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CYGNUS GOLD

Interim Financial Report

For the half-year ended
30 June 2020

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Directors' report

The Directors of Cygnus Gold Limited ("Cygnus" or "the Company") present their half year Interim Financial Report of the Company for the period ended 30 June 2020.

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 |
| Simon Jackson | Executive Director (Appointed Executive Director on 31 August 2020, previously Non-Executive Director) |
| Raymond Shorrocks | Non-Executive Director (Appointed 30 June 2020) |
| Shaun Hardcastle | Non-Executive Director (Appointed 30 June 2020) |
| James Merrillees | Managing Director (Resigned 30 June 2020) |
| Oliver Kreuzer | Non-Executive Director (Resigned 30 June 2020) |

Principal activities

Cygnus is an exploration company focused on gold and base metals exploration in the south west Yilgarn region of Western Australia.

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

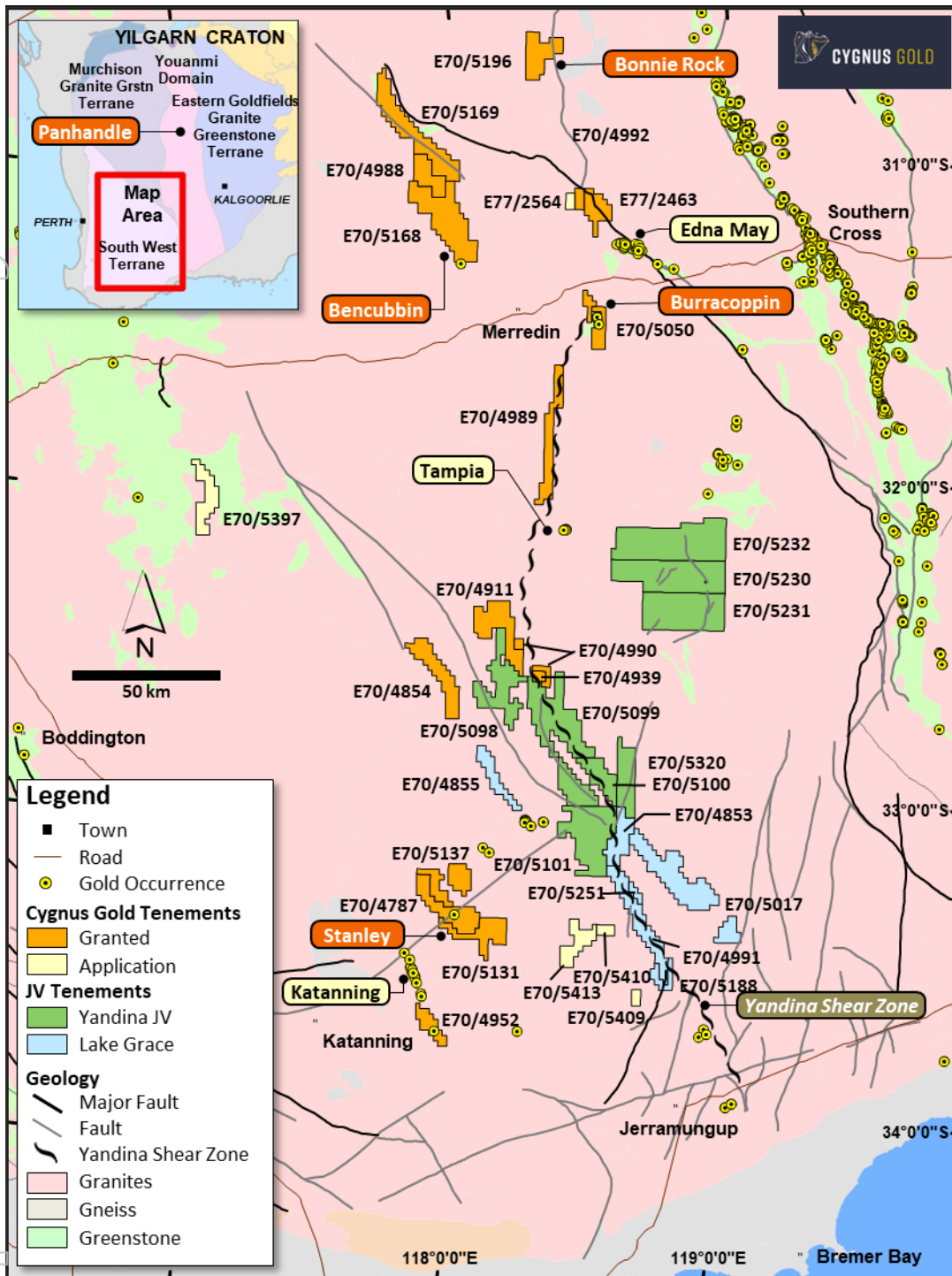
Review of operations and financial results

Exploration

Cygnus Gold's exploration activities are focused on the Southwest Terrane of the Yilgarn Craton, Western Australia (Figure 1).

The Company has approximately 5,000km² 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.

