

For personal use only



CYGNUS GOLD

Cygnus Gold Limited
Interim Financial Report

For the half-year ended
30 June 2022

A Canadian and Australian Lithium and Base Metals Exploration Group

Contents

Directors' report	01
Consolidated Statement of profit or loss and other comprehensive income	12
Consolidated Statement of financial position	13
Consolidated Statement of changes in equity	14
Consolidated Statement of cash flows	15
Notes to the financial statements	16
Directors' declaration	20
Independent auditor's review report	21
Auditor's independence declaration	23

For personal use only

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 2022.

BOARD OF DIRECTORS

The Directors of the Group during the half year and to the date of this report are as follows:

Raymond Shorrocks	Non-Executive Chairman
Michael Naylor	Executive Director (appointed 25 May 2022)
Michael Bohm	Non-Executive Director
Shaun Hardcastle	Non-Executive Director
Simon Jackson	Executive Director (resigned 25 May 2022)

PRINCIPAL ACTIVITIES

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

Subsequent to 30 June 2022 Cygnus entered into a binding term sheet to acquire up to 70% of the Pontax Lithium Project in Quebec, Canada.

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

REVIEW OF OPERATIONS

During the half year ended 30 June 2022, Cygnus Gold's (Cygnus or the Company) exploration activities were focused in the Southwest Terrane (SWT), an underexplored region of highly prospective geology within the prolific Yilgarn Craton, Western Australia.

The Company has approximately 2,000km² (100% Cygnus) granted tenements covering interpreted and known greenstone belts where previous explorers identified numerous prospects with widespread high grade, near surface gold and/or base metals mineralisation.

Cygnus continued exploration on priority tenure prospective for lithium as well as gold, nickel, copper and platinum group elements.

Subsequent to 30 June 2022, the Company entered into a binding agreement which gives it an exclusive option to acquire up to 70 per cent of the Pontax Lithium Project in Quebec, Canada.

Pontax is an outstanding opportunity for Cygnus to create value for its shareholders because high-grade lithium spodumene has already been established through drilling and there is immense scope to continue growing the mineralisation through exploration.

Pontax has spodumene-hosted lithium-caesium-tantalum (LCT) pegmatites with limited diamond drilling returning numerous high-grade lithium intersections from outcropping mineralisation. Mineralisation at Pontax remains open along strike and at depth with multiple walk-up drill targets.

Directors' report

REVIEW OF OPERATIONS (CONTINUED)

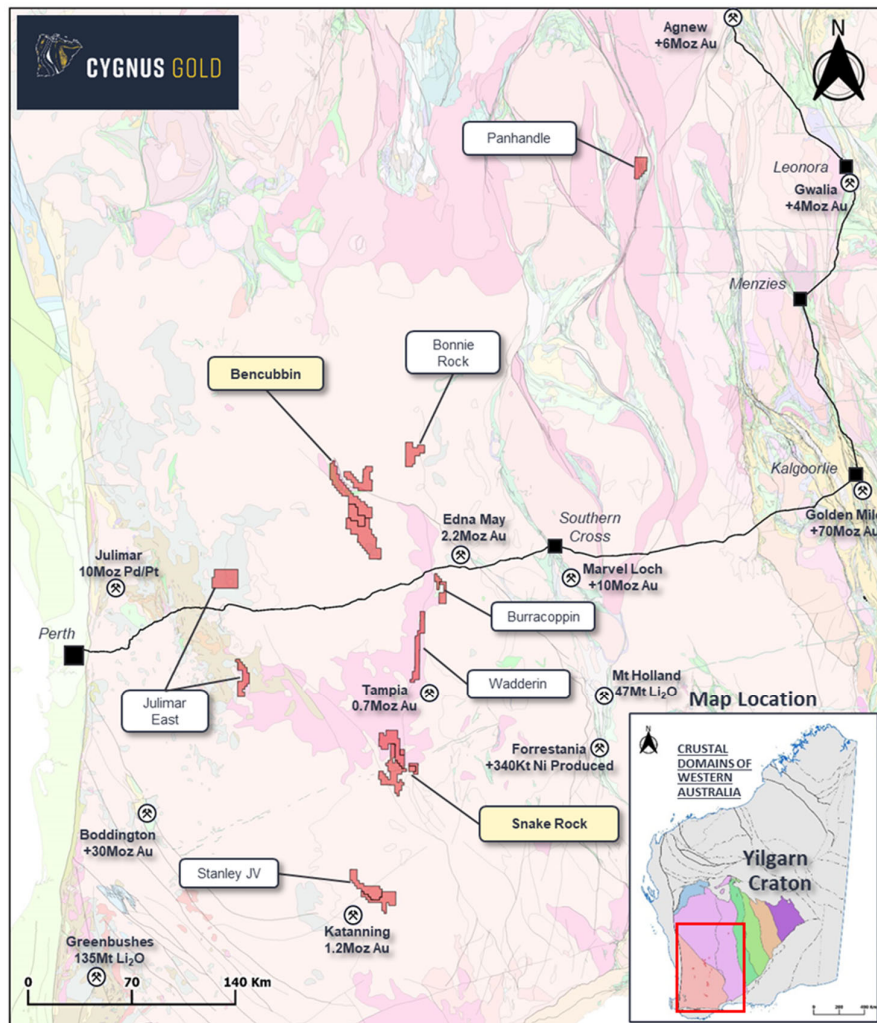


Figure 1: Cygnus West Australian tenure relative to major gold deposits and the recent Julimar discovery with background geology from GSWA mapped regional geology (1:500,000)

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. Greenstone belts such as Bencubbin are highly prospective for LCT pegmatites around late granitoid intrusions, many of which have recently been identified in the newly flown airborne magnetics.

