CYGNUS GOLD

Quarterly Activities Report

For the quarter to 31 December 2017

ASX RELEASE:

31 January 2018

ASX: CY5

CORPORATE DIRECTORY

Non-Executive Chairman
Michael Bohm

Managing Director
James Merrillees

Non-Executive Directors
Simon Jackson
Amanda Buckingham
Oliver Kreuzer

Company Secretary
Michael Naylor

Cygnus Gold Limited

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Highlights

- Cygnus successfully completes Initial Public Offer (IPO) and subsequently lists on the ASX on 15 January 2018
- $6M raised for exploration activities across multiple projects focused on the prospective southwestern Yilgarn Craton, Western Australia
- IPO cornerstone investors Resource Capital Funds, Gold Road Resources and Southern Cross Capital
- The Company entered into two earn-in and joint venture agreements with Gold Road Resources Limited (ASX:GOR) over Cygnus' Lake Grace and Wadderin Projects
- Well credentialed mining executive, Simon Jackson was appointed to the Board
- Preparation for maiden exploration programs at Stanley Project including:
  - o Programme of Work (PoW) approved for a diamond core drilling program on the Bottleneck Prospect. Programme is co-funded by a grant from the WA Government's Exploration Initiative Scheme (EIS)
  - o PoW approved for air core drilling program designed to test high priority targets identified from Cygnus ground gravity survey
- Preparations for drill programs underway (with drilling commenced 15 January 2018 - ASX Announcement 17 January 2018)
- As at 31 December 2017 the Company held $0.15m in cash (before proceeds of IPO received in January).

Exploration

Cygnus Gold's (ASX:CY5, the 'Company') exploration activities are focused on the Southwest Terrane of the Yilgarn Craton, Western Australia (Figure 1). The Company has more than 5,000km^2 in granted tenements and applications covering interpreted and known greenstone rocks where previous explorers have identified numerous prospects with widespread high grade, near surface gold mineralisation.

