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CYGNUS GOLD

Cygnus Gold Limited
Interim Financial Report

For the half-year ended
30 June 2021

An Australian Gold and Base Metals Exploration Group

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Directors' report

The Directors of Cygnus Gold Limited ("Cygnus" or "the Group") present their half year Interim Financial Report of the Group for the period ended 30 June 2021.

Board of directors

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

Michael Bohm	Non-Executive Chairman
Simon Jackson	Executive Director
Raymond Shorrocks	Non-Executive Director
Shaun Hardcastle	Non-Executive Director

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

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

The Company has more than 2,200km² (100% Cygnus) granted tenements and applications covering interpreted and known greenstone belts where previous explorers identified numerous prospects with widespread high grade, near surface gold and/or base metals mineralisation.

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 in the region by other companies.

In the June quarter, Cygnus appointed a new geological team who completed the detailed geological database review and commenced planning of field exploration programs (refer CY5 ASX release 29 July 2021)⁽ⁱ⁾.

Directors' report

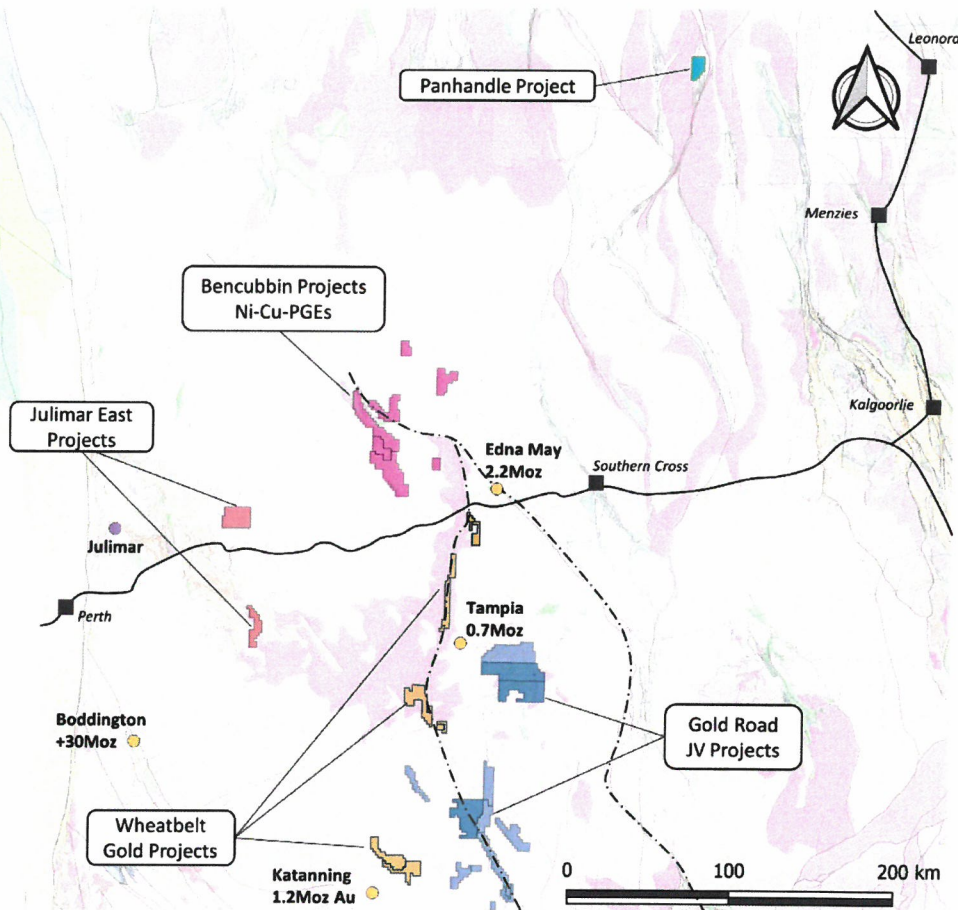


Figure 1: Cygnus current tenure relative to major gold deposits and the recent Julimar discovery with background geology from GSWA mapped regional geology (1:500,000)

JULIMAR EAST PROJECT (100% CY5)

The Julimar East Project is made up of two tenements, Culbarring (E70/5492) and Mackie (E70/5397) for a combined 325km² located in the highly prospective Julimar district. The tenements, like Julimar, sit on the margin of the Jimperding metamorphic belt and are adjacent to Anglo-American's significant ground holding of >10,000km² picked up in 2020 following the Julimar discovery.