An extensive and significant auger geochemical pathfinder anomaly with elevated lithium, tantalum and niobium, typically associated with LCT pegmatite mineralisation, has been identified in the project auger data. Peak values in the auger returned values up to 152 ppm Li₂O, 26 ppm Ta₂O₅ and 152 ppm Nb₂O₅, with two large coherent anomalies defined over 2.2km of strike, both proximal to a late granite intrusions (refer CY5 ASX Announcement 30 May 2022)¹. These values are comparable to soil signatures over major lithium deposits in the southwestern regolith environment including Greenbushes Lithium mine with a up to 100ppm Li and

Directors' report

REVIEW OF OPERATIONS (CONTINUED)

BENCUBBIN PROJECT (100% CY5) (CONTINUED)

75ppm Nb recorded in the pisolitic laterite. Both significant areas of anomalism are open to the north while there is no existing geochemistry surrounding some of the other late granite intrusions.

A reconnaissance field trip completed confirmed multiple areas with weathered pegmatite float identified in the same paddock as the 2.2km anomaly that looks to be proximal to outcrop. This recent work confirms coincident late granite intrusions, pathfinder LCT pegmatite geochemistry and sub cropping pegmatites making Bencubbin North an excellent follow up target.

An initial phase of auger geochemistry commenced in July 2022 to infill the existing wide spaced anomalism which is currently on 100m spaced samples and 200m spaced lines, this spacing is considered broad when looking to define LCT pegmatite mineralisation, with many of the elements having minimal dispersion. Sampling aims to tighten the geochemistry and refine the anomaly ahead of drill testing.

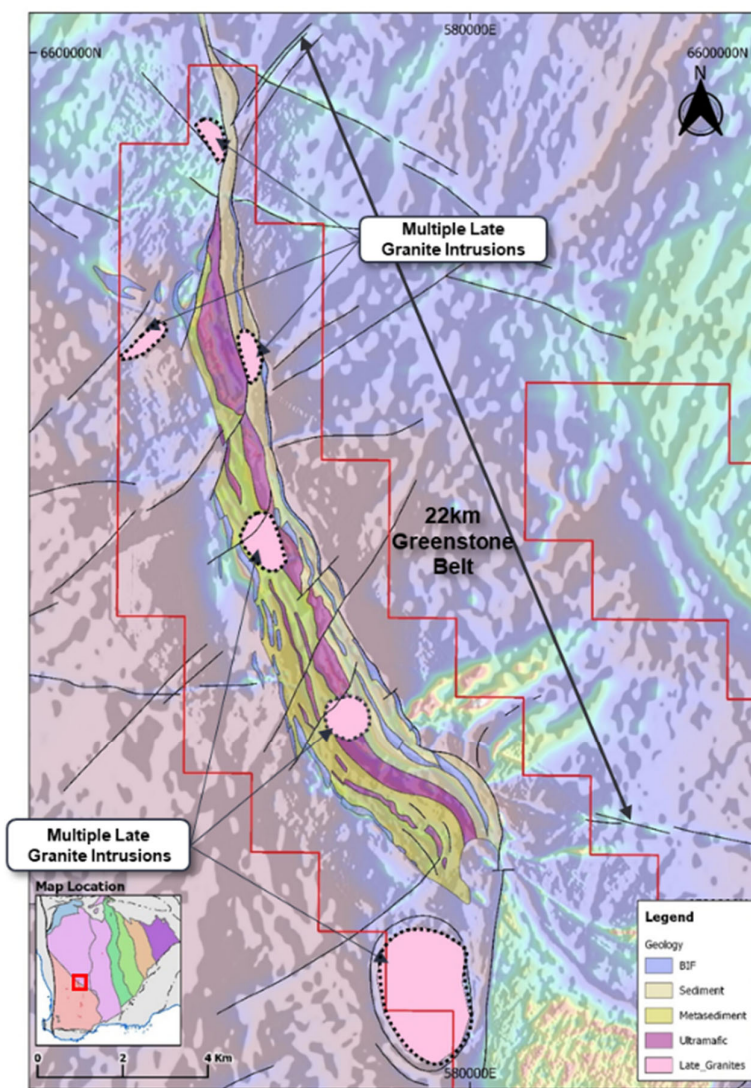


Figure 2: Map of Bencubbin North (E70/5169) with background RTP magnetics recently flown by Cygnus Gold and interpreted geology. Illustrating 22km long prospective greenstone belt with multiple interpreted late intrusions prospective for the development of LCT pegmatites.

