



QUARTERLY ACTIVITIES REPORT

For the period ended 31 December 2020

27 January 2021

Corporate Directory

ASX: CY5

Non-Executive Chairman

Michael Bohm

Executive Director

Simon Jackson

Non-Executive Directors

Raymond Shorrocks

Shaun Hardcastle

Joint Company Secretaries

Michael Naylor

Susan Field

Cygnus Gold Limited

Ground Floor
24 Outram St
West Perth WA 6005

T: +61 8 6118 1627

E: info@cygnusgold.com

W: www.cygnusgold.com

Exploration

Yandina Joint Venture (CY5 diluting to 10%)

- Gold Road commenced drilling to test targets at the Gunsmoke, Holland Rock and Hammerhead prospects..
- The first hole of this program was completed in the December 2020 at Gunsmoke. Drilling is ongoing in 2021.
- First results are expected in the March 2021 quarter.

Southwest Terrane Nickel Projects

- The Company continued to review nickel and base metals targets on the Bencubbin project.
- At Bencubbin, the Company is targeting the discovery of economic magmatic nickel-copper and VMS base metals mineralisation associated with the Bencubbin Greenstone where Cygnus' aircore drilling has defined several discrete target areas at Mandiga-Grylls, BN Ni1 and Bn Cu 14.
- The Company continues to consolidate its land holdings and during the quarter the company was granted three additional licences.

Wheatbelt Gold Projects

- The Company is currently re-examining its geological database at the Stanley project and coincident licences in light of Venture Minerals' (ASX:VMS) recent exploration success near Kulin (refer VMS announcement 8 January 2021).

Strategy

- Cygnus continues to focus on assessing and considering new opportunities in the gold and base metals sectors. The Company reviewed a number of opportunities in the December quarter and analysis is ongoing. With an experienced Board and supportive and active key shareholders to complement our loyal register, the Company is well placed to grow its asset base and will keep the market informed in accordance with its continuous disclosure obligations.

Corporate

- As at 31 December 2020, Cygnus held \$3.4 million in cash (Sept 2020: \$3.8 million)
- The Company's registered address and principal place of business changed and it appointed Susan Field as joint Company Secretary.

Exploration

Cygnus Gold's (**Cygnus** or the **Company**) exploration activities are currently focused on the Southwest Terrane (SWT), an underexplored belt of highly prospective geology within the prolific Yilgarn Craton, Western Australia.

The Company has more than 5,700km² in granted tenements and applications covering interpreted and known greenstone rocks where previous explorers identified numerous prospects with widespread high grade, near surface gold and/or base metals mineralisation (Figure 1).

Following a handover of management of the Gold Road Joint Venture (JV) projects (GRJV) to our partner Gold Road Resources (ASX:GOR), the Company has focussed internally on a detailed review of its licence holdings, particularly in reference to success achieved by other companies.