On both tenements magnetic and gravity anomalies considered prospective for Ni sulphide mineralisation have been identified, analogous to Chalice Gold's Julimar Ni-Cu-PGE discovery within the Southwest Terrane.

E70/5492 (Culbarring) contains a strong magnetic anomaly, possibly representing a folded package of BIF and "Julimar" style mafic-ultramafic rocks. There is around 7km of strike, with no historical exploration identified to date.

E70/5397 (Mackie) is a continuous holding over 26km of NE striking interpreted remnant greenstone belt, immediately along strike from historical drilling that intersected mafic-ultramafic rocks.

As a result, both EL's are considered prospective for mafic-ultramafic lithologies with potential Ni-Cu-PGE mineralisation.

Directors' report

2021 Field Exploration Programme and Next Steps

Following detailed review of historic exploration, reconnaissance fieldwork and surface sampling will commence over geophysical anomalies to generate targets for follow up drilling.

PANHANDLE PROJECT (100% CY5)

Cygnus Gold's E29/1075 (Panhandle Project) approximately 300km north of Kalgoorlie in the Central Yilgarn Craton.

The ~100km² Panhandle tenement covers a 13km section of the Panhandle Greenstone Belt (Youanmi Terrane, Yilgarn Craton) where the Company's review of historical exploration has revealed limited surface sampling and geophysical surveys with no previous drilling.

The greenstone sequences at Panhandle are interpreted to be extensions of the rock units targeted by listed explorer Cobre Limited (ASX: CBE) on the adjacent Perrinvale project (Figure 2) and are considered highly prospective for:

- Volcanogenic massive sulphide (VMS) (lead-zinc-copper) mineralisation. Cobre have announced drill intersections on the Schwabe prospect along strike from Panhandle (refer Cobre ASX Announcement 31 January 2020).
- Orogenic gold mineralisation similar to the Rover Project where ASX-listed TSC Limited (ASX: TSC) have intersected high grade gold (refer TSC ASX Announcement 25 February 2020).
- 'Kambalda-style', komatiite-hosted magmatic nickel-copper sulphides hosted in ultramafic sequences.

2021 Field Exploration Programme and Next Steps

Following a detailed review of the historical exploration at Panhandle work is now progressing with planning of reconnaissance drilling and surface sampling aiming to cover the prospective lithologies continuous from the Cobre Limited (ASX: CBE) Perrinvale Project. and follow up the ultramafic stratigraphy.