Directors' report

REVIEW OF OPERATIONS (CONTINUED)

BENCUBBIN PROJECT (100% CY5) (CONTINUED)

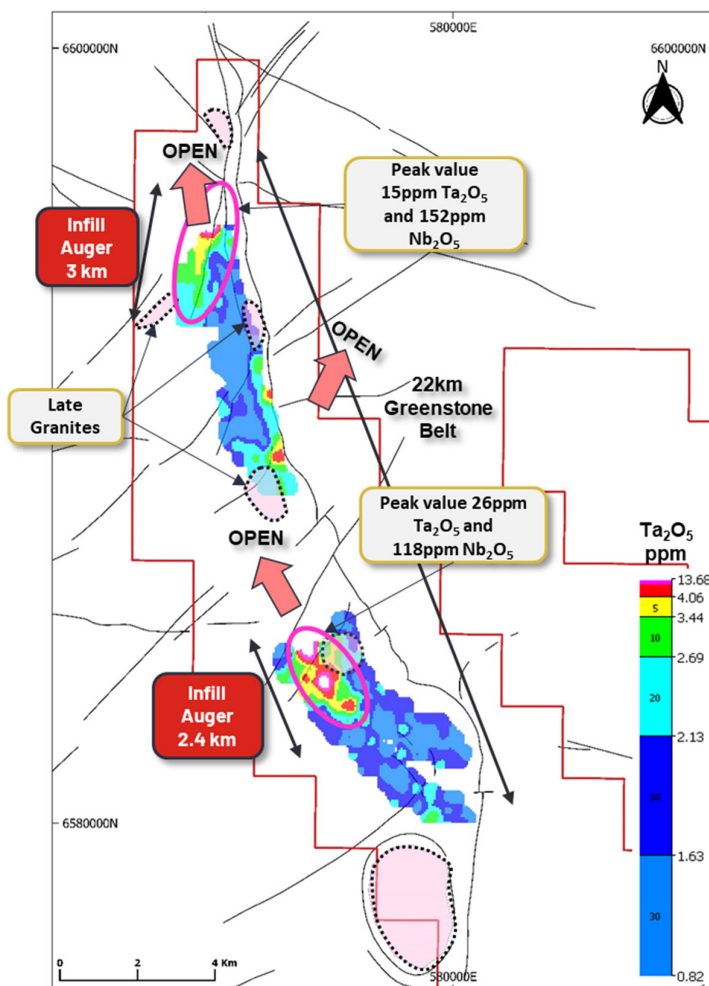


Figure 3: Map of Bencubbin North (E70/5169) illustrating the location of prospective late granites over 22km of NNW striking greenstone belt with Ta₂O₅ ppm gridded auger geochemistry. Illustrating main target areas for infill geochemistry in phase 1 of the planned auger (refer CY5 ASX Announcement 30 May 2022) i.

SNAKE ROCK (100% CY5)

The Snake Rock Project (E70/4911, E70/5098 & E70/4990) is located 230km east of Perth, Western Australia in the Yilgarn Craton's, south-west terrane. The project covers 448km² of an area considered highly prospective for nickel, copper and platinum group elements; covering the south eastern extent of the same mobile belt which hosts the Julimar Ni-Cu-PGE discovery (ASX:CHN). The project is also prospective for gold mineralisation, located just 30km south west and along the same structural lineament as the 700Koz Tampia gold deposit (ASX:RMS).

The company has recently completed two drill programmes, a 19-hole air core programme to test a distinct gravity anomaly on the east of the project and a 7-hole RC programme to test magnetic anomalies analogous to a nickel-cobalt bearing ultramafic on the adjacent tenure being targeted by Sultan Resources (ASX:SLZ).

Directors' report

REVIEW OF OPERATIONS (CONTINUED)

SNAKE ROCK (100% CY5) (CONTINUED)

The 19-hole air core programme completed in April was designed to test a distinct gravity anomaly defined through ground gravity completed in 2018. The programme has successfully defined prospective mafic to intermediate lithologies with 11 out of the 19 holes intersecting a medium to coarse grained mafic gneiss and granodiorite at bottom of hole (refer CY5 ASX Announcement 30 May 2022)ⁱ. The company has also just completed a 7-hole reverse circulation programme designed to target three areas of high magnetism, analogous to the geophysical signature of a prospective ultramafic lithology on the adjacent tenure. Interpretation of this drilling is currently with assays expected toward the end of August 2022.