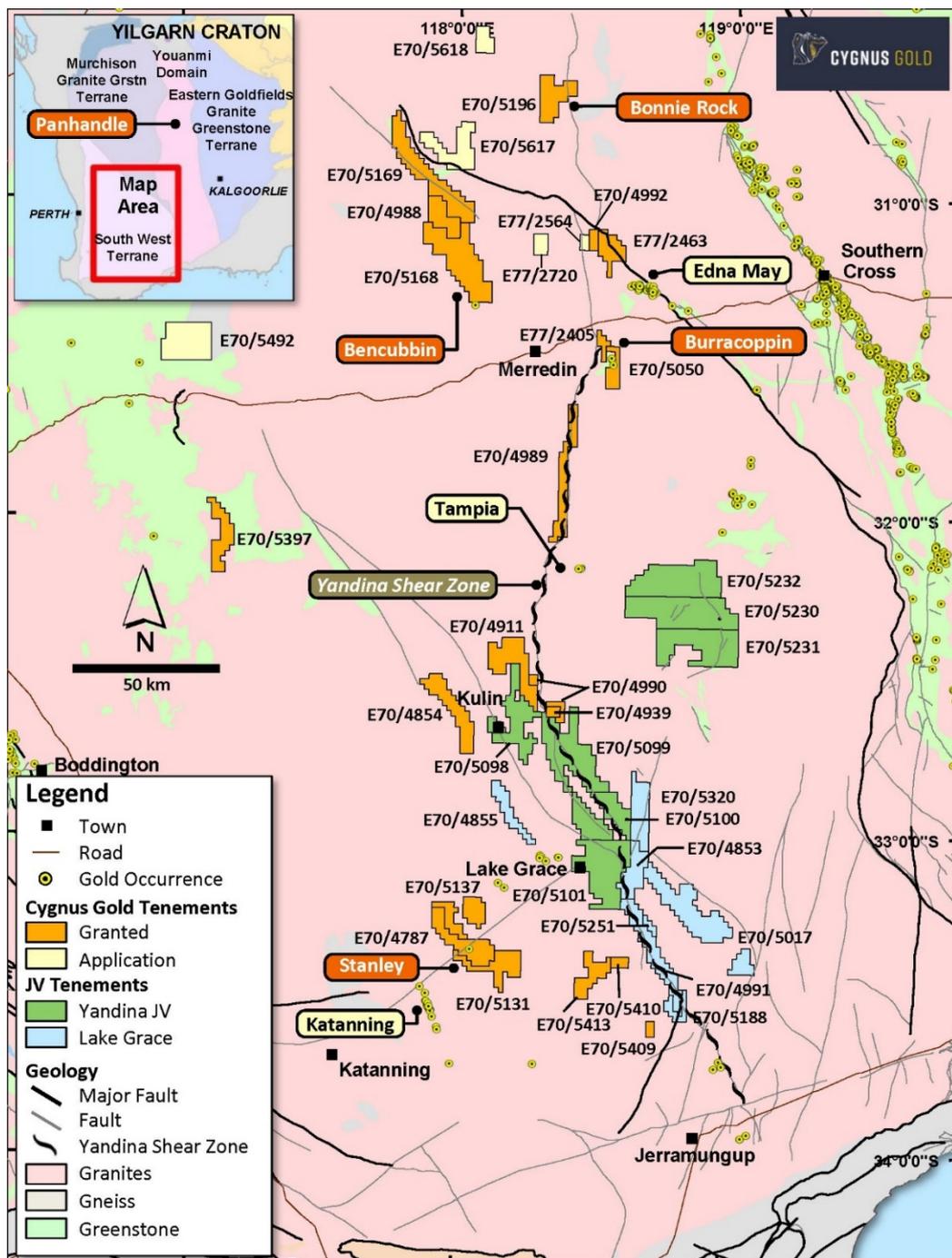


Figure 1: Cygnus Gold 100% and Joint Venture tenements and applications in the Southwest Terrane, WA

SOUTHWEST TERRANE NICKEL AND BASE METALS (CYGNUS 100%)

Cygnus has more than 1,600km² of granted tenements and applications focussed on geological targets considered prospective for Nickel (Ni) - Copper (Cu) and Platinum Group Element (PGE) mineralisation in the Southwest Terrane (SWT).

The Company's nickel tenements in the SWT include the 851km² Bencubbin Project as well as applications for nickel exploration in the Jimperding Metamorphic Belt (host to Chalice Gold Mines' (ASX:CHN) Julimar discovery).

Cygnus is taking time to analyse results from other explorers as it plans the next round of exploration for base metals.

Bencubbin

The Bencubbin Project (Bencubbin) comprises three granted tenements (E70/4988, Bencubbin, E70/5169, Bencubbin North and E70/5168, Bencubbin South), and two applications (E70/5617 and E70/5618)

Bencubbin is approximately 200km northeast of Perth, and the project covers the Bencubbin Greenstone Belt – a suite of rocks extending over a strike length of 70km and up to 5km in width - where the Company's review of historical exploration confirmed the belt's prospectivity for (refer Figure 2 and ASX announcement 30/11/2018)¹:

- Magmatic nickel-copper sulfide deposits associated with mafic and ultramafic rocks of the Bencubbin Greenstone at Bencubbin North and South, *and*
- Volcanogenic massive sulfide (VMS) base metals (lead-zinc-copper) mineralisation associated with the Mandiga gossan at Bencubbin North where exploration by previous explorers included (refer Figure 3 and ASX announcement 25/2/2020)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 continues to review options for advancing the Bencubbin project where wide-spaced drilling by the Company (on 100m hole spacing on lines often kilometres apart) in early 2020, targeted priority nickel and base metals targets at Bencubbin North (for details of targets refer ASX Announcement 30/11/2018)¹:

This broad-spaced drilling intersected the target ultramafic lithologies, in some places more than 800m wide, on all the nickel targets and often associated with zones of elevated copper, considered an important element association in fertile belts elsewhere in the Yilgarn,

Drilling by the Company across the Grylls - Mandiga system intersected low level Pb-Zn mineralisation including (Figure 3 and ASX announcement 25/2/2020)¹:

- 1m @ 0.13% Pb + Zn from 18m in BBNAC0041 and
- 1m @ 0.45% Pb + Zn in hole BNAC0042.

This confirmed the Pb-in-soils anomalies and also extended the Mandiga (Cu-Pb-Zn-Ag) system a further 1,600m south of the original historical drilling.

The drilling confirmed that the Mandiga-Grylls mineralisation is part of a more than 7km long broadly stratabound Ag-Pb-Zn-Cu and pathfinder element system associated with broad alteration haloes and consistent with a VMS style mineralised system.

The Company considers the anomalism identified in the three lines of drilling at Mandiga significant, particularly given the widespread drilling to date with limited stratigraphic and depth coverage.