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Stanley Project (Cygnus 100%)

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

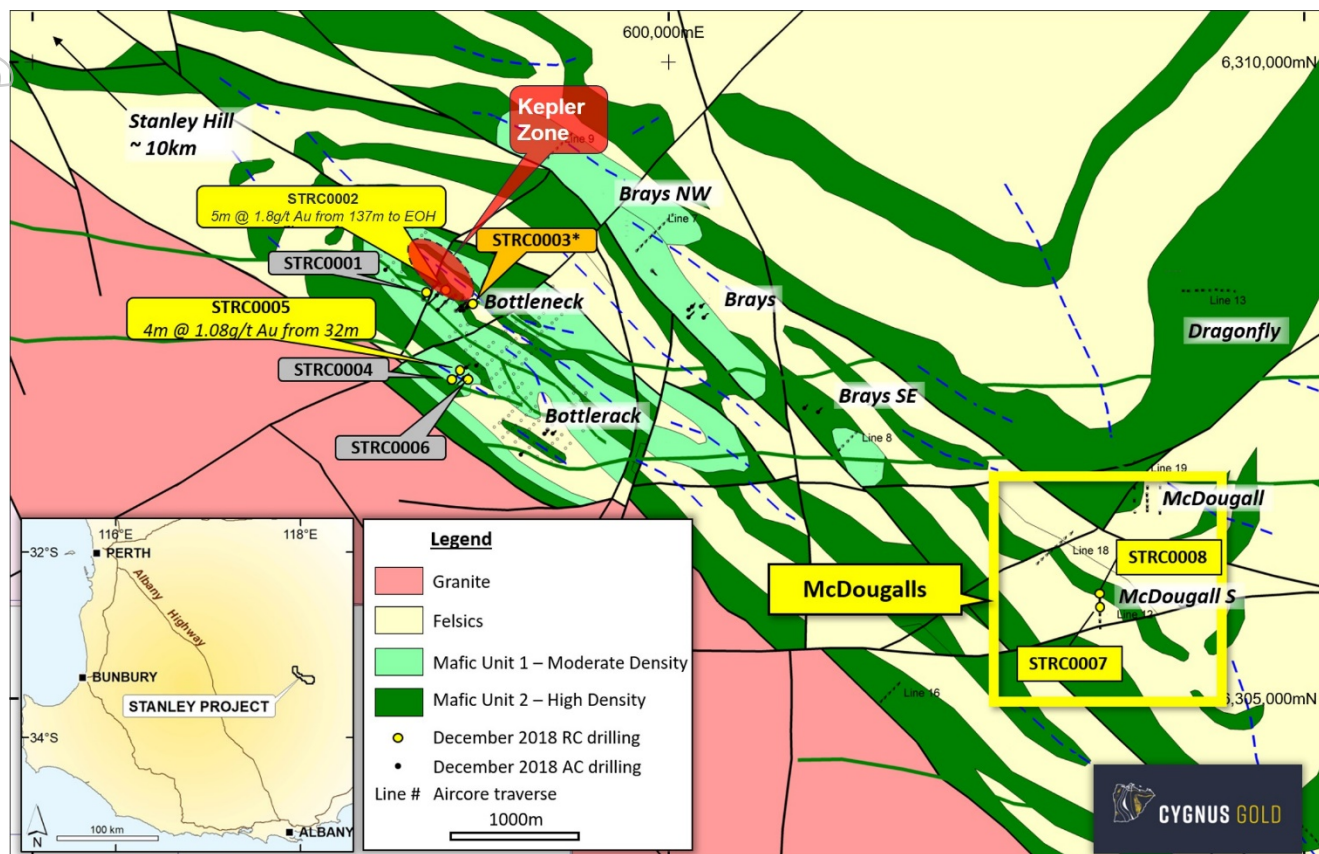


Figure 2: Cygnus Gold's Stanley Project Western Australia, highlighting the Kepler Zone and McDougalls,

The focus of the Company's exploration at Stanley includes:

- The 'Kepler Zone', which is defined by a mineralised metamorphosed dacitic rock package (metadacite) considered a host for high grade gold mineralisation at Stanley which included 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. 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.
- McDougalls Prospect, defined in Cygnus drilling by 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.
- Stanley Hill where a 2018 Cygnus hole (SHRC032) reported an intersection of 8m @ 0.31g/t Au from 28m (refer to CY5 ASX announcement 8 June 2018)¹.

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.