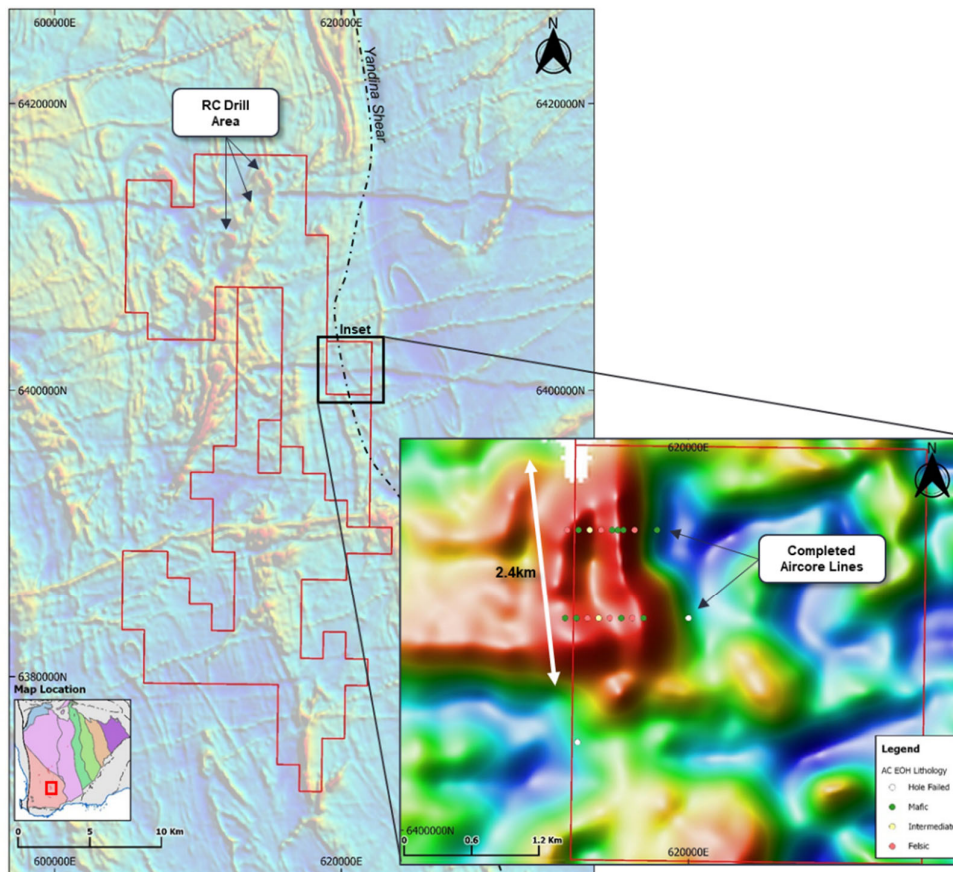


Figure 4: Map of the Snake Rock Project (E70/4911, E70/5098 & E70/4990). Inset on right showing location of completed AC holes on both E70/4990 and E70/4911 with bottom of hole geology (refer CY5 ASX Announcement 30 May 2022)ⁱ

Directors' report

REVIEW OF OPERATIONS (CONTINUED)

JULIMAR EAST PROJECT (100% CY5)

The Julimar East Project is made up of two tenements, Culbariting (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 nickel sulphide mineralisation have been identified, analogous to Chalice Mining's Julimar Ni-Cu-PGE discovery within the Southwest Terrane.

Results from a ground gravity survey on the Julimar East Project highlighted an interpreted 9km long and 2km wide ultramafic that sits beneath a thin veneer of cover which is a target for possible nickel-copper-platinum group elements mineralisation. Modelling of the results by Southern Geoscience (SGC) indicates a dense unit that has a significant thickness of up to 400m and appears to be close to surface. (refer CY5 ASX Announcement 10 Feb 2022)ⁱ The area has been subjected to limited historic exploration with drilling in the early 2000's focussing on kaolin exploration with shallow AC and RAB. Much of this drilling was not submitted for any element analysis.

Land access over the priority area of the anomaly has now been secured with a reconnaissance auger geochemistry programme scheduled for August 2022.

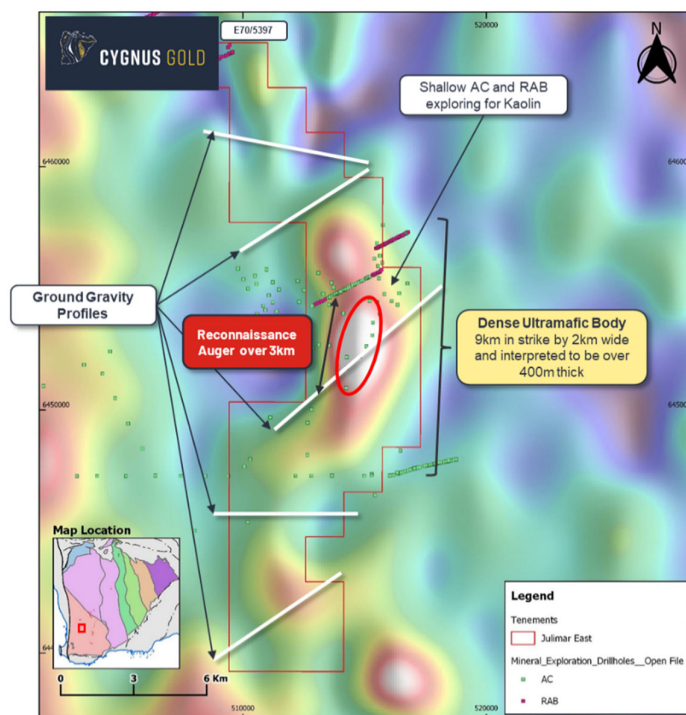


Figure 5: Julimar East Project (E70/5397) with interpreted ultramafic body highlighted in the re-stretched GSWA regional gravity, showing a significant gravity high in the centre of the E70/5397 tenement covering 9km of strike length. Location of the gravity profiles show in white with location of open file drill collars which have historically been focussed on kaolin exploration. Scheduled reconnaissance auger planned over the centre of gravity anomaly, highlighted in red.

Directors' report

REVIEW OF OPERATIONS (CONTINUED)

PANHANDLE PROJECT (100% CY5)

Cygnus Gold's E29/1075 (Panhandle Project) is located 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 no drilling and limited surface sampling and geophysical surveys.

Results from the surface geochemical programme completed in December 2021 confirmed that prospective trends from the adjacent Corbe (ASX:CBE) Perrinvale Project continue into Cygnus's Panhandle project, with outcrop and geochemical signatures indicating the presence of ultramafics, mafic volcanics and BIF.