Directors' report

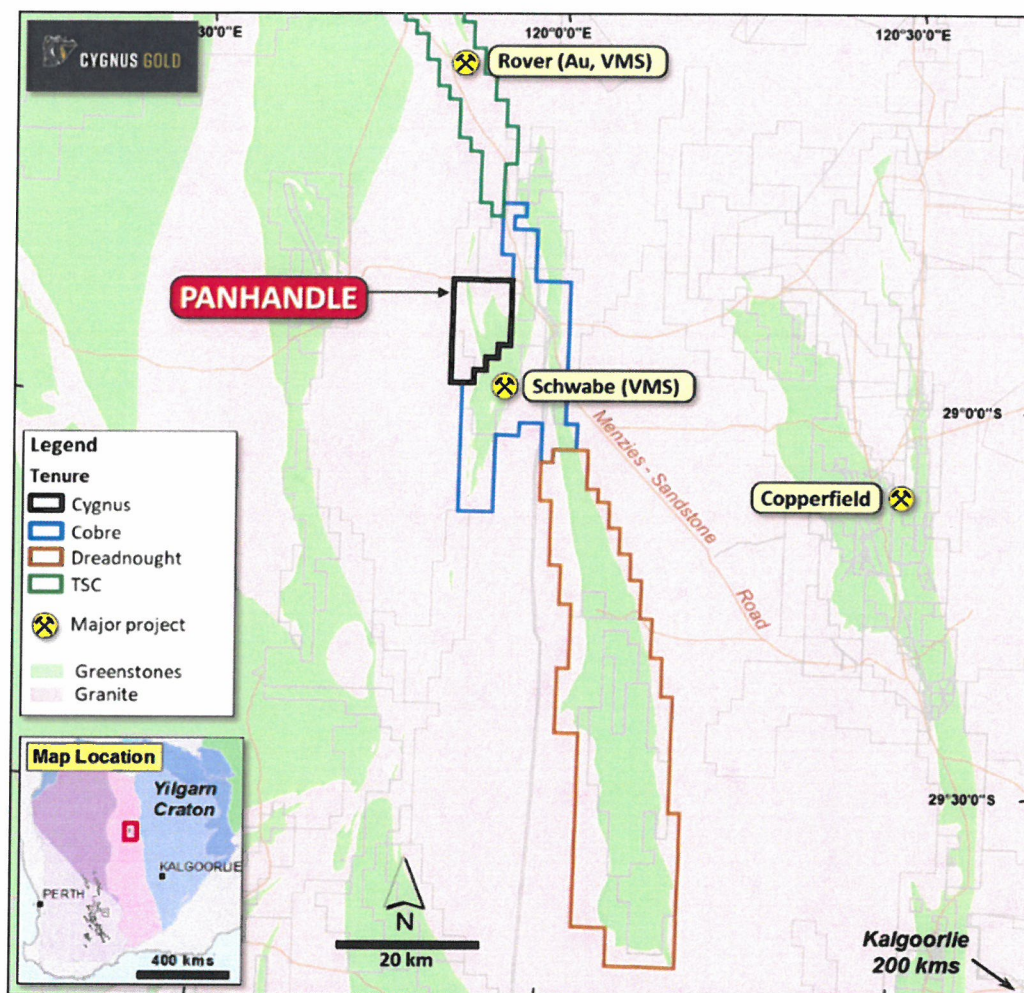


Figure 2: Cygnus' Panhandle tenement (E29/1075) relative to competitor tenements and prospects in the Central Yilgarn, Western Australia. Inset show's location of the Panhandle tenement and Cygnus projects in the Southwest Terrane

BENCUBBIN PROJECT (100% CY5)

The ~800km² Bencubbin Project is located ~220km northeast of Perth and covers the Bencubbin Greenstone Belt, an underexplored greenstone sequence extending for over 70km of strike, and up to 5km in width. The property is considered highly prospective for:

- 'Kambalda-style', komatiite-hosted magmatic nickel-copper sulphides, associated with the Bencubbin North Komatiite and Bencubbin South Ultramafic. Bencubbin North in particular defined by a regionally extensive nickel-in-soil geochemical anomaly developed over 18km with > 1000ppm Ni and > 100ppm Cu (refer to CY5 ASX Announcement 30 November 2018)(i).
- Volcanogenic massive sulphide (VMS) base metals (lead-zinc-copper) associated with the Mandiga-Grylls trend, defined by a 3.3km long zone of copper (Cu), lead (Pb) and zinc (Zn) mineralisation with max drillhole anomalism up to 2m @ 1.7% Zn in historic drillhole DMA5 (refer to CY5 ASX Announcement 30 November 2018) (i).

Directors' report

2021 Field Exploration Program and Next Steps

Previous wide spaced aircore drilling was successful in identifying targets which may be prospective for nickel/copper/PGE mineralisation. Due to the large (17km) strike extent of the interpreted Bencubbin Komatiite and often discrete nature of Ni-sulphide bodies, a ground based electromagnetic survey program is being designed to cover the prospective stratigraphy.