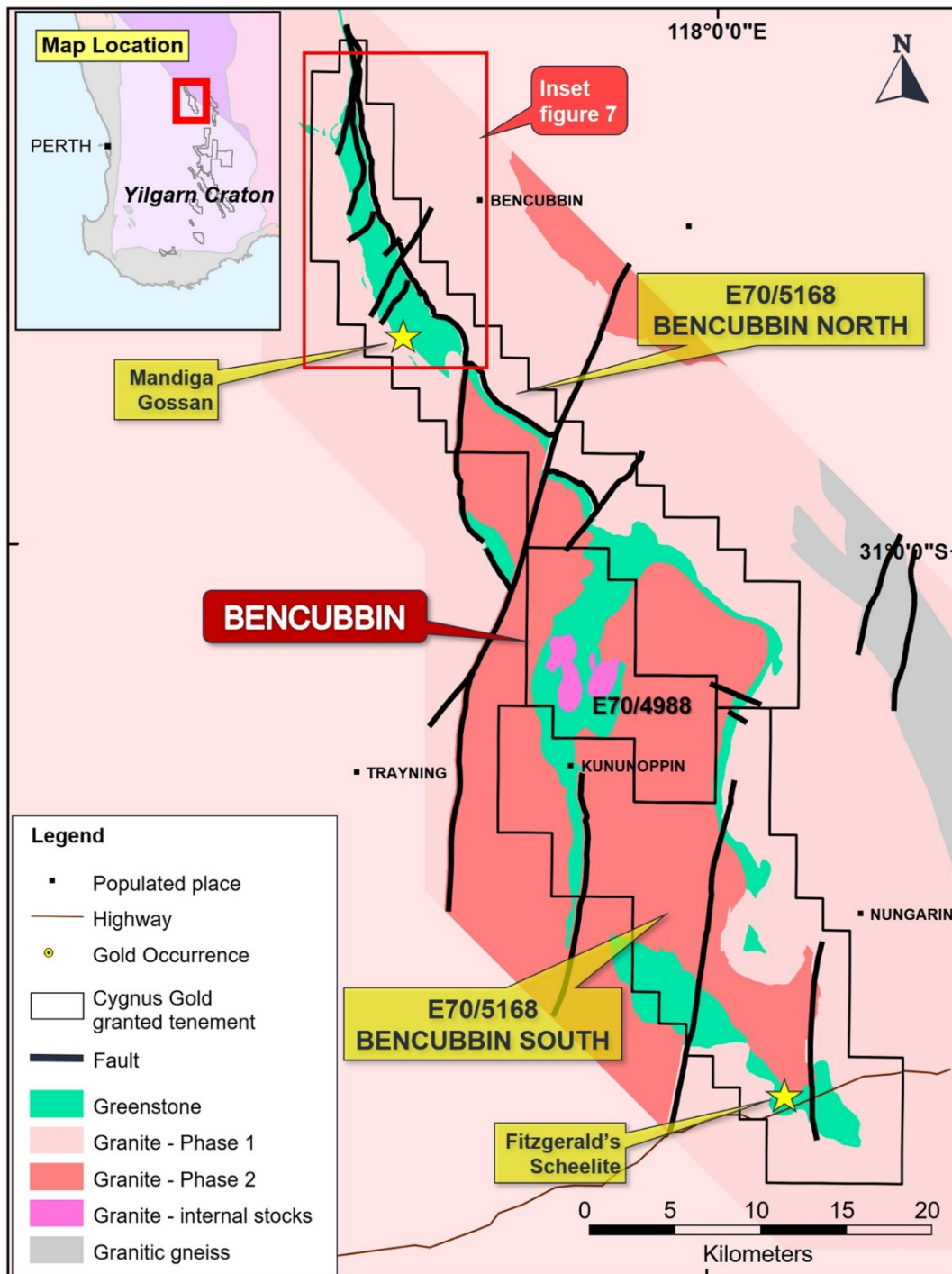


Figure 3: Cygnus Gold's Bencubbin Project Western Australia.

The project, approximately 200km northeast of Perth, 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 3 and Cygnus Gold ASX announcement 30/11/2018)¹:

1. 'Kambalda-style', komatiite-hosted magmatic nickel-copper sulfides and

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2. Volcanogenic massive sulfide (VMS) base metals (lead-zinc-copper) mineralisation associated with the Mandiga gossan where exploration by previous explorers included best results of:
- 18m @ 0.14% Ni from 32m in Hole DMA4;
 - 2m @ 0.63% Pb from 52m in Hole DMA2; and
 - 2m @ 1.7% Zn from 176m in Hole DMA5.

During the period the Company drilled a 76-hole (2,663m) program at Bencubbin North which intersected target geology and alteration systems on several of the high priority nickel and base metals targets tested. Highlights from the drilling included (refer to CY5 ASX announcement 25 February 2020)¹:

- Thick (up to 800m wide) komatiite sequences intersected in the shallow drilling over the Bencubbin North nickel targets, the first ultramafic rocks described in the belt and analogous to the rocks that host the Kambalda nickel deposits.
- Several narrow zones of Pb and Zn mineralisation were intersected at the Mandiga lead-zinc-copper target, including:
 - 4m @ 0.12% Pb + Zn from 12m in BNAC0023
 - 1m @ 0.13% Pb + Zn from 18m in hole BBNAC0041
 - 1m @ 0.45% Pb + Zn in hole BNAC0042
 - Widespread volcanogenic massive sulfide (VMS) alteration in the Mandiga trend, including strong sericite-chlorite and pathfinder mineral assemblages associated with elevated base metals.

The Company is encouraged by the geology intersected in the drilling and the nickel sulfide prospectivity of the more than 15km long belt, as well as the wider greenstone sequence interpreted to extend a further 60km under Cygnus tenure to the south.

Panhandle (Cygnus 100%)

During the period the Company announced the granting of a tenement application in the prospective Panhandle Greenstone Belt of Western Australia.

Cygnus Gold's Panhandle tenement (E29/1075) is immediately adjacent and contiguous to Cobre Limited's Perrinvale Project (ASX:CBE) and covers a ~13km strike length of the Panhandle Greenstone Belt (Youanmi Terrane, Yilgarn Craton) considered prospective for base metals, analogous to Perrinvale, and orogenic gold similar to the Rover prospect being explored by TSC Limited (ASX:TSC) to the north (Figure 4).

The Company's review of historical exploration has revealed little modern exploration over the tenement and no drilling.

