

# Financial Statements

**Cygnus Gold Limited**  
For the half-year ended 30 June 2017



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# Directors' Report

The Directors of Cygnus Gold Limited (Cygnus or Company) present their Report together with the financial statements of the entity, being Cygnus ('the Company') for the period ended 30 June 2017.

## Directors

The following persons were Directors of Cygnus during or since the end of the financial year.

### **Mr Michael Bohm (Non- Executive Chairman), appointed 30 September 2016**

Mr Michael Bohm is a qualified mining professional with extensive Corporate & Operations experience. Michael has extensive minerals industry experience in Australia, South East Asia, Africa, Chile, Canada and Europe. A graduate of WA School of Mines, Michael has worked as a mining engineer, mine manager, study manager, project manager, project director and managing director and has been directly involved in a number of mine developments in the gold, nickel and diamond sectors. Michael is a current Director and Chair of a number of ASX-listed companies and sits on their Audit & Risk and Remuneration Committees. Mike has had previous directorships at Argyle Diamonds Mines, Sally Malay Mining Limited and Ashton Mining of Canada.

### **Dr Amanda Buckingham (Non-Executive Director), appointed 21 April 2016**

Dr Amanda Buckingham has over 20 years' experience as a geophysicist, working in exploration, consulting and academia, on all continents, and across a broad range of commodities and deposit styles. Amanda has worked for majors such as Rio Tinto, as well as listed junior explorers. She began consulting with SRK in Perth, and developed her expertise in airborne geophysical data from several years managing acquisition projects with High Sense Geophysics in Toronto, and Fugro Airborne Surveys in Southern Africa. Amanda is currently a director and owner of Fathom Geophysics, an industry leading geophysical consultancy that has aided discoveries and exploration programs across the globe; specializing in structure detection and targeting under cover.

### **Dr Oliver Kreuzer (Non-Executive Director), appointed 21 April 2016**

Dr Oliver Kreuzer is a Registered Professional Geoscientist (MAIG RPGeo) with a broad skill set in structural, generative and corporate geology honed during a 16+ year career in applied research and mineral exploration across a wide range of gold, base metals and uranium projects in Australia, Africa, North America, Europe and Asia. His work directly contributed to new company floats (ASX:AUC, ASX:RGU), company transforming project acquisitions (ASX:AWV) and new discoveries. Oliver's passion lies in the application of superior geoscience to exploration targeting and shortening the time frame to discovery.

### **Mr Alan Cleland (Non-Executive Director), appointed 4 October 2016**

Mr Alan Cleland has over 50 years' experience in the Pastoral and Farming industries, operating a 250000ha sheep station until selling in 1981 and moving to a 850ha farm, which has been expanded to 3500ha. He was a councillor on the Shire of Leonora for 13 years, serving as President for 10 years. He is currently Chair of the Pastoralists' and Graziers Association Native Title Working Group and an ex officio member of the Executive Committee. He has also been involved in small scale mineral exploration for more than 40 years.



## Company Secretary

### Mr Michael Naylor

Mr Michael Naylor has 21 years' experience in corporate advisory and public company management since commencing his career and qualifying as a chartered accountant with Ernst & Young. Michael has been involved in the financial management of mineral and resource focused public company's serving on the board and in the executive management team focusing on advancing and developing mineral resource assets and business development.

## Principal activities

Cygnus is a gold exploration company focused on gold exploration in 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

### Operations Report January 2017 - June 2017

#### January - February 2017

- Land access meetings with landowners at the Bottleneck Prospect

#### March 2017

- Chief Executive Officer, James Merrillees appointed
- Land Access Agreement covering Bottleneck prospect executed
- Additional exploration licence application Bullock North (E70/4952) lodged on 10 March 2017 over 68.5km<sup>2</sup>.
- Completed ground geophysical (gravity) survey at Stanley (E70/4787)

#### April 2017

- Executed Subscription Agreement to raise \$500,000 with an additional \$500,000 committed by the same group at the IPO
- Ground gravity results received, processed and interpreted. Several new target zones identified to be prioritised for follow up
- Meetings were held with landowners covering broader key target areas on the Stanley Project (E70/4787)
- Burracoppin South tenement application withdrawn prior to grant due to the presence of a wind farm not recognised in the DMP datasets

#### May 2017

- E77/2405 (Burracoppin) granted on 3 May 2017, E70/4910 (Frankland) granted on 9 May 2017, E70/4911 (Snake Rock) granted 10 May 2017, and E70-/4912 (Borden) granted on 11 May 2017
- Target generation exercise included the reprocessing of geophysical datasets to highlight new understandings of gold mineralisation controls. This study highlighted new, high potential targets and included a recommendation to apply for new tenements totalling ~1,406km<sup>2</sup> in June.