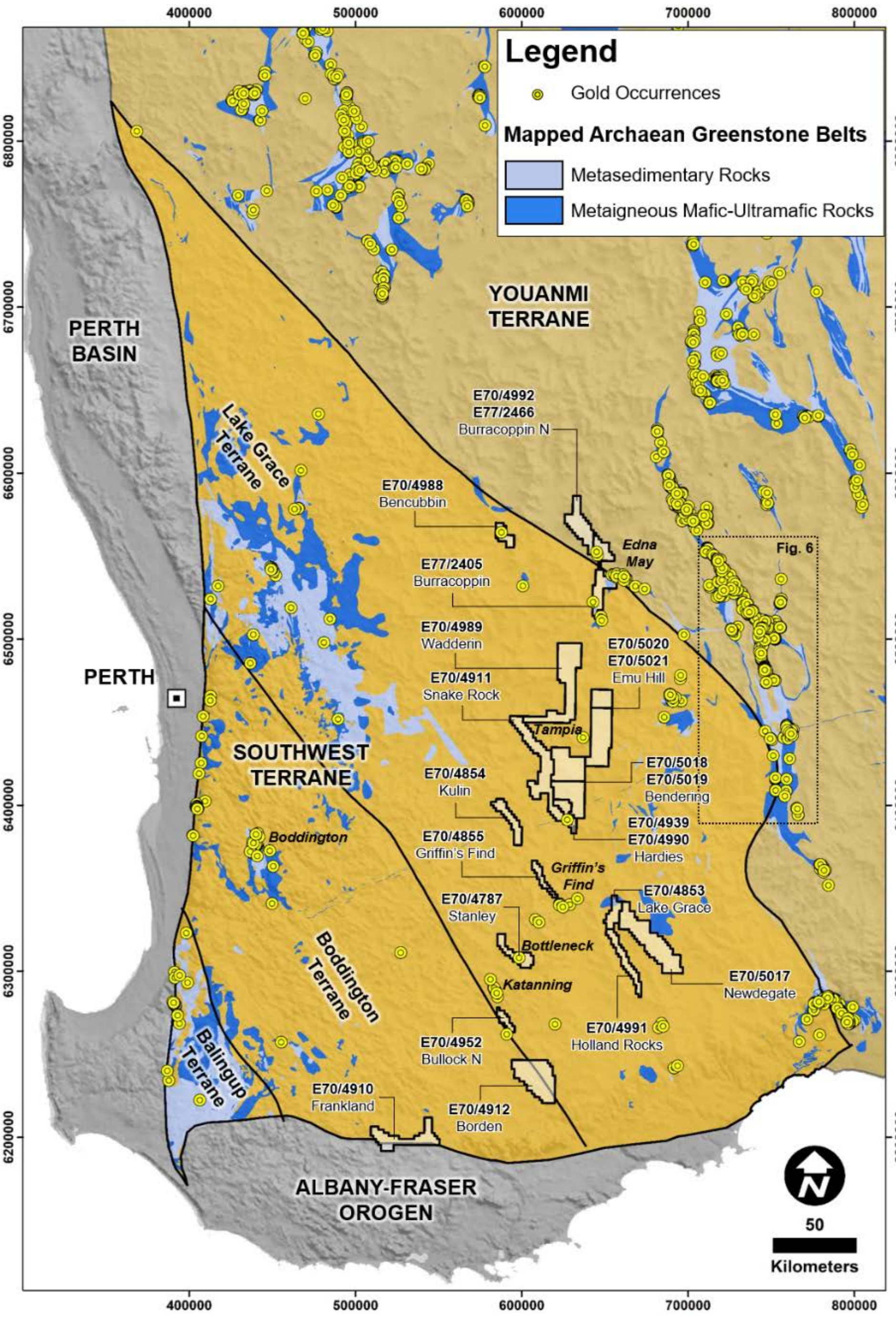

Figure 1: *Cygnus Gold's granted tenements and applications in the Southwest Terrane, Western Australia.*

During the reporting period exploration activities included preparations for drilling and geophysical programs on the Company's 100%-owned Stanley Project, project generation and landowner meetings on the Company's other 100% projects.

Stanley Project (Cygnus 100%)

The ~160km^2 Stanley tenement (E70/4787) covers more than 20km strike length of prospective greenstone rocks, including numerous prospects where previous explorers intersected high grade gold mineralisation (Figure 2).