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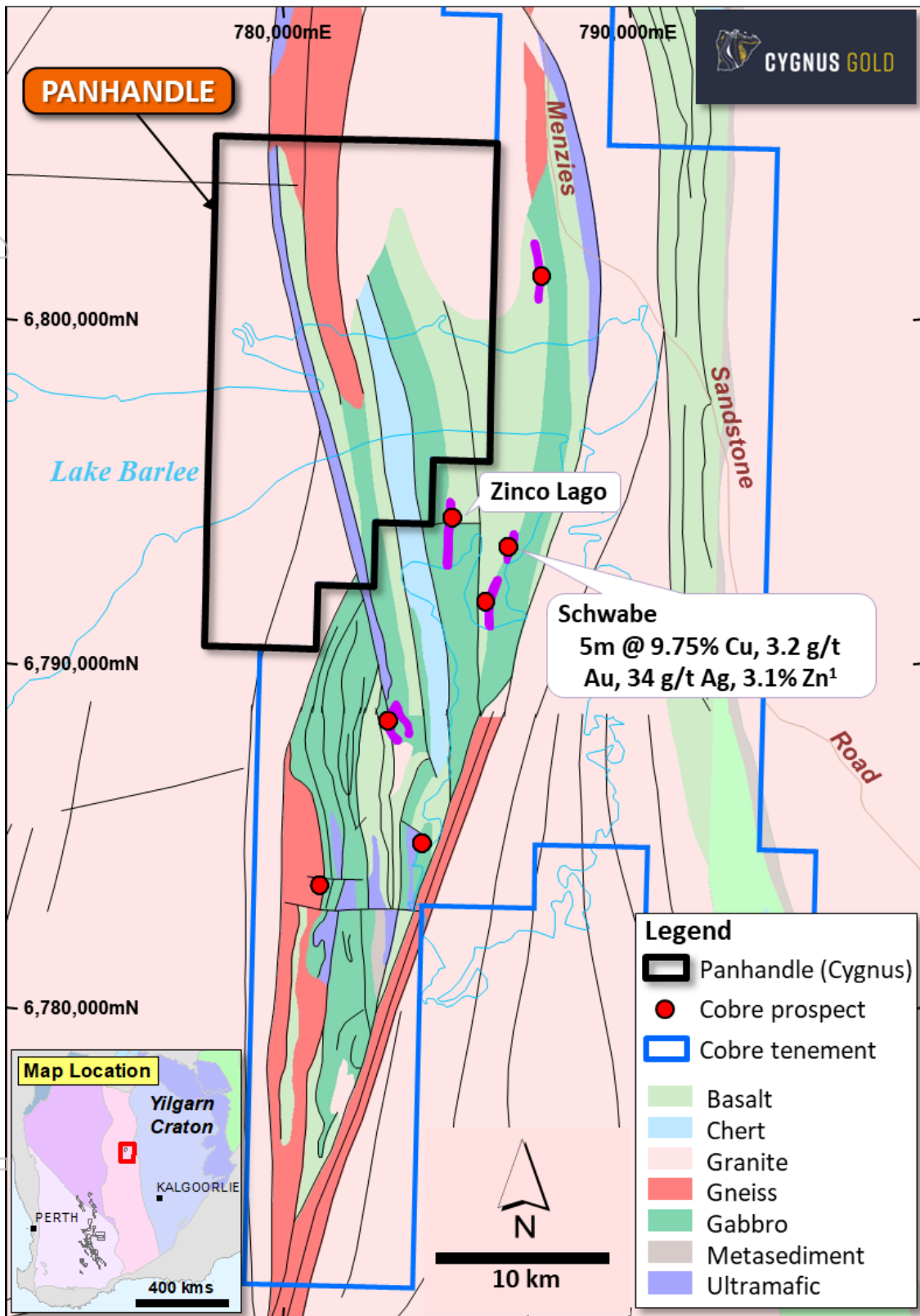


Figure 4: Cygnus' Panhandle project on mapped geology with adjacent Cobre prospects highlighted (Note 1: drill intersections quoted are from CBE ASX Announcement 31 January 2020).

Gold Road Joint Ventures (Cygnus diluting to 10%)

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 (Cygnus 15%, diluting to 10%) and Yandina (Cygnus 11%, diluting to 10%) JVs (Figure 5).