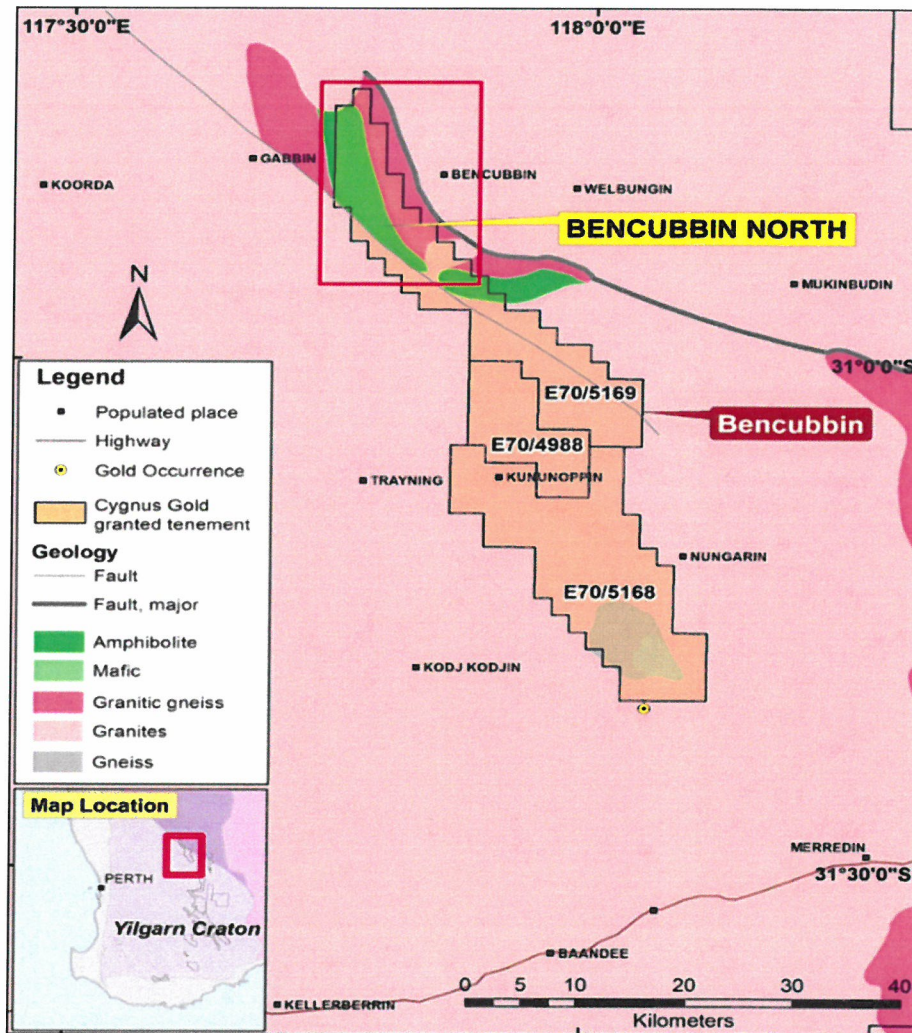


Figure 3: Cygnus' Bencubbin project on mapped regional geology (1:500,000 GSWA mapping)

WHEATBELT GOLD PROJECTS (100% CY5)

A geological review is ongoing over our holdings in the South West Terrane, Yilgarn Craton. The tenure is considered highly prospective for gold mineralisation with significant deposits in the region including at Boddington, Edna May, Tampia and Katanning. The prospectivity of the tenure has been demonstrated by the Company's previous exploration programs which returned significant intercepts of:

- 10.95m @ 15.1g/t gold (incl. 4.8m @ 34g/t Au) in BNDD003 (refer to CY5 ASX Announcement 22 February 2018) ⁽ⁱ⁾.
- 9.50m @ 29.2g/t gold (incl. 2.4m @ 114.62g/t Au) in BNDD001 (refer to CY5 ASX Announcement 22 February 2018) ⁽ⁱ⁾.

Directors' report

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 (diluting to 10%) and Yandina (diluting to 10%) JVs (Figure 4).

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.

During the half year exploration activities included aircore drill testing of priority targets. Following COVID-19 travel delays, a total of 3,843 metres were completed at the HR3 and Uma prospects and 4,587 metres were completed at the Tarin South, Hideaway and E70/5100 prospects. No significant results were received. 2,428m of Diamond drilling was completed at HR3, Uma, Hammerhead and E70/5100 with full diamond drilling assay results expected in the September 2021 quarter.

Detailed ground gravity surveys were also completed during the reporting period, over the Hyden and central Lake Grace tenement package. This geophysical method has been critical in identifying favourable basement host rocks and key structural lineaments, which has improved and validated our targeting. 3D inversion of the new gravity data over tenement E70/5100 suggests the presence of an interpreted dense, folded (mafic) rock package bound by major regional structures (shear zones), which are considered fundamental to the formation of significant gold deposits.