Other significant results at Bencubbin North included a line of AC hole BNAC0072 on target Cu14 which intersected base metals anomalism including 4m @ 1,264ppm Pb + Zn and elevated copper (5m @ 319ppm Cu) associated with anomalous arsenic (up to 10m at 2,458ppm As). The anomalous results in BNAC0072 remain open to the west and are considered a high priority target for follow up drilling (refer ASX announcement 25/2/2020)¹.

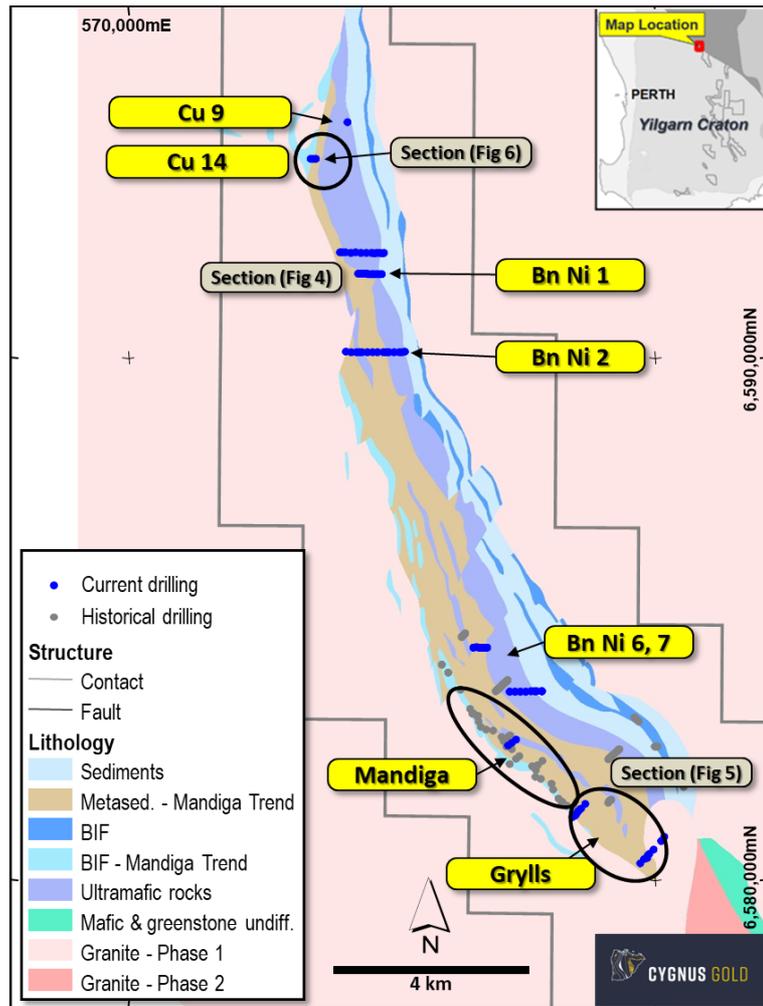


Figure 2: Bencubbin North, geology, targets, and Cygnus Dec. 2019-Jan 2020 aircore program and historical drilling (refer ASX Announcement 7 October 2019)¹.