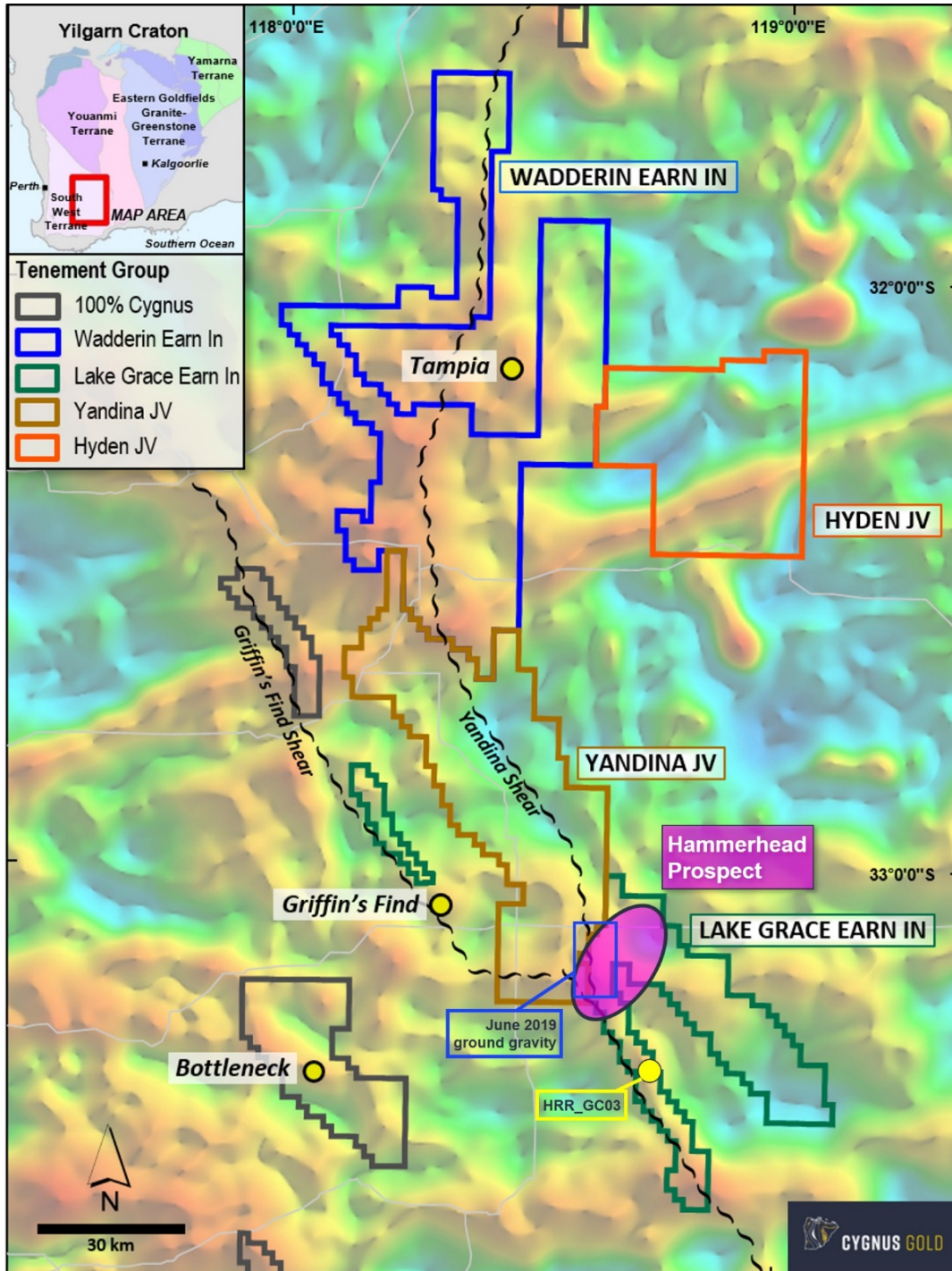


Figure 5: Cygnus Gold | Gold Road Projects' Earn-in and JV Projects, Wheatbelt, SW Western Australia. Background image is regional gravity (residual Bouguer).

Cygnus is managing exploration over the projects on behalf of the JVs. During the period GOR gave the Company notice that as majority holder they will take over management of the JVs effective 1 October 2020.

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).

Work during the period focussed on the follow up of gold targets at Gunsmoke, Hammerhead and Lakeside on the Hammerhead Project, straddling the Yandina and Lake Grace JVs.

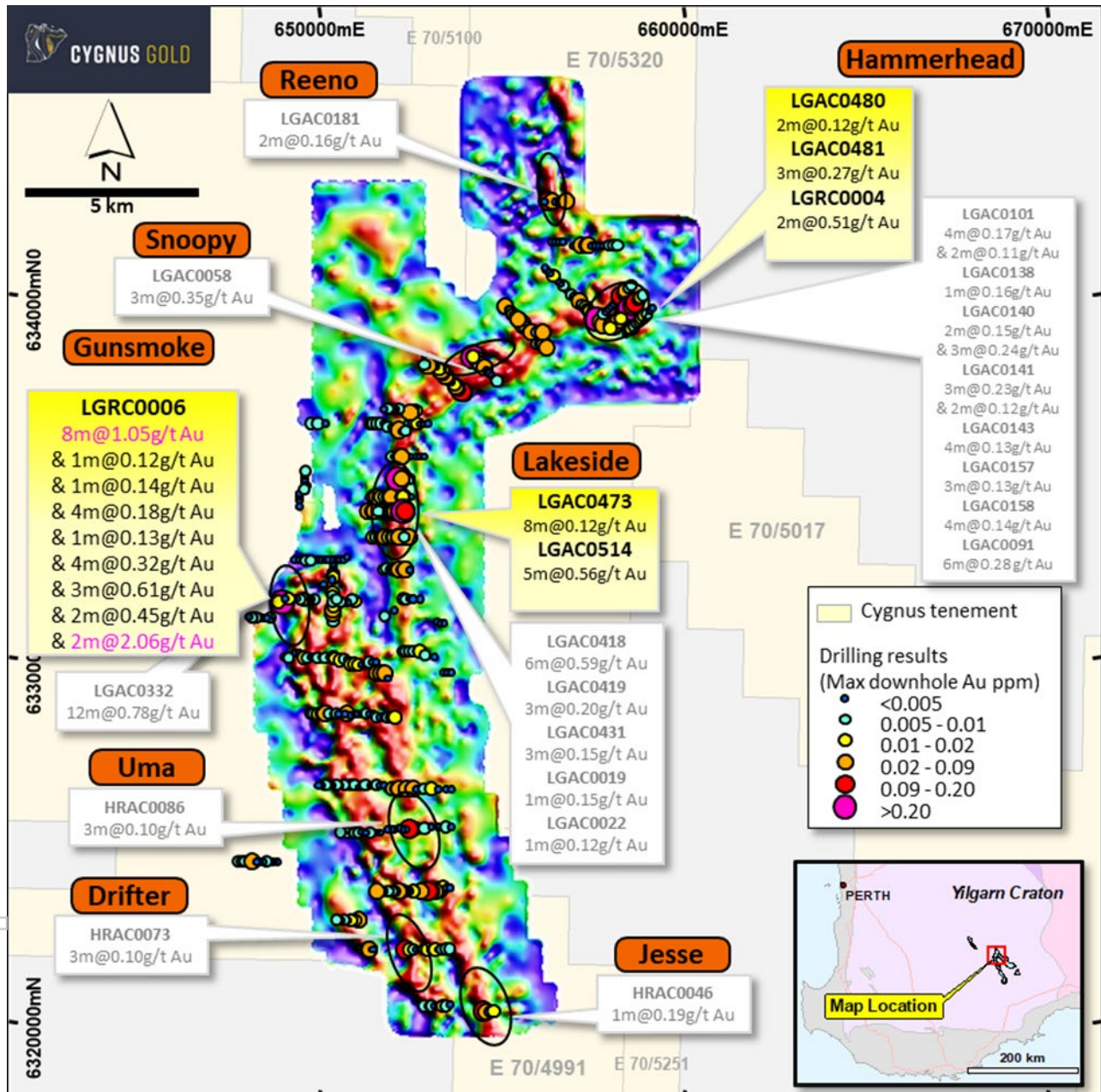


Figure 6: Hammerhead Project, Western Australia. AC drilling with significant intervals (>0.1 g/t Au) on background ground gravity geophysical image. New intersections in yellow call outs, previously reported intersections in white (for details of intersections refer ASX Announcement 7/5/20 and 24/7/20¹).