Heritage surveys have been completed which will accommodate follow up AC programs that are planned to test areas with interpreted thin alluvial cover along strike from known enrichment on the adjacent tenements. These programmes are expected to commence late 2022.

BONNIE ROCK (100% CY5)

Cygnus Gold's Bonnie Rock Project (E70/5196) is located within the Youanmi Terrane of the Yilgarn Craton, around 25km north of the major terrane bounding Koolanooka fault.

The project covers 129km² and was initially explored during the late 1970s and early 1980s but has seen very little modern exploration since. Previous explorers identified the Dam Gossan Target, an area of outcropping silver-lead-zinc mineralisation associated with manganese rich gossanous veins in 150m long suite of outcropping felsic intrusives. Limited subsequent drilling from the Dam Gossan confirmed grades of up to 760g/t Ag, 1.9% Pb and 1.7% Zn which remains open along strike and at depth with only 200m of strike extent tested by drilling within a larger 1.2km area of anomalous silver-lead-zinc rock chips grading up to 89g/t Ag, 3% Pb and 6.7% Zn (*refer to CY5 ASX Announcement 24 January 2022*)ⁱ.

Cygnus has taken 386 auger geochemical samples covering 3km of strike across the Dam Gossan anomaly. To date no significant results have been received as Cygnus Gold continues to assess the potential of the target area. Submissions for Exploration Initiative Scheme (EIS) funding have been submitted to DMIRS, with possible follow up work including drill testing the Dam Gossan anomaly to better understand the geology of the mineralisation and possible structural controls.

CORPORATE

Financial Information

The loss of the Consolidated Group for the six months ended 30 June 2022 after providing for income tax amounted to \$583,712 (30 June 2021: \$669,941). The net assets of the Company are \$2,600,178 as at 30 June 2022 (31 December 2021: \$3,110,086).

At 30 June 2022 the Consolidated Group had \$1,945,419 in cash and cash equivalents (31 December 2021: \$2,811,336).

Directors' report

CORPORATE (CONTINUED)

Divestment of Stanley Gold Project

In April 2022, Cygnus Gold entered into a Farm-in Agreement (Agreement) with ASX-listed mineral exploration company Ausgold Limited (ASX:AUC) (Ausgold) in respect of the Stanley Gold Project, located 25km northeast of Ausgold's 100%-owned Katanning Gold Project.

Under the terms of the Agreement, Ausgold has the right to earn up to an 85% interest in the Project over three years by expending:

- \$500,000 over 24 months to earn 51%; and
- A further \$250,000 in the final 12 month period to earn an additional 34% interest.

Upon Ausgold meeting the expenditure milestone, Cygnus will retain a 15% free-carried interest in the Project up until a decision to mine, with the right to convert their interest to a 1.5% net smelter royalty.

Gold Road Joint Ventures

Cygnus Gold and Gold Road terminated the Lake Grace Joint Venture and Yandina Joint Venture.

Three tenements were divested for minor consideration (including a Net Smelter Royalty) and Cygnus retained one tenement. All other tenements were surrendered.

Completion of Placement

On 20 January 2022 and following the approval by shareholders received at the General Meeting of Shareholders on 23 December 2021, Cygnus issued 913,044 fully paid ordinary shares at an issue price of \$0.115 per share to Directors of the Company.

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

Acquisition of Pontax Lithium Project

On 29 July 2022 Cygnus announced to ASX that it had entered into a binding agreement with TSXV-listed Stria Lithium Inc (Stria) under which it can earn up to 70% of the Pontax Lithium Project in Quebec, Canada.

The Pontax Lithium Project has been acquired due to the potential to host a substantial lithium Resource. The Project covers 36km² located in the prolific Superior Province of Quebec, with the James Bay region one of the most endowed lithium terranes in the world, even though only minimal modern exploration has been seen over the past 20 years.

Cygnus has completed its due diligence and has entered into a binding term sheet to acquire up to 70% of the Pontax Lithium Project from Stria. However, readers of these financial statements are cautioned that the commencement of the proposed earn-in and acquisition remains conditional on Stria obtaining any shareholder and regulatory approvals required to give effect to the earn-in and acquisition (which conditions are outside of the Company's control).

Directors' report

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD (CONTINUED)

Acquisition of Pontax Lithium Project (continued)

The key acquisition terms are as follows:

- A payment of C\$1,000,000 to be made to Stria.
- Cygnus may earn an initial 51% interest in the Project ("Stage 1 Earn-In") by:
 - expending C\$4,000,000 on exploration over an 18-month period; and
 - making a cash payment to Stria of C\$2,000,000 at the end of the Stage 1 Earn-in period.
- Cygnus may earn a further 19% interest in the Project ("Stage 2 Earn-In") by:
 - expending C\$6,000,000 on exploration in the 30-month period commencing on the date that Cygnus satisfies the Stage 1 Earn-in; and
 - making a cash payment to Stria of C\$3,000,000.
- A Joint Venture will be formed on the earlier of:
 - the end of the Stage 2 Earn-in period; and
 - the date that Cygnus withdraws from the Stage 2 Earn-in (if it elects to do so).
- Subject to Cygnus completing the Stage 2 Earn-in and formation of the Joint Venture, Cygnus will free carry Stria's remaining 30% interest through to completion of a Feasibility Study.
- Cygnus and Stria intend to enter into a formal earn-in and joint venture agreement within 60 days (however, the term sheet remains legally binding even if a formal agreement is not entered into).