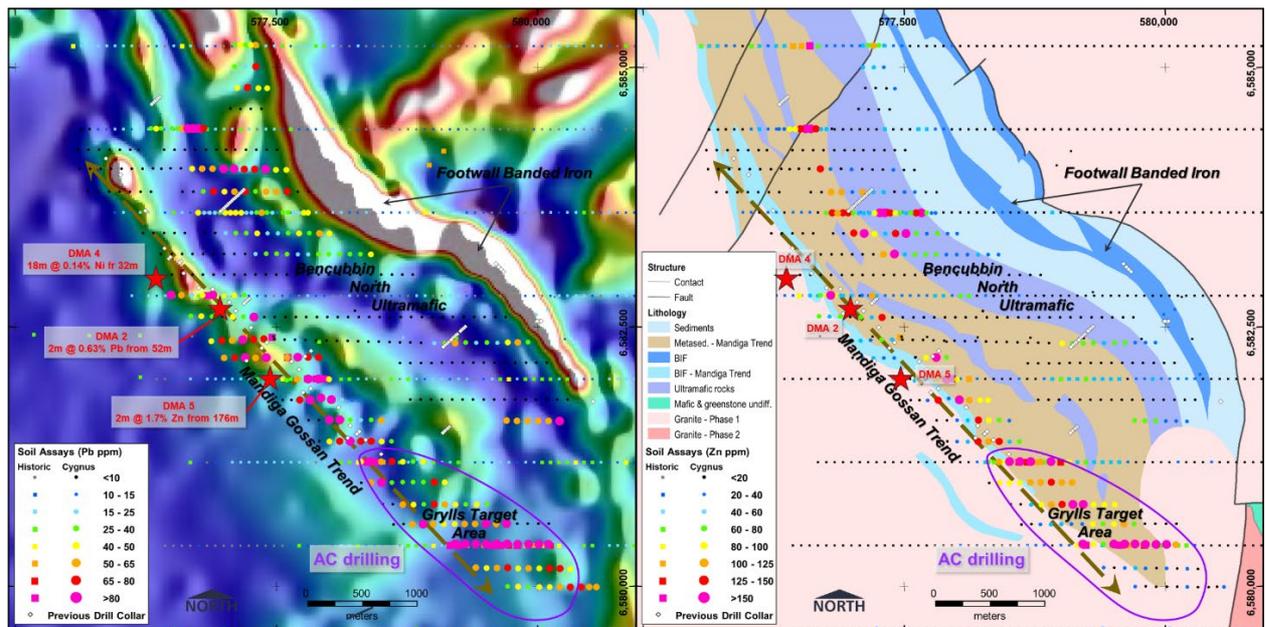


Figure 3: Historic and Cygnus sampling Mandiga-Grylls prospects, Bencubbin North. Left: lead (ppm) in soils RTP TMI magnetics. Right: zinc in soils (ppm) on interpreted geology.

OTHER PROJECTS (CYGNUS 100%)

Stanley (Au)

Cygnus' ~160km² Stanley tenement covers a ~20km length of prospective greenstone including numerous prospects where previous explorers intersected high-grade gold mineralisation.

The Company's exploration at Stanley is focused on the discovery of high-grade gold where several high priority targets remain to be tested including (Figure 4):

- The **Kepler Zone** defined by a distinct metadacite rock unit interpreted to control gold mineralisation originally targeted by the Company at the high-grade Bottleneck prospect. The Kepler unit extends up to a kilometre along strike from Bottleneck and has only been lightly tested by deeper drilling. High grade intercepts (refer ASX announcement 22 February 2018) include:
 - BNDD001: 9.5m @ 29.2 g/t from 36.7m including 2.4m @ 114.63 g/t from 38.7m
 - BNDD003: 10.95m @ 15.10 g/t from 24.7m including 4.75m @ 34.17 g/t from 24.7m
- The **McDougalls Prospect** where Cygnus drilling intersected anomalous gold over wide intervals including (refer ASX announcement 2/4/2019)¹:
 - STRC0007: 4m @ 0.25g/t Au from 32m
 - STRC0008: 16m @ 0.19g/t Au from 32m
 - STRC0016: 10m @ 0.37g/t Au from 50m.

The Company continues to review options for advancing exploration at Stanley and has now commenced a re-examination of its geological databases in light of recent exploration success experienced by Venture Minerals Limited at its nearby Kulin prospect.