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.

During the reporting period the Company completed several aircore and reverse circulation drilling programs designed to test and follow up mineralisation identified on the Hammerhead prospect.

In addition, the Company drilled a program of aircore holes on the Hideaway and HR3 targets in the Lake Grace JV with results to be reported.

The best results at Hammerhead were returned from the Gunsmoke, Lakeside and Hammerhead prospects, including (refer figure 6 and Cygnus Gold ASX announcement 7/5/2020 and 24/7/2020)¹:

- Gunsmoke:
 - 12m @ 0.78 g/t Au from 30m, incl. 8m @ 1.06 g/t Au from 30m in LGAC0332
 - LGRC0006 8m @ 1.05g/t Au from 35m
 - incl. 1m @ 4.7g/t Au from 35m
 - and 1m @ 1.2g/t Au from 39m and
 - 2m @ 2.1 g/t Au from 107m
 - incl. 1m @ 3.9g/t Au from 107m.
- Hammerhead:
 - 1m @ 0.16g/t Au from 39m (end of hole sample) in LGAC0138
 - 3m @ 0.24g/t Au from surface and 2m @ 0.15g/t Au from 32m in LGAC0140.
- Lakeside:
 - 6m @ 0.59g/t Au from 49m in LGAC0418
 - 3m @ 0.20g/t Au from 25m in LGAC0429

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.

During the period Cygnus was again successful in securing Western Australian Government Exploration Incentive Scheme (EIS) co-funding to partially fund diamond drilling on the Hammerhead Project. This program is anticipated to get underway in the second half of 2020.

Corporate

Financial Information

The loss of the Company for the six months ended 30 June 2020 after providing for income tax amounted to \$107,941. The net assets of the Company are \$4,976,885 as at 30 June 2020.

At 30 June 2020 the Company had \$1,194,649 in cash and cash equivalents.

Appointment of Directors

Effective 30 June 2020, Mr Ray Shorrocks and Mr Shaun Hardcastle joined the board as Non-Executive Directors and Mr James Merrillees and Dr Oliver Kreuzer resigned from the board.

Mr Shorrocks has over 27 years' experience in corporate finance and has advised a diverse range of mining companies during his career at one of Australia's largest investment banking and full-service stockbroking and financial services firms. He has been instrumental in managing and structuring equity capital raisings as well as having advised extensively in the area of mergers and acquisitions. He was previously the Chairman of ASX 300 Company Bellevue Gold Limited and is currently the Chairman of Galilee Energy Limited and Auteco Minerals Limited.

Mr Hardcastle has over 15 years' experience as a corporate and finance lawyer and extensive experience in equity capital markets, mergers & acquisitions, resources and corporate governance. He has been involved in a broad range of cross-border and domestic transactions including IPOs, reverse takeovers, secondary capital raisings, joint ventures and corporate restructuring. Mr Hardcastle is currently a partner at HWL Ebsworth and is currently a non-executive director of ASX listed companies RareX Limited (ASX: REE), Schrole Group Limited (ASX: SCL).

Release of Securities from Escrow

15,577,088 fully paid ordinary shares were released from escrow on 15 January 2020. These were primarily shareholders who were considered promoters and related parties (directors and vendors) from the listing of Cygnus Gold on the Australian Securities Exchange.

Events arising since the end of the reporting period

Subsequent to 30 June 2020, the following events occurred:

August Share Placement

On 18 August 2020, the Company received commitments from sophisticated and professional investors to raise approximately \$1.2 million (before costs) through the issue of up to 9,132,692 fully paid ordinary shares in the Company at an issue price of \$0.13 per Share.

The Directors of the Company subscribed for \$300,000 worth of Placement shares which are subject to shareholder approval.

Tranche 1 was completed on 27 August 2020 through the issue of 6,825,000 fully paid ordinary shares at an issue price of \$0.13 per share, to raise \$887,250 (before issue costs).

July Share Placement

In July 2020, the Company received firm commitments from sophisticated and professional investors to raise approximately \$1,370,000 (before costs) through the issue of up to 30,455,556 fully paid ordinary shares in the Company (Placement Shares) at an issue price of \$0.045 per Share (Issue Price) (Placement).

In conjunction with the issue of the Placement Shares, the Company will issue up to 29,500,000 unquoted options with an exercise price of \$0.08 expiring three years from the date of issue (Placement Options).

The Placement will take place in 2 tranches. On 7 July 2020 10,000,000 Placement Shares were issued at an issue price of \$0.045 per share, to raise \$450,000 (before issue costs) under the first tranche (Tranche 1) under the Company's Listing Rule 7.1 placement capacity and were not subject to shareholder approval.

The securities to be issued under the second tranche (Tranche 2) (20,455,556 Placement Shares and 29,500,000 Placement Options) were approved by shareholders at the general meeting held on 7 September 2020.

Tranche 2 also included participation by directors of the Company, having subscribed for 5,677,778 Placement Shares and to be issued 9,000,000 of the Placement Options, all of which were approved by shareholders on 7 September 2020.