The earn-in under the formal agreement is proposed to be via an unincorporated joint venture unless the parties agree otherwise based on a review of applicable tax, accounting, corporate and regulatory issues.

In conjunction with the acquisition of the Pontax Lithium Project, Cygnus has agreed to subscribe for C\$350,000 of shares in Stria which will result in Cygnus owning approximately 7% of Stria.

Cygnus Placement

In August 2022, Cygnus completed a placement to sophisticated and professional investors to raise approximately \$3,650,000 (before costs) through the issue of up to 29,200,000 fully paid ordinary shares in the Company at an issue price of \$0.125 per Share.

The Placement excludes participation by directors and management of the Company, who intend to subscribe for a total of 4,240,000 (\$530,000) placement shares at an issue price of \$0.125 per share subject to the approval of shareholders at the Company's next general meeting expected to be held in September.

Issue of Performance Rights

The Company, subject to shareholder approval, intends to issue 26,000,000 Performance Rights to directors, management and consultants of the Company. The performance hurdles are to reflect the focus of the Company to become a substantial lithium exploration company. The hurdles are planned to be as follows:

Directors' report

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD (CONTINUED)

Acquisition of Pontax Lithium Project (continued)

- Half will vest of the achievement of an Inferred Resource of 5,000,000 tonnes at a grade no less than 0.8% Li₂O within three years.
- Half will vest of the achievement of an Inferred Resource of 10,000,000 tonnes at a grade no less than 0.8% Li₂O within three years.

There have not been any other events that have arisen between 30 June 2022 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 activities on the Pontax Lithium Project; and
- exploration of the Group's key assets in the Wheatbelt region of Western Australia which includes continued to negotiate further access with private landholders in relation to these areas of interest identified.

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

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



Michael Naylor
Executive Director

30 August 2022

Directors' report

FORWARD LOOKING STATEMENT

This report 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.

COMPETENT PERSONS STATEMENT

The information in this announcement that relates to Exploration Targets and Exploration Results is based on information and supporting documentation compiled by Mr Duncan Grieve, a Competent Person who is a member of The Australasian Institute of Geoscientists. Mr Grieve is Exploration Manager and a full-time employee of Cygnus Gold and holds shares in the Company.

Mr Grieve 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 Grieve consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

DISCLAIMER

This report has been prepared by Cygnus Gold Limited based on information from its own and third-party sources and is not a disclosure document. No party other than the Company has authorised or caused the issue, lodgement, submission, despatch or provision of this release, or takes any responsibility for, or makes or purports to make any statements, representations or undertakings in this release. Except for any liability that cannot be excluded by law, the Company and its related bodies corporate, directors, employees, servants, advisers and agents disclaim and accept no responsibility or liability for any expenses, losses, damages or costs incurred by you relating in any way to this release including, without limitation, the information contained in or provided in connection with it, any errors or omissions from it however caused, lack of accuracy, completeness, currency or reliability or you or any other person placing any reliance on this release, its accuracy, completeness, currency or reliability. This release is not a prospectus, disclosure document or other offering document under Australian law or under any other law. It is provided for information purposes and is not an invitation nor offer of shares or recommendation for subscription, purchase or sale in any jurisdiction. This release does not purport to contain all the information that a prospective investor may require in connection with any potential investment in the Company. Each recipient must make its own independent assessment of the Company before acquiring any shares in the Company.

End Notes (No exploration data or results are included in this report that have not been released publicly. All data or results have been referenced on the text)

- i. Refer ASX announcement on the said date for full details of these results. Cygnus Gold is not aware of any new information or data that materially effects the information in the said announcements.
- ii. Refer to scientific paper 'Recent pegmatite-hosted spodumene discoveries in Western Australia: insights for lithium exploration in Australia and globally written by Zoe Phelps-Barber, Allan Trench & David I. Groves. Paper available at <https://www.tandfonline.com/doi/full/10.1080/25726838.2022.2065450?scroll=top&needAccess=true>

Consolidated statement of profit or loss and other comprehensive income

For the half year ended 30 June 2022

	Notes	30 June 2022 \$	30 June 2021 \$
Income			
Other Income		69,323	3,600
		69,323	3,600
Expenses			
Audit and accounting		(10,800)	(15,150)
Borrowing costs		(30)	(1,496)
Consultants and contractors		(114,950)	(68,329)
Corporate costs		(123,728)	(56,841)
Depreciation and amortisation		(15,343)	(12,900)
Depreciation on right of use assets		(17,023)	(7,431)
Employee benefits		(228,315)	(147,790)
Exploration and evaluation costs		(11,031)	(13,005)
Exploration expenditure impaired	4	(713)	(259,943)
Exploration expenditure written off	4	(34,949)	-
Interest expense of lease liability		(2,581)	
Listing & compliance		(14,536)	(24,469)
Office rental & outgoings		(4,431)	(68,504)
Travel and accommodation		(75,168)	(1,261)
		(653,598)	(677,119)
Operating Loss		(584,275)	(673,519)
Finance income		563	3,578
Loss before income tax		(583,712)	(669,941)
Income tax expense		-	-
Loss after income tax		(583,712)	(669,941)
Other comprehensive loss		-	-
Total comprehensive loss for the period net of tax		(583,712)	(669,941)
Loss per share attributable to equity holders of the Company		Cents	Cents
Basic loss per share		(0.50)	(0.62)
Diluted loss per share		(0.50)	(0.62)