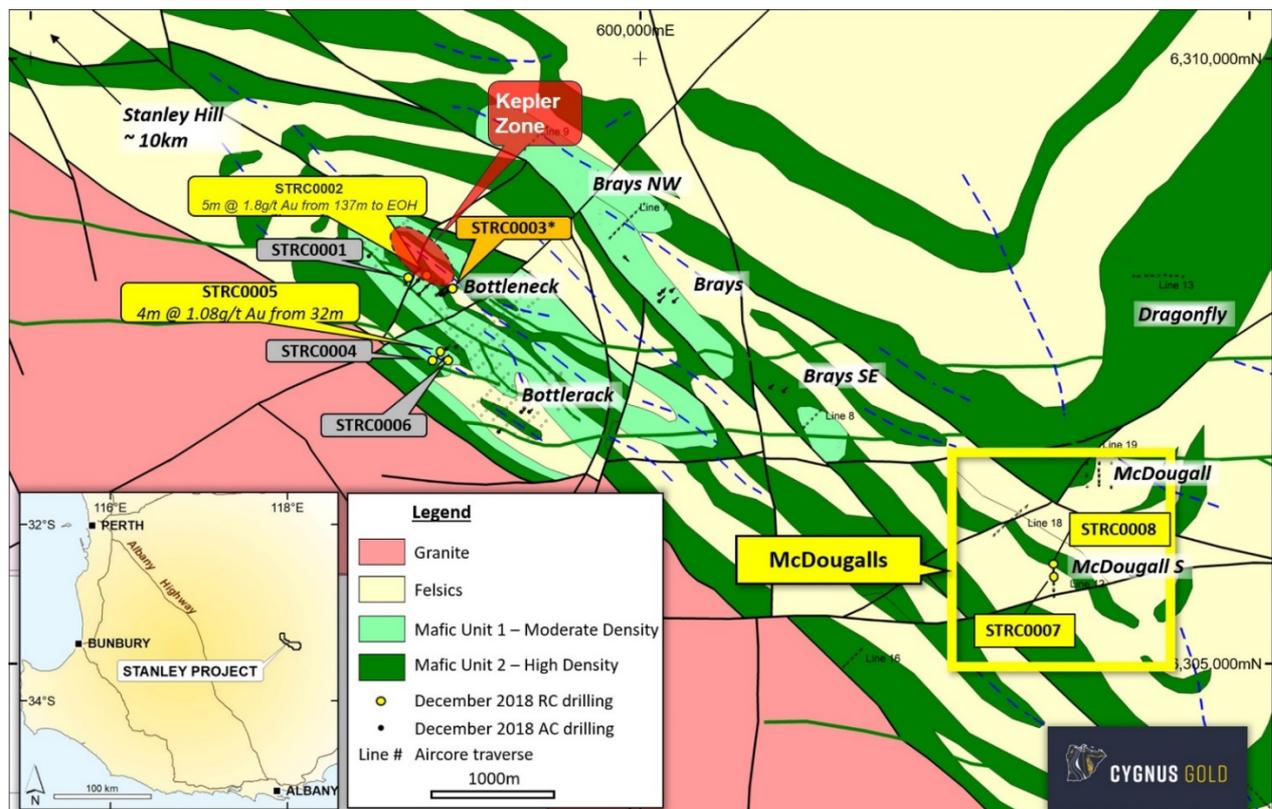


Figure 4: Cygnus Gold's Stanley Project highlighting the Kepler Zone and McDougalls, Western Australia. Refer ASX announcement 28/5/2019¹ for drill results and target descriptions.

Burracoppin Project (Cu-Pb-Zn)

Cygnus' Burracoppin tenements, ~25km east-northeast of Merredin, are along strike from the Edna May gold mine, owned and operated by Ramelius Resources Ltd (ASX:RMS) (Figure 1).

Exploration by previous explorers at Burracoppin identified a more than 2.5km long by 0.7km wide gold-in-soil anomaly at Anomaly 47. This anomaly is open to the east where it is obscured by a paleochannel system.

The geochemical signature of mineralisation at Anomaly 47 is similar to that of known volcanogenic massive sulphide ("VMS") deposits globally, and Cygnus' detailed ground gravity and airborne electromagnetic (AEM) surveys identified several anomalies with signatures comparable with known VMS systems and which warrant follow up drill testing (*for details refer ASX Announcement 22/10/2018*)¹.

GOLD ROAD JOINT VENTURES (CYGNUS DILUTING TO 10%)



Drilling at Gunsmoke Prospect in December 2020.

In addition to the 100% projects, Cygnus is also in joint venture (JV) with ASX-listed developer Gold Road Resources Ltd (Gold Road, ASX:GOR) over the Lake Grace (diluting to 10%) and Yandina (diluting to 10%) JVs (Figure 1).

The JV tenements cover an area of approximately 3,000km² targeting gold mineralisation associated with the prospective Yandina Shear which is known to host gold mineralisation elsewhere in the Southwest Terrane (SWT).

Gold Road assumed management of the JV's on 1 October 2020.

Hammerhead Project

The Hammerhead Project is part of a more than 20km long belt where the JV is targeting gold mineralisation within a prospective greenstone package associated with the regional Yandina Shear. The Yandina Shear Zone is a regional geological structure extending over hundreds of kilometres and interpreted to control the distribution of gold mineralisation regionally.

Hammerhead is one of several projects identified by Cygnus and JV partners Gold Road on the Yandina and Lake Grace JV properties and was identified from regional aircore drilling of a zone of surface gold (Au) anomalism coincident with the Yandina Shear. The original 'discovery' AC traverse on the Lakeside prospect was a regional traverse over unexplored, soil-covered terrain more than 16km from the nearest historical drill holes (*figure 5 and ASX announcement 10/7/2019*)¹.

Follow up drilling was completed by the JV in the second half of 2020 for a total of 9,081m of aircore (AC) and 736m of reverse circulation (RC) drilling targeting the Hammerhead, Lakeside, Gunsmoke and Holland Rock prospects.

This program was inclusive of 1,300m of AC drilling at the Hideaway Prospect on the Lake Grace JV ~50km to the northwest of Hammerhead.

Hideaway is a large historical gold-in-soils anomaly coincident with a 1.1km-long mafic-felsic granulite contact. Limited, shallow drilling at Hideaway by previous explorers included² 11m at 1.3 g/t Au from 7 m (HRC1) and 1m at 1.0 g/t Au from 31 m and 1m at 0.83 g/t Au from 37m (HRC7).

Cygnus was successful in securing Western Australian Government co-funding to support diamond core drilling of several prospects on the Hammerhead Project. The co-funding of up to \$150,000 in direct drilling costs is part of the Exploration Incentive Scheme (EIS), a competitive award by the State Government to support technically driven mineral exploration in Western Australia (WA).

The EIS co-funded diamond drilling program was planned to commence in August 2020 however limited rig availability and access to sites has resulted in this program being pushed back to late November 2020 with an initial three hole (600m) program planned to test targets at the Gunsmoke, Holland Rock and Hammerhead prospects. The first 200m diamond hole was completed at Gunsmoke in December 2020. results are expected in February 2021.