Tranche 1 was completed on 7 July 2020 through the issue of 10,000,000 fully paid ordinary shares at an issue price of \$0.045 per share, to raise \$450,000 (before issue costs).

Appointment of Executive Director

On 31 August 2020, Cygnus appointed Mr Simon Jackson as an Executive Director on a part time basis. Mr Jackson has been a non-executive Director of the Company since its IPO and has been a Director and Executive of multiple TSX and ASX listed companies in a career spanning over 25 years in the gold industry.

Mr Jackson has significant experience in executive management, corporate finance, public equity markets, mergers and acquisitions in the global resources industry. Simon holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants in Australia.

There are no other 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.

The Company will also continue to review a number business development opportunities in the minerals sector.

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 24 of this financial report and forms part of this Directors' Report.

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



Executive Director

10 September 2020

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 2020

| | Notes | 30 June 2020 \$ | 30 June 2019 \$ |
|---|-------|-----------------------|-----------------------|
| Income | | | |
| Other Income | | 306,771 | 124,018 |
| | | 306,771 | 124,018 |
| Expenses | | | |
| Audit fees | | (11,118) | (14,004) |
| Consultants and contractors | | (42,450) | (48,500) |
| Corporate costs | | (52,144) | (64,132) |
| Depreciation | | (24,134) | (20,921) |
| Employee benefits | | (100,113) | (126,808) |
| Exploration expenditure | | (33,229) | (4,562) |
| Impairment of exploration & evaluation assets | 5 | (113,029) | (268,102) |
| Listing & compliance | | (22,500) | (20,286) |
| Share based payments | | (3,564) | - |
| Office rental & outgoings | | (12,400) | (20,403) |
| Travel and accommodation | | (31) | - |
| | | (414,712) | (587,718) |
| Loss before income tax | | (107,941) | (463,700) |
| Income tax expense | | - | - |
| Loss after income tax for the period | | (107,941) | (463,700) |
| Other comprehensive loss | | - | - |
| Total comprehensive loss for the period net of tax | | (107,941) | (463,700) |
| Loss per share attributable to equity holders of the Company | | | |
| | | Cents | Cents |
| Basic loss per share | | (0.16) | (0.80) |
| Diluted loss per share | | (0.16) | (0.80) |

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

Statement of financial position

As at 30 June 2020

| | Notes | 30 June 2020 \$ | 31 December 2019 \$ |
|--------------------------------------|-------|-----------------------|---------------------------|
| Assets | | | |
| Current | | | |
| Cash and cash equivalents | | 1,194,649 | 1,774,659 |
| Trade and other receivables | | 644,449 | 161,461 |
| Total current assets | | 1,839,098 | 1,936,120 |
| Non-Current | | | |
| Exploration and evaluation assets | 5 | 3,637,336 | 3,445,813 |
| Property, plant and equipment | | 65,444 | 68,298 |
| Total non-current assets | | 3,702,780 | 3,514,111 |
| Total assets | | 5,541,878 | 5,450,231 |
| Liabilities | | | |
| Current | | | |
| Trade and other payables | | 533,402 | 338,076 |
| Provisions | | 18,952 | 18,952 |
| Total current liabilities | | 552,354 | 357,028 |
| Non-current liabilities | | | |
| Provisions | | 12,639 | 8,830 |
| Total non-current liabilities | | 12,639 | 8,830 |
| Total liabilities | | 564,993 | 365,858 |
| Net assets | | 4,976,885 | 5,084,373 |
| Equity | | | |
| Contributed equity | 6 | 7,424,485 | 7,427,596 |
| Reserves | | 31,693 | 28,129 |
| Accumulated losses | | (2,479,293) | (2,371,352) |
| Total equity | | 4,976,885 | 5,084,373 |

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

Statement of Changes in Equity

For the half year ended 30 June 2020

| | Notes | Contributed Equity \$ | Reserves \$ | Accumulated Losses \$ | Total \$ |
|--|-------|-----------------------------|----------------|-----------------------------|------------------|
| 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 |
| Balance at 1 January 2020 | | 7,427,596 | 28,129 | (2,371,352) | 5,084,373 |
| Loss for the period | | - | - | (107,941) | (107,941) |
| Other comprehensive loss | | - | - | - | - |
| Total comprehensive loss for the period | | - | - | (107,941) | (107,941) |
| Transactions with owners in their capacity as owners: | | | | | |
| Shares issued during the period | 6 | - | - | - | - |
| Share issuance expense | 6 | (3,111) | 3,564 | - | 453 |
| Balance at 30 June 2020 | | 7,424,485 | 31,693 | (2,479,293) | 4,976,885 |

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

Statement of Cash Flows

For the half year ended 30 June 2020

| | Notes | 30 June 2020 \$ | 31 December 2019 \$ |
|--|-------|-----------------------|---------------------------|
| Operating activities | | | |
| Payments to suppliers for administration | | (175,529) | (863,144) |
| Payments for exploration expenditure | | - | (5,983) |
| Farm in service charge | | 170,692 | 208,098 |
| Interest received | | 3,700 | 24,445 |
| Net cash flows outflow from operating activities | | (1,137) | (636,584) |
| Investing activities | | | |
| Payments for acquisition of mining tenements | | (12,194) | (14,574) |
| Payments for capitalised exploration expenditure | | (542,287) | (1,466,092) |
| EIS Grant - Co-funded Exploration Drilling Program | | - | 89,362 |
| Purchase property, plant and equipment | | (21,281) | (8,815) |
| Net cash flows outflow from investing activities | | (575,762) | (1,400,119) |
| Financing activities | | | |
| Proceeds from issue of shares | 6 | - | 302,710 |
| Capital raising costs for issue of shares | 6 | (3,111) | (3,487) |
| Net cash (outflow)/inflow from financing activities | | (3,111) | 299,223 |
| Net decrease in cash and cash equivalents | | (580,010) | (1,737,480) |
| Cash and cash equivalents at the beginning of the period | | 1,774,659 | 3,512,139 |
| Cash and cash equivalents at the end of the period | | 1,194,649 | 1,774,659 |

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 interim financial report was approved by the Board of Directors on 10 September 2020.