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

Consolidated statement of financial position

As at 30 June 2022

	Notes	30 June 2022	31 December 2021
		\$	\$
Assets			
Current			
Cash and cash equivalents		1,945,419	2,811,336
Trade and other receivables		69,271	75,094
Total current assets		2,014,690	2,886,430
Non-Current			
Exploration and evaluation	4	920,506	453,546
Property, plant and equipment		37,336	44,886
Right of use assets		102,833	114,527
Total non-current assets		1,060,675	612,959
Total assets		3,075,365	3,499,389
Liabilities			
Current			
Trade and other payables		348,862	266,256
Provisions		20,086	6,284
Lease liabilities		30,875	25,908
Total current liabilities		399,823	298,448
Non-current liabilities			
Lease liabilities		75,364	90,855
Total non-current liabilities		75,364	90,855
Total liabilities		475,187	389,303
Net assets		2,600,178	3,110,086
Equity			
Contributed equity	5	10,222,950	10,149,146
Reserves		5,109,203	5,109,203
Accumulated losses		(12,731,975)	(12,148,263)
Total equity		2,600,178	3,110,086

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 2022

	Notes	Share Capital \$	Other Contributed Equity \$	Share-based Payment Reserve \$	Accumulated Losses \$	Total Equity \$
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		-	-	-	(669,941)	(669,941)
Balance at 30 June 2021		9,130,519	-	4,313,389	(10,737,023)	2,706,885
Balance at 1 January 2022		10,044,146	105,000	5,109,203	(12,148,263)	3,110,086
Loss after income tax		-	-	-	(583,712)	(583,712)
Other comprehensive loss		-	-	-	-	-
Total Comprehensive loss		-	-	-	(583,712)	(583,712)
Issue of share capital	5	105,000	(105,000)	-	-	-
Proceeds from share applications	5	76,396	-	-	-	76,396
Share issue expenses	5	(2,592)	-	-	-	(2,592)
Balance at 30 June 2022		10,222,950	-	5,109,203	(12,731,975)	2,600,178

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

For personal use only

Consolidated statement of cash flows

For the half year ended 30 June 2022

	Notes	30 June 2022 \$	30 June 2021 \$
Operating activities			
Payments to suppliers and employees		(536,559)	(354,597)
Payments for exploration expenditure		(11,031)	-
Interest received		741	3,056
Interest payments		(2,611)	(1,495)
Other income		50,097	-
Net cash outflow from operating activities		(499,363)	(353,036)
Investing activities			
Payments for acquisition of mining tenements		-	(972)
Payments for capitalised exploration and evaluation assets		(434,972)	(212,365)
Purchase of property, plant and equipment		(7,793)	(1,370)
Proceeds from sale of mining tenements		18,260	-
Net cash outflow from investing activities		(424,505)	(214,707)
Financing activities			
Lease payments		(15,853)	(6,377)
Proceeds from issue of shares	5	76,396	-
Capital raising costs for issue of shares	5	(2,592)	-
Net cash inflow from financing activities		57,951	(6,377)
Net change in cash and cash equivalents		(865,917)	(574,120)
Cash and cash equivalents at the beginning of the period		2,811,336	3,385,934
Cash and cash equivalents at the end of the period		1,945,419	2,811,814

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 consolidated 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 30 August 2022.

2 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

a) Basis of preparation and changes to the Group's accounting policies

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 2021 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 2021.

b) New standards adopted as 1 January 2022

All accounting pronouncements which have become effective from 1 January 2022 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.

2 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (CONTINUED)

e) 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.

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 2021.

Notes to the consolidated financial statements

4 EXPLORATION AND EVALUATION ASSETS

	30 June 2022	31 December 2021
	\$	\$
Carrying amount at the beginning of the period	453,546	-
Expenditure incurred during the year	502,622	771,708
Exploration expenditure impaired	(713)	(313,881)
Exploration and evaluation expenditure written off	(34,949)	(4,281)
Carrying amount at the end of the period	920,506	453,546

5 SHARE CAPITAL AND OTHER CONTRIBUTED EQUITY

	Note	No Shares	Issue Price	Total \$
1 January 2021		108,070,098		9,130,519
Shares issued on vesting of performance rights	(i)	350,000	Nil	-
Share issue	(ii)	7,987,863	\$0.115	918,604
Other contributed equity	(iii)	913,044	\$0.115	105,000
Share issue costs				(4,977)
31 December 2021		117,321,005		10,149,146
Shares issue	(iv)	664,310	\$0.115	76,396
Transaction costs				(2,592)
30 June 2022		117,985,315		10,222,950

- (i) On 7 April 2021, 350,000 fully paid ordinary shares pertaining to Class A and B performance rights were issued to former director James Merillees (or his nominee). The performance conditions pertaining to this issuance were met as at 31 December 2020 and all corresponding share-based payments expenses were recognised up to 31 December 2020 accordingly.
- (ii) On 8 November 2021, the placement to sophisticated and professional investors was completed by issuing 7,987,863 fully paid ordinary shares at an issue price of \$0.115 per share raising \$918,604 before issue costs.
- (iii) Share application monies were received from participating directors in advance, pending shareholder approval which was sought and was received at a General Meeting of Shareholders, held on 23 December 2021. These shares were subsequently issued on 20 January 2022.
- (iv) On 21 January 2022, the placement to director Ray Shorrocks was completed by issuing 76,396 fully paid ordinary shares at an issue price of \$0.115 per share raising \$76,396 before issue costs were issued to participating directors, following shareholder approval which was sought and received at a General Meeting of Shareholders, held on 23 December 2021

Each share has the same right to receive dividend and the repayment of capital and represents one vote at the shareholders' meeting of Cygnus Gold Limited.