Gold Road are currently undertaking an assessment of the JV tenements for nickel sulphide potential.

Directors' report

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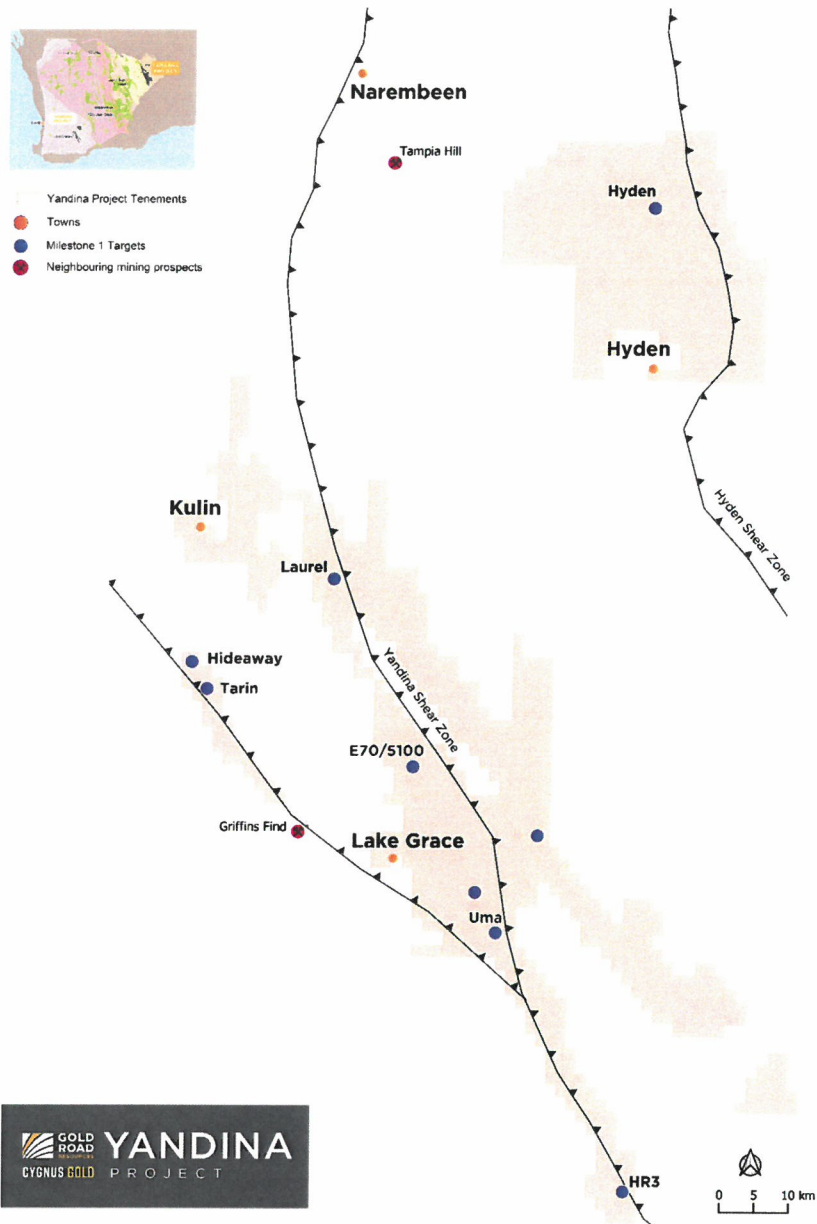


Figure 4: Yandina JV regional map

Directors' report

Corporate

Financial Information

The loss of the Company for the six months ended 30 June 2021 after providing for income tax amounted to \$669,941 (30 June 2020: \$107,941). The net assets of the Company are \$2,706,885 as at 30 June 2021 (31 December 2020: \$3,376,826).

At 30 June 2021 the Company had \$2,811,814 in cash and cash equivalents (31 December 2020: \$3,385,934).

Events arising since the end of the reporting period

There have not been any events that have arisen between 30 June 2021 and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Group, the results of those operations or the state of affairs of the Group, in subsequent financial years.