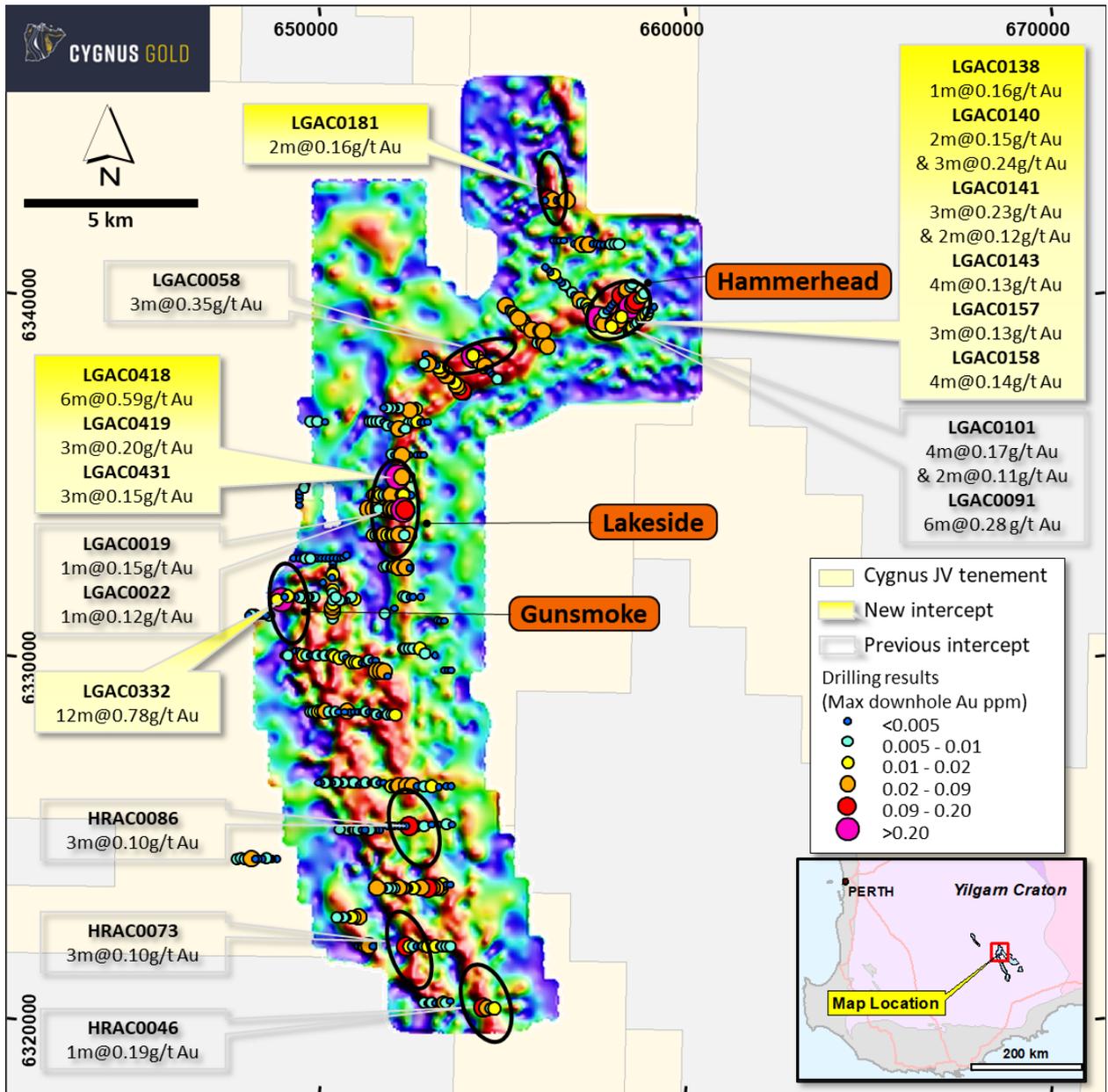


Figure 5: Hammerhead Project, Western Australia. Aircore drilling with significant intervals (>0.1 g/t Au) on ground gravity. Refer ASX Announcement 7/10/2019 for intercept details¹.

PANHANDLE

There was no activity at Panhandle in the quarter.

The ~100km² Panhandle tenement (approximately 300km north of Kalgoorlie in the Central Yilgarn of Western Australia) covers a ~13km long section of the Panhandle Greenstone Belt where the Company's review of historical exploration has revealed limited surface sampling and geophysical surveys with no previous drilling (Figure 6). The Company considers the Panhandle tenement prospective for:

- Volcanogenic massive sulfide (VMS) base metals (lead-zinc-copper) mineralisation analogous to Cobre Ltd's (ASX:CBE) Perrinvale Project which includes an intersection of 5m @ 9.75% Cu, 3.2g/t Au, 34g/t Ag, 3.1% Zn on the Schwabe prospect (refer CBE ASX Announcement 31/1/2020)
- Orogenic gold mineralisation similar to ASX-listed TSC Ltd's (ASX:TSC) Rover Project intersected high grade gold including 5m @ 9g/t Au (refer TSC ASX Announcement 25/2/2020)
- Magmatic nickel-copper sulfides hosted in mafic/ultramafic rocks identified in the Panhandle Greenstone.