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 2019 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.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those applied in preparation of the Company's annual financial statements for year ended 31 December 2019.

b) New standards adopted as at 1 January 2020

Some accounting pronouncements which have become effective from 1 January 2020 and have therefore been adopted do not have a significant impact on the Company's financial results or position.

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 2019.

4 GOING CONCERN

The company incurred a net loss during the period ended 30 June 2020 of \$107,941 (30 June 2019 \$463,700) and had cash outflows from operating and investing activities of \$576,899 (31 December 2019 \$2,036,703).

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:

- additional capital raised subsequent to year end as detailed in Note 10;
- 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 ASSETS

| | 30 June 2020 \$ | 31 December 2019 \$ |
|---|-----------------------|---------------------------|
| Carrying amount at the beginning of the period | 3,445,813 | 2,555,261 |
| Capitalised expenditure at cost ⁽¹⁾ | 356,504 | 1,445,095 |
| Impairment of exploration and evaluation assets | (113,029) | (437,351) |
| Exploration expenditure State Government Co-Funded exploration drilling support | (51,952) | (117,192) |
| Carrying amount at the end of the period | 3,637,336 | 3,445,813 |

⁽¹⁾Net of reimbursement from farm in.

6 CONTRIBUTED EQUITY

| | No. of Shares | \$ |
|-------------------------|-------------------|------------------|
| 1 January 2019 | 60,683,341 | 7,128,373 |
| Shares issue | 7,567,740 | 302,710 |
| Transaction costs | - | (3,487) |
| 31 December 2019 | 68,251,081 | 7,427,596 |
| Shares issue | - | - |
| Transaction costs | - | (3,111) |
| 30 June 2020 | 68,251,081 | 7,424,485 |

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 COMMITMENTS

The exploration and expenditure commitments have not changed materially since 31 December 2019.

9 EARNINGS PER SHARE

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the parent entity (Cygnus Gold Limited) as the numerator, ie no adjustment to losses were necessary during the six months periods to 30 June 2020 and 30 June 2019.

| Amount in thousand shares: | 30 June 2020 | 30 June 2019 |
|--|-----------------|-----------------|
| Weighted average number of shares using basic earnings per share | 68,251 | 57,996 |
| Weighted average number of shares used in diluted earnings per share | 68,251 | 57,996 |

10 POST-OPERATING DATE EVENTS

Subsequent to 30 June 2020, the following events occurred:

August Share Placement

On 18 August 2020, the Company received commitments from sophisticated and professional investors to raise approximately \$1.2 million (before costs) through the issue of up to 9,132,692 fully paid ordinary shares in the Company at an issue price of \$0.13 per Share.

The Directors of the Company subscribed for \$300,000 worth of Placement shares which are subject to shareholder approval.

Tranche 1 was completed on 27 August 2020 through the issue of 6,825,000 fully paid ordinary shares at an issue price of \$0.13 per share, to raise \$887,250 (before issue costs).

July Share Placement

In July 2020, the Company received firm commitments from sophisticated and professional investors to raise approximately \$1,370,000 (before costs) through the issue of up to 30,455,556 fully paid ordinary shares in the Company (Placement Shares) at an issue price of \$0.045 per Share (Issue Price) (Placement).

In conjunction with the issue of the Placement Shares, the Company will issue up to 29,500,000 unquoted options with an exercise price of \$0.08 expiring three years from the date of issue (Placement Options).

The Placement will take place in 2 tranches. In July 10,000,000 Placement Shares were issued under the first tranche (Tranche 1) under the Company's Listing Rule 7.1 placement capacity and were not subject to shareholder approval.

The securities to be issued under the second tranche (Tranche 2) (20,455,556 Placement Shares and 29,500,000 Placement Options) were approved by shareholders at the general meeting held on 7 September 2020.

Tranche 2 also included participation by directors of the Company, having subscribed for 5,677,778 Placement Shares and to be issued 9,000,000 of the Placement Options, all of which were approved by shareholders on 7 September 2020.

Tranche 1 was completed on 7 July 2020 through the issue of 10,000,000 fully paid ordinary shares at an issue price of \$0.045 per share, to raise \$450,000 (before issue costs).

Appointment of Executive Director

On 31 August 2020, Cygnus appointed Mr Simon Jackson as an Executive Director on a part time basis. Mr Jackson has been a non-executive Director of the Company since its IPO and has been a Director and Executive of multiple TSX and ASX listed companies in a career spanning over 25 years in the gold industry.

Mr Jackson has significant experience in executive management, corporate finance, public equity markets, mergers and acquisitions in the global resources industry. Simon holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants in Australia.

There are no other 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.

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 as set out on pages 13 to 20 are in accordance with the *Corporations Act 2001*, including:
 - i Giving a true and fair view of its financial position as at 30 June 2020 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.



Simon Jackson

Executive Director

10 September 2020

Independent Auditor's 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 2020, 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.

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 2020, 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110

Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 2020 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 10 September 2020

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 half year ended 30 June 2020, 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, 10 September 2020