## June 2017

- Additional exploration licence applications Bencubbin (E70/4988), Wadderin (E70/4989), Hardies Extension (E70/4990), Holland Rock (E70/4991), Burracoppin North (E77/2463) and Burracoppin Northwest (E774992) lodged on 7 June 2017
- Draft Independent Technical Assessment Report updated to include chapters for 2017 tenement applications

The loss of the Company for the six months ended 30 June 2017 after providing for income tax amounted to \$193,213. The net assets of the Company are \$1,199,025 as at 30 June 2017.

## Events arising since the end of the reporting period

In October 2017, Cygnus has entered into two joint venture agreements with ASX-listed company Gold Road Ltd (ASX:GOR) to explore the Wadderin and Lake Grace Joint Venture Projects. Cygnus is initially managing exploration on the Gold Road JVs with the exploration commitments on the Joint Ventures being met by Gold Road the incoming joint venture partner.

At the Lake Grace JV Gold Road can earn a 51% interest by spending A\$700,000 within 30 months. After the initial earn-in, Gold Road can elect to earn a further 24% interest (75% in total) by spending a further A\$500,000 (A\$1,200,000 in aggregate), over a further 18 months (four years in aggregate).

At the Wadderin JV Gold Road can earn a 51% interest by spending \$1,600,000 within 30 months. After the initial earn-in, Gold Road can elect to earn a further 24% interest (75% in total) by spending a further A\$900,000 (A\$2,500,000 in aggregate), over a further 18 months (four years in aggregate).

Other than what is mentioned above, there are no matters or circumstances that have arisen since the end of the half year that have significantly affected or may significantly affect either:

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

## Likely developments and expected results

The Consolidated Entity is committed to realising value from its exploration assets and is targeting a listing on the Australian Securities Exchange.

## Auditor's independence declaration

The lead auditor's independence declaration for the period ended 30 June 2017 has been received and is attached to this Directors' Report.

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



**Mr Michael Bohm**  
Non-Executive Chairman

Dated at Perth this 30<sup>th</sup> October 2017



Level 1  
10 Kings Park Road  
West Perth WA 6005

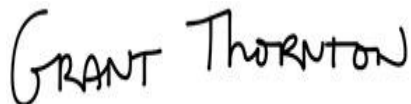
Correspondence to:  
PO Box 570  
West Perth WA 6872

T +61 8 9480 2000  
F +61 8 9322 7787  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## 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 2017, 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



M A Petricevic  
Partner – Audit & Assurance

Perth, 30 October 2017

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# Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 30 June 2017

	Notes	June 2017 \$	June 2016 \$
Revenues		1,896	809
Impairment on exploration expenses	8	(81,422)	(21,274)
Employment costs		(119,102)	-
Consultancy costs		(24,438)	-
Audit fees		(12,250)	-
Other expenses		(39,319)	(1,062)
<b>Loss before income tax</b>		<b>(274,635)</b>	<b>(21,527)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(274,635)</b>	<b>(21,527)</b>
<b>Other comprehensive loss for the period, net of tax</b>		-	-
<b>Total comprehensive loss for the period</b>		<b>(274,635)</b>	<b>(21,527)</b>

	Notes	June 2017 \$	June 2016 \$
<b>Loss per share</b>			
<i>Loss per share (cents per share)</i>	11	(1.00)	(0.43)
<b>Total</b>			

Note: This statement should be read in conjunction with the notes to the financial statements.



# Statement of Financial Position

As at 30 June 2017

	Notes	June 2017 \$	Dec 2016 \$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	6	787,308	778,604
Trade and other receivables	7	38,835	7,760
Prepayments		11,946	-
Deposits	14	-	84,262
Current assets		838,089	870,626
<b>Non-Current</b>			
Property, plant and equipment		7,933	-
Exploration & evaluation	8	370,285	65,047
Non-Current assets		378,218	65,047
<b>Total assets</b>		<b>1,216,307</b>	<b>935,673</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables	9	84,288	54,786
Provisions		3,267	-
Loans		11,149	11,149
Current liabilities		98,704	65,935
<b>Non-Current</b>			
Non-Current liabilities		-	-
<b>Total liabilities</b>		<b>98,704</b>	<b>65,935</b>
<b>Net assets</b>		<b>1,117,603</b>	<b>869,738</b>
<b>Equity</b>			
Share Capital	10	1,473,742	951,242
Accumulated losses		(356,139)	(81,504)
<b>Total equity</b>		<b>1,117,603</b>	<b>869,738</b>

Note: This statement should be read in conjunction with the notes to the financial statements.