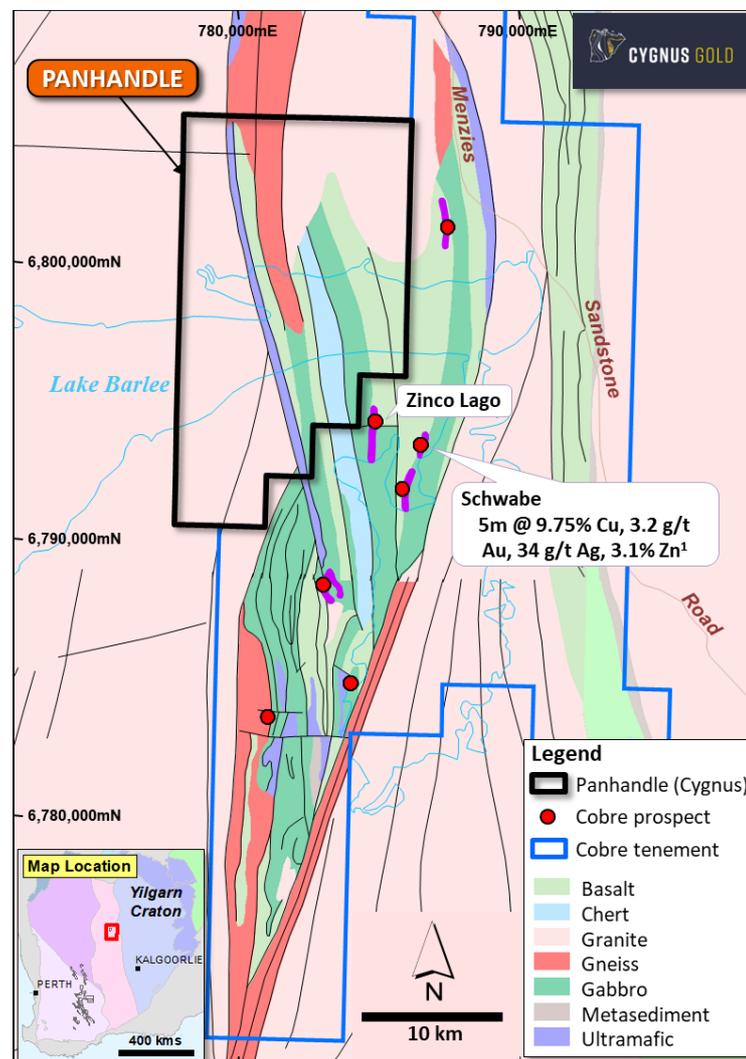


Figure 6: Cygnus' Panhandle project interpreted geology with adjacent Cobre prospects highlighted. Drill intersections quoted are from CBE ASX Announcement 31 January 2020¹.

CORPORATE

Cash Position and Movements

As at 31 December 2020, Cygnus Gold held \$3.4 million in cash (September 2020: \$3.8 million). For further movements in cash during the quarter, refer to Appendix 5B.

Appendix 1 contains the financial analysis of selected items within the Appendix 5B.

Change of Registered Address

The company wishes to advise that its registered address and principal place of business has changed to:

Ground Floor

24 Outram Street

West Perth WA 6005

The Company's telephone number remains the same: 08 6118 1627.

Appointment of Joint Company Secretary

Cygnus Gold appointed Ms Susan Field as joint Company Secretary, effective 23 December 2020.

Susan is a Chartered Accountant with over 27 years' experience in the corporate sector and in public practice. Since qualifying as a Chartered Accountant with Ernst & Young, Ms Field has worked in several financial management roles in both the public and private sector. Prior to entering public practice, Ms Field also spent over 11 years in the financial services and retail banking industry where she held various positions in several operational management roles.

Authorised on behalf of the Board.

Cygnus Gold Ltd

T: +61 8 6118 1627

E: info@cygnusgold.com

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.