6 COMMITMENTS

The exploration and expenditure commitments have not changed materially since 31 December 2021.

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 (Cygnum Gold Limited) as the numerator, ie no adjustment to losses were necessary during the six months periods to 30 June 2022 and 30 June 2021.

Amount:	30 June 2022	30 June 2021
Weighted average number of shares using basic earnings per share	117,579,348	108,070,098
Weighted average number of shares used in diluted earnings per share	117,579,348	108,070,098

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 ARISING SINCE THE END OF THE REPORTING PERIOD

Acquisition of Pontax Lithium Project

On 29 July 2022 Cygnus announced to ASX that it had entered into a binding agreement with TSXV-listed Stria Lithium Inc (Stria) under which it can earn up to 70% of the Pontax Lithium Project in Quebec, Canada.

The Pontax Lithium Project has been acquired due to the potential to host a substantial lithium Resource. The Project covers 36km² located in the prolific Superior Province of Quebec, with the James Bay region one of the most endowed lithium terranes in the world, even though only minimal modern exploration has been seen over the past 20 years.

Cygnus has completed its due diligence and has entered into a binding term sheet to acquire up to 70% of the Pontax Lithium Project from Stria. However, readers of these financial statements are cautioned that the commencement of the proposed earn-in and acquisition remains conditional on Stria obtaining any shareholder and regulatory approvals required to give effect to the earn-in and acquisition (which conditions are outside of the Company's control).

The key acquisition terms are as follows:

- A payment of C\$1,000,000 to be made to Stria.
- Cygnus may earn an initial 51% interest in the Project ("Stage 1 Earn-In") by:
 - expending C\$4,000,000 on exploration over an 18-month period; and
 - making a cash payment to Stria of C\$2,000,000 at the end of the Stage 1 Earn-in period.
- Cygnus may earn a further 19% interest in the Project ("Stage 2 Earn-In") by:
 - expending C\$6,000,000 on exploration in the 30-month period commencing on the date that Cygnus satisfies the Stage 1 Earn-in; and
 - making a cash payment to Stria of C\$3,000,000.
- A Joint Venture will be formed on the earlier of:
 - the end of the Stage 2 Earn-in period; and
 - the date that Cygnus withdraws from the Stage 2 Earn-in (if it elects to do so).
- Subject to Cygnus completing the Stage 2 Earn-in and formation of the Joint Venture, Cygnus will free carry Stria's remaining 30% interest through to completion of a Feasibility Study.
- Cygnus and Stria intend to enter into a formal earn-in and joint venture agreement within 60 days (however, the term sheet remains legally binding even if a formal agreement is not entered into).

Notes to the consolidated financial statements

8. EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD (CONTINUED)

Acquisition of Pontax Lithium Project (continued)

The earn-in under the formal agreement is proposed to be via an unincorporated joint venture unless the parties agree otherwise based on a review of applicable tax, accounting, corporate and regulatory issues.

In conjunction with the acquisition of the Pontax Lithium Project, Cygnus has agreed to subscribe for C\$350,000 of shares in Stria which will result in Cygnus owning approximately 7% of Stria.

Cygnus Placement

In August 2022, Cygnus completed a placement to sophisticated and professional investors to raise approximately \$3,650,000 (before costs) through the issue of up to 29,200,000 fully paid ordinary shares in the Company at an issue price of \$0.125 per Share.

The Placement excludes participation by directors and management of the Company, who intend to subscribe for a total of 4,240,000 (\$530,000) placement shares at an issue price of \$0.125 per share subject to the approval of shareholders at the Company's next general meeting expected to be held in September.

Issue of Performance Rights

The Company, subject to shareholder approval, intends to issue 26,000,000 Performance Rights to directors, management and consultants of the Company. The performance hurdles are to reflect the focus of the Company to become a substantial lithium exploration company. The hurdles are planned to be as follows:

- Half will vest of the achievement of an Inferred Resource of 5,000,000 tonnes at a grade no less than 0.8% Li₂O within three years.
- Half will vest of the achievement of an Inferred Resource of 10,000,000 tonnes at a grade no less than 0.8% Li₂O within three years.

There have not been other any events that have arisen between 30 June 2022 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 12 to 19 are in accordance with the *Corporations Act 2001*, including:
 - i Giving a true and fair view of its financial position as at 30 June 2022 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.



Michael Naylor
Executive Director
30 August 2022

For personal use only



**Building a better
working world**

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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 statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and 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, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply 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 2022 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities 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 responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 30 June 2022 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*.

For personal use only



**Building a better
working world**

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.

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
30 August 2022

For personal use only



**Building a better
working world**

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

As lead auditor for the review of Cygnus Gold Limited for half-year ended 30 June 2022, 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; and
- c. No non-audit services provided that contravene 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
30 August 2022

For personal use only