# Statement of Changes in Equity

For the period ended 30 June 2017

	Notes	Share capital \$	Share option reserve \$	Retained Losses \$	Total equity \$
Balance at 1 January 2017		951,242	-	(81,504)	869,738
Loss for the period		-	-	(274,635)	(274,635)
Other comprehensive loss		-	-	-	-
Total comprehensive loss		-	-	(274,635)	(274,635)
Transactions with owners and options					
Issue of share capital	10	522,500	-	-	522,500
Share issuance costs	10	-	-	-	-
<b>Balance at 30 June 2017</b>		<b>1,473,742</b>	<b>-</b>	<b>(356,139)</b>	<b>1,117,603</b>

	Notes	Share capital \$	Share option reserve \$	Retained Losses \$	Total equity \$
Balance at 3 November 2015		-	-	-	-
Loss for the period		-	-	(21,527)	(21,527)
Other comprehensive loss		-	-	-	-
Total comprehensive loss		-	-	(21,527)	(21,527)
Transactions with owners and options					
Issue of share capital	10	25,000	-	-	25,000
Share issuance costs	10	-	-	-	-
<b>Balance at 30 June 2016</b>		<b>25,000</b>	<b>-</b>	<b>(21,527)</b>	<b>3,473</b>

Note: This statement should be read in conjunction with the notes to the financial statements.



# Statement of Cash Flows

For the period from incorporation to 30 June 2017

	Notes	June 2017	June 2016
<b>Operating activities</b>			
Payments to suppliers for administration		(222,487)	(1,165)
Payments for exploration expenditure		-	(21,311)
Interest received		1,896	1,040
<b>Net cash used in operating activities</b>		<b>(220,591)</b>	<b>(21,436)</b>
<b>Investing activities</b>			
Deposits paid for exploration tenements	14	-	-
Payments for capitalised exploration expenditure		(285,273)	-
Purchase property, plant and equipment		(7,933)	-
<b>Net cash used in investing activities</b>		<b>(293,206)</b>	-
<b>Financing activities</b>			
Proceeds from share issuances	10	522,500	25,000
Proceeds from related party loan		-	-
Proceeds from loan		-	110,919
<b>Net cash provided by financing activities</b>		<b>522,500</b>	<b>135,919</b>
Net change in cash and cash equivalents		8,704	114,483
Cash and cash equivalents, beginning of period		778,604	-
<b>Cash and cash equivalents, end of period</b>	<b>6</b>	<b>787,308</b>	<b>114,483</b>

Note: This statement should be read in conjunction with the notes to the financial statements.



# Notes to the Financial Statements

## 1 Nature of operations

Cygnus Gold Limited ('the Company') principal activities include the exploration for gold in Western Australia.

The Company's planned activities include:

- (a) Continued exploration including ground gravity at the Bottleneck tenement; and
- (b) Listing of the Company on the Australian Securities Exchange.

## 2 General information and statement of compliance

The condensed interim financial statements ('the interim financial statements') of the Company are for the six months ended 30 June 2017 and are presented in Australian Dollars (\$AUD) which is the functional currency of the Company. These general purpose financial statements of the Company have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements of the Company for the period ended 31 December 2016 and any public announcements made by the Company during the half year in accordance with continuous disclosure requirements of the Corporations Act 2001.

Cygnus Gold Limited is a Company incorporated and domiciled in Australia on 19th of February 2016. The address of its registered office and its principal place of business is Level 3, 20 Parkland Road, Osborne Park, Western Australia.

The financial statements for the period ended 30 June 2017 were approved and authorised for issue by the Board of Directors on 27 October 2017.

## 3 Adoption of new and revised Accounting Standards

In the half year ended 30 June 2017, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2017.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 30 June 2017. As a result of this review the Directors have determined that none of these standards are expected to impact the financial statements.

## 4 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 2016.

## 5 Going Concern

The company has incurred a net loss of \$274,635 during the period ended 30 June 2017 and cash outflows from operating activities equates to \$220,591.

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors consider this to be appropriate given the ability to vary the Company's cost structure and in turn the levels of cash outflow dependent on timing of its exploration activities.

Taking into account the current cash reserves of the Company and the ability to vary its cash outflows considering the amounts disclosed in Note 12, the Directors are confident the Company has adequate resources to continue as a going concern for the foreseeable future.

The Directors are in the process of instigating an initial public offering whereby additional capital will be raised. At the date of this financial report, the initial public offering has not been concluded and no guarantee can be given that a successful fund-raising outcome will eventuate. Should the Company not achieve the capital raising, there is uncertainty as to whether the Company will be in a position to pursue its planned activities as described in Note 1.

## 6 Cash and cash equivalents

Cash and cash equivalents include the following components:

	June 2017	December 2016
	\$	\$
Cash at bank and in hand	787,308	778,604
<b>Cash and cash equivalents</b>	<b>787,308</b>	<b>778,604</b>

The amount of cash and cash equivalents accessible to the Company as at 30 June 2017 amounts to \$787,308.