Likely developments and expected results

The Group is committed to:

- exploration of the Group's key assets in the Wheatbelt region of Western Australia;
- continue to negotiate further access with private landholders in relation to areas of interest identified by the above activities; and
- implement a strategy to seek out further exploration, acquisition and joint venture opportunities.

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

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



Simon Jackson
Executive Director

20 August 2021

Directors' report

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

- (i) 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.

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Consolidated statement of profit or loss and other comprehensive income

For the half year ended 30 June 2021

	Notes	30 June 2021 \$	30 June 2020 \$
Income			
Other Income		3,600	304,004
		3,600	304,004
Expenses			
Audit fees		(15,150)	(11,118)
Consultants and contractors		(68,329)	(42,450)
Corporate costs		(56,841)	(52,144)
Depreciation		(12,900)	(24,134)
Depreciation on right of use assets		(7,431)	-
Employee benefits		(147,790)	(100,113)
Exploration expenditure		(13,005)	(33,229)
Impairment of exploration & evaluation assets	5	(259,943)	(113,029)
Listing & compliance		(24,469)	(22,500)
Share based payments		-	(3,564)
Office rental & outgoings		(68,504)	(12,400)
Travel and accommodation		(1,261)	(31)
		(675,623)	(414,712)
Operating Loss		(672,023)	(110,708)
Finance costs		(1,496)	-
Finance income		3,578	2,767
Loss before income tax		(669,941)	(107,941)
Income tax expense		-	-
Loss after income tax		(669,941)	(107,941)
Other comprehensive loss		-	-
Total comprehensive loss for the period net of tax		(669,941)	(107,941)
Loss per share attributable to equity holders of the Company			
		Cents	Cents
Basic loss per share		(0.62)	(0.16)
Diluted loss per share		(0.62)	(0.16)

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

Consolidated statement of financial position

As at 30 June 2021

	Notes	30 June 2021	31 December 2020
		\$	\$
Assets			
Current			
Cash and cash equivalents		2,811,814	3,385,934
Trade and other receivables		11,417	13,312
Prepaid assets		32,824	6,268
Total current assets		2,856,055	3,405,514
Non-Current			
Trade and other receivables		20,000	20,000
Exploration and evaluation assets	5	-	-
Property, plant and equipment		42,859	52,674
Right of use assets		60,688	68,119
Total non-current assets		123,547	140,793
Total assets		2,979,602	3,546,307
Liabilities			
Current			
Trade and other payables		201,565	97,006
Provisions		8,423	3,369
Lease liabilities		13,610	13,087
Total current liabilities		223,598	113,462
Non-current liabilities			
Lease liabilities		49,119	56,019
Total non-current liabilities		49,119	56,019
Total liabilities		272,717	169,481
Net assets		2,706,885	3,376,826
Equity			
Contributed equity	6	9,130,519	9,130,519
Reserves		4,313,389	4,313,389
Accumulated losses		(10,737,023)	(10,067,082)
Total equity		2,706,885	3,376,826

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

Consolidated statement of changes in equity

For the half year ended 30 June 2021

	Notes	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 January 2020		7,427,596	28,129	(2,371,352)	5,084,373
Loss after income tax		-	-	(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
Balance at 1 January 2021		9,130,519	4,313,389	(10,067,082)	3,376,826
Loss after income tax		-	-	(669,941)	(669,941)
Other comprehensive loss		-	-	-	-
Total comprehensive loss for the period		-	-	(669,941)	(669,941)
Transactions with owners in their capacity as owners:					
Shares issued during the period	6	-	-	-	-
Share issuance expense	6	-	-	-	-
Balance at 30 June 2021		9,130,519	4,313,389	(10,737,023)	2,706,885

