total equity		5,162,925	5,626,625

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the half year ended 30 June 2019

	Notes	Contributed Equity \$	Reserves	Accumulated Losses \$	Total \$
Balance at 1 January 2018		1,473,742	-	(866,225)	607,517
Loss for the period		-	-	(396,047)	(396,047)
Other comprehensive loss		-	-	-	-
Total comprehensive loss for the period		-	-	-	(396,047)
Transactions with owners in their capacity as owners:					
Shares issued during the period	6	6,000,000	-	-	6,000,000
Share issuance expense	6	(345,369)	2,596	-	(345,369)
Balance at 30 June 2018		7,128,373	2,596	(1,262,272)	5,866,101
Balance at 1 January 2019		7,128,373	2,596	(1,504,344)	5,626,625
Loss for the period		-	-	(463,700)	(463,700)
Other comprehensive loss		-	-	-	-
Total comprehensive loss for the period		-	-	(463,700)	(463,700)
Transactions with owners in their capacity as owners:					
Shares issued during the period	6	-	-	-	-
Share issuance expense	6	-	-	-	-
Balance at 30 June 2019		7,128,373	2,596	(1,968,044)	5,162,925

The above statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the half year ended 30 June 2019

	Notes	30 June 2019 \$	30 June 2018 \$
Operating activities			
Payments to suppliers for administration		(282,654)	(768,949)
Payments for exploration expenditure		(4,562)	(121,746)
Farm in service charge		108,474	12,298
Interest received		16,770	29,799
Net cash flows outflow from operating activities		(161,972)	(848,598)
Investing activities			
Payments for capitalised exploration expenditure		(1,533,711)	(1,151,303)
EIS Grant - Co-funded Exploration Drilling Program		71,490	111,319
Purchase property, plant and equipment		(8,815)	(51,371)
Net cash flows outflow from investing activities		(1,471,036)	(1,091,355)
Financing activities			
Proceeds from issue of shares	6	-	6,000,000
Capital raising costs for issue of shares	6	-	(372,069)
Net cash inflow/(outflow) from financing activities		-	5,627,931
Net (decrease)/increase in cash and cash equivalents		(1,633,008)	3,687,978
Cash and cash equivalents at the beginning of the period		3,512,139	145,517
Cash and cash equivalents at the end of the period		1,879,131	3,833,495

The above statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1 NATURE OF OPERATIONS

Cygnus Gold Limited's ("Cygnus" or "the Company") principal activities consist of exploration and evaluation gold and base metals deposits in Western Australia. Cygnus is a for-profit entity for the purpose of preparing the financial statements.

The address of its registered office and its principal place of business is Level 2, 45 Richardson Street, West Perth, WA 6005.

The half year financial report was approved by the Board of Directors on 11 September 2019.

2 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

a) Basis of preparation

The interim financial statements for the Half-Year have been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2018 and any public announcements made by the Company during the Half-Year in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual consolidated financial statements.

b) New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim financial statements are consistent with those applied in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except for the adoption of AASB 16 Leases as detailed below.

IFRS 16 Leases replaces IAS 17 Leases along with three interpretations (IFRIC 4 Determining whether and Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new Standard has been applied using the modified retrospective approach.

The adoption of this standard has had no material impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3 ESTIMATES

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the period ended 31 December 2018 with the exception of the following estimates and judgements, the transactions of which arose during the reporting period of these financial statements.

4 GOING CONCERN

The company incurred a net loss during the period ended 30 June 2019 of \$463,700 (30 June 2018 \$396,047) and had cash outflows from operating and investing activities of \$1,633,008 (30 June 2018 \$1,939,953).

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors consider this to be appropriate given:

- the ability to vary the Company's cost structure and in turn the levels of cash outflow dependent on timing of its exploration activities; and
- the Company's access to capital markets.

If the Company is unable to continue as a going concern, it may be required to realise its assets and or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

5 EXPLORATION AND EVALUATION ASSET

	30 June 2019 \$	31 December 2018 \$
Carrying amount at the beginning of the period	2,555,261	565,924
Capitalised expenditure at cost ⁽¹⁾	991,314	2,100,656
Impairment of exploration & evaluation assets	(268,102)	-
Exploration expenditure State Government Co-Funded exploration drilling support	(99,319)	(111,319)
Carrying amount at the end of the period	3,179,154	2,555,261

⁽¹⁾Net of reimbursement from farm in.

6 CONTRIBUTED EQUITY

	No. of Shares	\$
1 January 2018	30,683,341	1,473,742
Shares issue	30,000,000	6,000,000
Transaction costs	-	(345,369)
31 December 2018	60,683,341	7,128,373
Shares issue	-	-
Transaction costs	-	-
30 June 2019	60,683,341	7,128,373

7 OPERATING SEGMENTS

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The company operates in one segment being Exploration and Evaluation of Minerals in Australia.

8 Post-reporting date events

There have been no other adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Directors' Declaration

1. In the opinion of the Directors of Cygnus Gold Limited:
 - a The half year financial statements and notes of Cygnus Gold Limited are in accordance with the *Corporations Act 2001*, including:
 - i Giving a true and fair view of its financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
 - ii Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - b There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



James Merrillees
Managing Director
11 September 2019

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Independent Auditor's Review Report

To the Members of Cygnus Gold Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Cygnus Gold Limited (the Company), which comprises the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Basis for Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Cygnus Gold Limited does not give a true and fair view of the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 4 in the financial report, which indicates that the Company incurred a net loss of \$463,700 during the half year ended 30 June 2019 and incurred cash outflows from operating and investing activities of \$1,633,008. As stated in Note 4, these events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cygnus Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

The logo for Grant Thornton, featuring the company name in a stylized, handwritten-style font.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to read 'L A Stella'.

L A Stella
Partner – Audit & Assurance

Perth, 11 September 2019

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Auditor's Independence Declaration

To the Directors of Cygnus Gold Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Cygnus Gold Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 11 September 2019

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