## 7 Trade and other receivables

Trade and other receivables consist of the following:

Trade and other receivables	June 2017	December 2016
	\$	\$
GST recoverable	38,835	7,760
<b>Total trade and other receivables</b>	<b>38,835</b>	<b>7,760</b>

All amounts are short term. The net carrying value of trade receivables is considered reasonable approximation of fair value.



## 8 Exploration and evaluation

Exploration and evaluation	June 2017 \$	December 2016 \$
Opening balance	65,047	-
Expenditure incurred during the period	386,660	65,047
Impairment recognised during the period	(81,422)	-
<b>Closing balance</b>	<b>370,285</b>	<b>65,047</b>

Impairment mainly relates to costs relating to tenements not granted yet. A reversal will be recognised upon grant.

## 9 Trade and other payables

Trade and other payables consist of the following:

Trade and other payables	June 2017 \$	December 2016 \$
Trade and other payables	84,288	39,786
Related parties payables	-	15,000
<b>Total trade and other payables</b>	<b>84,288</b>	<b>54,786</b>

All amounts are short-term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

## 10 Equity

### Share capital

The share capital of Cygnus consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Cygnus.

	June 2017 Shares	June 2017 \$	Dec 2016 Shares	Dec 2016 \$
Balance at the beginning of the period	25,416,675	951,242	-	-
Shares issued and fully paid	5,266,666	522,500	25,416,675	951,242
Share issuance costs	-	-	-	-
<b>Total contributed equity at 31 December</b>	<b>30,683,341</b>	<b>1,473,742</b>	<b>25,416,675</b>	<b>951,242</b>

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



## 11 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company (Cygnus) as the numerator (i.e no adjustments to profit were necessary in 2017).

	June 2017 \$	June 2016 \$
Net loss attributable to ordinary equity holders of the Company	(274,635)	(21,527)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share	27,583,712	4,998,822
<b>Loss per share (cents per share)</b>	<b>(1.00)</b>	<b>(0.43)</b>

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	June 2017	June 2016
Amounts in thousand shares:		
• weighted average number of shares used in basic earnings per share	27,583,712	4,998,822
• shares deemed to be issued for no consideration in respect of share based payments	-	-
<b>Weighted average number of shares used in diluted earnings per share</b>	<b>27,583,712</b>	<b>4,998,822</b>

## 12 Commitments and contingent assets and liabilities

Due to the nature of the Company's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain present interests in mineral tenements.

Annual rent on exploration licenses held by the Company are \$96,882 with a minimum exploration commitment of \$737,000 per annum.

The Company is not aware of any other contingent commitments.

## 13 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.

## 14 Deposits

The Company submitted applications for exploration tenements. These applications were submitted at a cost of \$84,262, which were refunded as the applications were accepted.

## 15 Post-reporting date events

In October 2017, Cygnus has entered into two joint venture agreements with ASX-listed company Gold Road Ltd (ASX:GOR) to explore the Wadderin and Lake Grace Joint Venture Projects. Cygnus is initially



managing exploration on the Gold Road JVs with the exploration commitments on the Joint Ventures being met by Gold Road the incoming joint venture partner.

At the Lake Grace JV Gold Road can earn a 51% interest by spending A\$700,000 within 30 months. After the initial earn-in, Gold Road can elect to earn a further 24% interest (75% in total) by spending a further A\$500,000 (A\$1,200,000 in aggregate), over a further 18 months (four years in aggregate).

At the Wadderin JV Gold Road can earn a 51% interest by spending \$1,600,000 within 30 months. After the initial earn-in, Gold Road can elect to earn a further 24% interest (75% in total) by spending a further A\$900,000 (A\$2,500,000 in aggregate), over a further 18 months (four years in aggregate).

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



## Directors' Declaration

- a In the opinion of the Directors of Cygnus Gold Limited:
- a The financial statements and notes of Cygnus Gold Limited are in accordance with the *Corporations Act 2001*, including:
    - i Giving a true and fair view of its financial position as at 30 June 2017 and of its performance for the period ended on that date; and
    - ii Complying with Australian Accounting Standards AASB 134 Interim Financial Reporting, and
  - b There are reasonable grounds to believe that Cygnus Gold Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Mr Michael Bohm**  
Non-Executive Chairman

Dated the 30<sup>th</sup> day of October 2017



Level 1  
10 Kings Park Road  
West Perth WA 6005

Correspondence to:  
PO Box 570  
West Perth WA 6872

T +61 8 9480 2000  
F +61 8 9322 7787  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## Independent Auditor's Review Report to the Members of Cygnus Gold Limited

### Report on 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 2017, 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 Cygnus Gold Limited as at 30 June 2017, 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*.

#### 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.

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### 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 Cygnus Gold Limited's financial position as at 30 June 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cygnus Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M A Petricevic  
Partner - Audit & Assurance

Perth, 30 October 2017