APPENDIX 1

Financial Analysis of selected items within the Appendix 5B

| Appendix 5B reference | ASX description reference | Summary |
|-----------------------|--|--|
| 1.2(d) | Staff costs | Relates to Perth office staff and director costs. |
| 1.2(e) | Administration and corporate costs | This item relates to costs for and associated with operating the Company's Perth office and includes listing and compliance costs (ASIC, ASX and share registry), audit fees, insurance, and office occupancy. |
| 1.8 | Joint Venture Management fee | As of 1 October 2020; Gold Road has taken over management of the Lake Grace Project and Yandina Project joint ventures and as such no fee was received this quarter. |
| 2.1(d) | Payments for exploration and evaluation (capitalised) | During the quarter, Cygnus continued exploration and evaluation activities for its 100% owned tenements and exploration expenditure on behalf of the Joint Ventures. Exploration expenditure is presented gross of Gold Road (Projects) Pty Ltd reimbursements (refer item 2.5 below). |
| 2.1 (f) | Payments for other non-current assets | Relates to term deposit provided as security to cover Business Visa facilities. |
| 2.5 | Other | With the change of management of the Lake Grace Project and Yandina Project Joint Ventures effective 1 October 2020, Cygnus was required to transfer the remaining balance of funds held in trust on behalf of the Joint Ventures. |
| 3.4 | Costs related to issues of equity | Relates to fees paid to brokers and to meet ASX listing costs from share placements completed. |
| 6.1 | Aggregate amount of payments to related parties and their associates | Payments relate to an apportionment of the executive directors' salaries and superannuation for corporate activities, and non-executive director fees. |
| 8.0 | Future operating activities | For the upcoming quarter, the Company has forecasted expenditure relating to exploration activities on its wholly owned Cygnus tenements and to maintain its 10% interest in Joint operations now being managed by Fold Road Resources Limited and corporate costs. |

Appendix 2 - Cygnus Gold Limited Tenements (as at 31 December 2020)

| Tenement | Location | Registered Owner | Structure and Ownership |
|---|-------------------|---|---|
| E29/1075 | Western Australia | Deneb Resources Pty Ltd | 100% |
| E70/4787 | Western Australia | Cygnus Gold (Projects) Pty Ltd | 100% |
| E70/4854 | Western Australia | Cygnus Gold (Projects) Pty Ltd | 100% |
| E70/4911 | Western Australia | Cygnus Gold (Projects) Pty Ltd | 100% |
| E70/4939 | Western Australia | Cygnus Gold (Projects) Pty Ltd | 100% |
| E70/4988 | Western Australia | Deneb Resources Pty Ltd | 100% |
| E70/4989 | Western Australia | Cygnus Gold (Projects) Pty Ltd | 100% |
| E70/4990 | Western Australia | Cygnus Gold (Projects) Pty Ltd | 100% |
| E70/4992 | Western Australia | Deneb Resources Pty Ltd | 100% |
| E70/5050 | Western Australia | Deneb Resources Pty Ltd | 100% |
| E70/5131 | Western Australia | Cygnus Gold (Projects) Pty Ltd | 100% |
| E70/5137 | Western Australia | Cygnus Gold (Projects) Pty Ltd | 100% |
| E70/5168 | Western Australia | Deneb Resources Pty Ltd | 100% |
| E70/5169 | Western Australia | Deneb Resources Pty Ltd | 100% |
| E70/5196 | Western Australia | Deneb Resources Pty Ltd | 100% |
| E70/5397 | Western Australia | Deneb Resources Pty Ltd | 100% |
| E70/5409 | Western Australia | Deneb Resources Pty Ltd | 100% |
| E70/5410 | Western Australia | Deneb Resources Pty Ltd | 100% |
| E70/5413 | Western Australia | Deneb Resources Pty Ltd | 100% |
| E70/5492 | Western Australia | Deneb Resources Pty Ltd | Pending 100% |
| E70/5617 | Western Australia | Deneb Resources Pty Ltd | Pending 100% |
| E70/5618 | Western Australia | Deneb Resources Pty Ltd | Pending 100% |
| E77/2405 | Western Australia | Deneb Resources Pty Ltd | 100% |
| E77/2463 | Western Australia | Deneb Resources Pty Ltd | 100% |
| E77/2564 | Western Australia | Cygnus Gold Limited | Pending, 100% |
| E77/2720 | Western Australia | Deneb Resources Pty Ltd | Pending 100% |
| Lake Grace Joint Venture Project | | | |
| E70/4853 | Western Australia | Cygnus (JV Projects) Pty Ltd | Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%) |
| E70/4855 | Western Australia | Cygnus (JV Projects) Pty Ltd | Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%) |
| E70/4991 | Western Australia | Cygnus (JV Projects) Pty Ltd | Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%) |
| E70/5017 | Western Australia | Cygnus (JV Projects) Pty Ltd | Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%) |
| E70/5188 | Western Australia | Cygnus (JV Projects) Pty Ltd | Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%) |
| E70/5251 | Western Australia | Cygnus Gold Limited | Pending, Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%) |
| E70/5320 | Western Australia | Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%) | Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%) |
| Yandina Joint Venture Project | | | |
| E70/5098 | Western Australia | Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%) | Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%) |
| E70/5099 | Western Australia | Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%) | Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%) |
| E70/5100 | Western Australia | Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%) | Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%) |
| E70/5101 | Western Australia | Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%) | Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%) |
| E70/5230 | Western Australia | Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%) | Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%) |

| Tenement | Location | Registered Owner | Structure and Ownership |
|----------|-------------------|---|---|
| E70/5231 | Western Australia | Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%) | Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%) |
| E70/5232 | Western Australia | Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%) | Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%) |

Mining Tenements disposed: Nil

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: Nil

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.