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

Consolidated statement of cash flows

For the half year ended 30 June 2021

	Notes	30 June 2021 \$	30 June 2020 \$
Operating activities			
Payments to suppliers and employees for administration		(354,597)	(175,529)
Interest received		3,056	3,700
Interest payments		(1,495)	-
Farm in service charge		-	170,692
Net cash outflow from operating activities		(353,036)	(1,137)
Investing activities			
Payments for acquisition of mining tenements		(972)	(12,194)
Payments for capitalised exploration and evaluation assets		(212,365)	(542,287)
Purchase of property, plant and equipment		(1,370)	(21,281)
Net cash outflow from investing activities		(214,707)	(575,762)
Financing activities			
Lease payments		(6,377)	-
Proceeds from issue of shares	6	-	-
Capital raising costs for issue of shares	6	-	(3,111)
Net cash inflow from financing activities		(6,377)	(3,111)
Net change in cash and cash equivalents		(574,120)	(580,010)
Cash and cash equivalents at the beginning of the period		3,385,934	1,774,659
Cash and cash equivalents at the end of the period		2,811,814	1,194,649

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

Notes to the consolidated financial statements

1 NATURE OF OPERATIONS

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

The address of its registered office and its principal place of business is Ground Floor, 24 Outram Street, West Perth, WA 6005.

The half year interim financial report was approved by the Board of Directors on 20 August 2021.

2 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

a) Basis of preparation

The interim consolidated 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 consolidated financial statements of the Group for the year ended 31 December 2020 and any public announcements made by the Group 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 Group since the last annual consolidated financial statements.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those applied in preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

b) New standards adopted as at 1 January 2021

All accounting pronouncements which have become effective from 1 January 2021 have been adopted. There has been no impact on the Group's financial results or position in either the current or prior periods.

c) Accounting standards not yet effective

There are no new, revised or amended accounting standards of which are not yet effective that could impact these consolidated financial statements.

d) Changes in presentation of comparative information

Comparative information in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position have been reclassified to provide a more detailed and relevant breakdown of the balances and transactions and align with the disclosures for the current period presented.

Notes to the consolidated financial statements

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 Group's last consolidated annual financial statements for the period ended 31 December 2020.

4 EXPLORATION AND EVALUATION ASSETS

	30 June 2020	31 December 2020
	\$	\$
Carrying amount at the beginning of the period	-	3,445,813
Capitalised expenditure at cost	259,943	3,237,204
Exploration and evaluation expenditure impaired	(259,943)	(3,985,457)
Reimbursement from Farm in	-	(2,645,608)
EIS Grant - Co-funded Exploration Drilling Program	-	(51,952)
Carrying amount at the end of the period	-	-

5 CONTRIBUTED EQUITY

	No. of Shares	\$
1 January 2020	68,251,081	7,427,596
Shares issue	39,819,017	2,587,750
Transaction costs	-	(884,827)
31 December 2020	108,070,098	9,130,519
Shares issue	-	-
Transaction costs	-	-
30 June 2021	108,070,098	9,130,519

6 COMMITMENTS

The exploration and expenditure commitments have not changed materially since 31 December 2020.

Notes to the consolidated financial statements

7 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 2021 and 30 June 2020.

Amount:	30 June 2021	30 June 2020
Weighted average number of shares using basic earnings per share	108,070,098	68,251,081
Weighted average number of shares used in diluted earnings per share	108,070,098	68,251,081

There are 29,500,000 unlisted options with expiry dates in 2023. These options do not have an effect on diluted earnings per share in either the current or comparative period as the Group incurred losses in both periods.


8 EVENTS AFTER THE REPORTING DATE

There have not been any events that have arisen between 30 June 2021 and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Group, the results of those operations or the state of affairs of the Group, in either the current or subsequent 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 10 to 16 are in accordance with the *Corporations Act 2001*, including:
 - i Giving a true and fair view of its financial position as at 30 June 2021 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 Group 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
20 August 2021



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Independent auditor's review report to the members of Cygnus Gold Limited

Conclusion

We have reviewed the accompanying half-year financial report of Cygnus Gold Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2021, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 the Group is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 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, anything has come to our attention that causes us to 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 Group's consolidated financial position as at 30 June 2021 and its consolidated financial 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'R J Curtin'.

R J Curtin
Partner
Perth
20 August 2021

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Auditor's independence declaration to the Directors of Cygnus Gold Limited

As lead auditor for the review of Cygnus Gold Limited for the half-year ended 30 June 2021, I declare 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.

This declaration is in respect of Cygnus Gold Limited and the entities it controlled during the financial period.

Ernst & Young

R J Curtin
Partner
20 August 2021

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