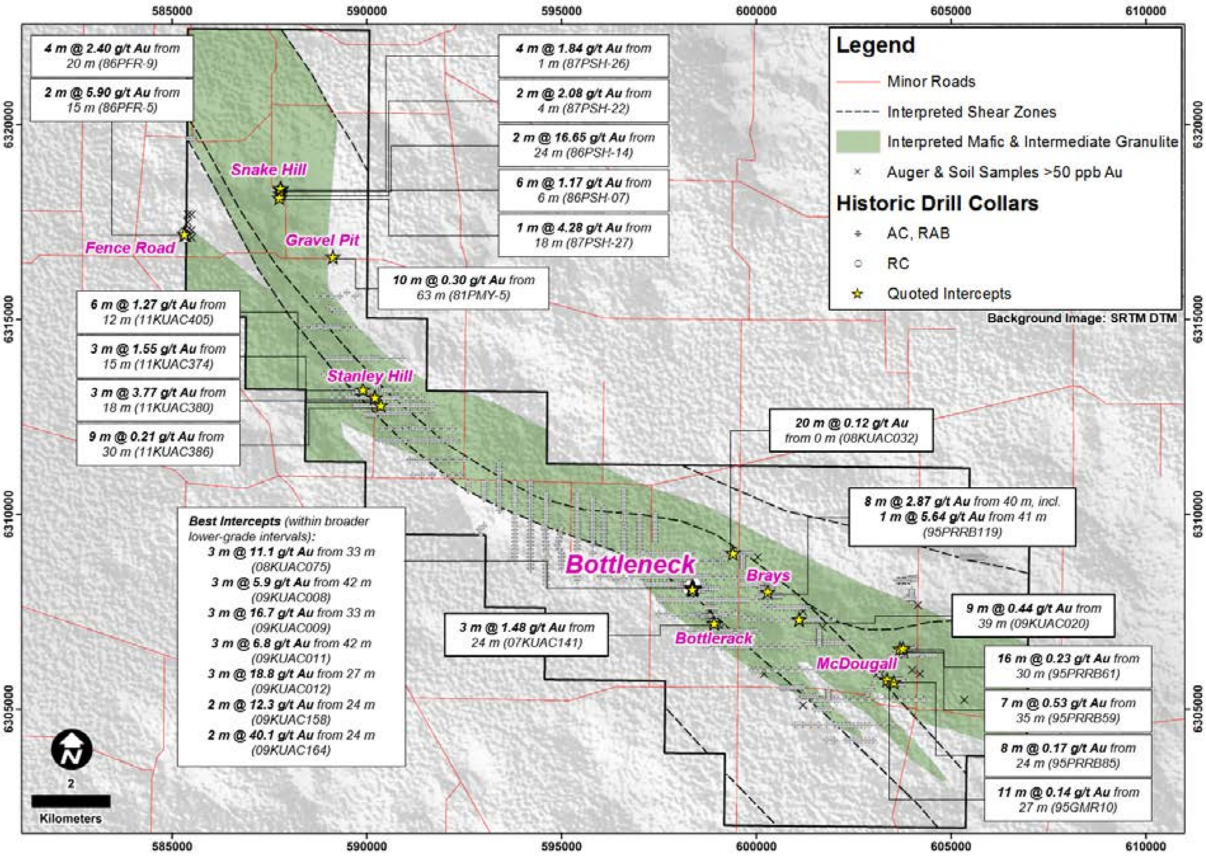

Figure 2: *Cygnus' Stanley Project highlighting high grade intersections drilled by previous explorers.*

Cygnus' immediate attention is on the Bottleneck Prospect where drilling by previous explorers defined widespread near surface gold mineralisation. Deeper drilling has been limited at Bottleneck, and no diamond (core) holes have been drilled.

During the period Cygnus had approved a Programme of Work (PoW) to allow drilling activities at Bottleneck to commence shortly after IPO. This drilling campaign commenced after the end of the reporting period (refer ASX announcement 17 January 2018).

Diamond drilling at Bottleneck is co-funded by a grant from the WA Government's Exploration Initiative Scheme (EIS).

During the period a PoW was also approved for aircore drilling of six high priority targets identified by a ground gravity survey undertaken by Cygnus on prospective ground adjacent to the Bottleneck Prospect. This program is expected to commence in the coming weeks.

In addition, plans for an expanded ground gravity survey are with contractors for tender and this program will also commence in the March quarter over areas where land access agreements have already been signed.

Note: Information on historical results from the Stanley Project, including JORC Code Table 1 information, is contained in the Independent Technical Assessment Report within Cygnus' Prospectus dated 22 November 2017. Cygnus is not aware of any new information or data that materially affects the information included in the Prospectus.

Other Cygnus 100% Owned Projects

Cygnus has an additional 1,237km^2 of granted tenements and 590km^2 of applications, covering prospective greenstone rocks of the Southwest Terrane of the Yilgarn Craton.

During the period the Company identified and met with landowners of properties covering prospects and targets identified from Cygnus' review of historical data. The response from landowners was overwhelmingly positive and it is expected that field work will commence during the upcoming quarter following the signing of land access agreements.

Gold Road Earn-in and Joint Venture Agreements

On 9 October 2017, the Company entered into two earn-in and joint venture agreements with Gold Road Resources Limited (ASX:GOR); one in relation to Cygnus' Wadderin Project (Wadderin Earn-In Agreement) and another over the Company's Lake Grace Project (Lake Grace Earn-In Agreement).

Cygnus is manager of the Projects and the key terms of the Agreements are outlined below (refer GOR's ASX Announcement 10 October 2017).

Wadderin Earn-In Agreement

- Gold Road can earn a 51% interest in the Wadderin Project by spending A$1.6 million 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$2.5 million in aggregate) over a further 18 months (4 years in aggregate)
- Gold Road can withdraw from the earn-in after spending a minimum of A$900,000 within 18 months.

Lake Grace Earn-In Agreement

- Gold Road can earn a 51% interest in the Lake Grace Project 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$1.2 million in aggregate) over a further 18 months (4 years in aggregate)
- Gold Road can withdraw from the earn-in after spending a minimum of A$400,000 within 18 months

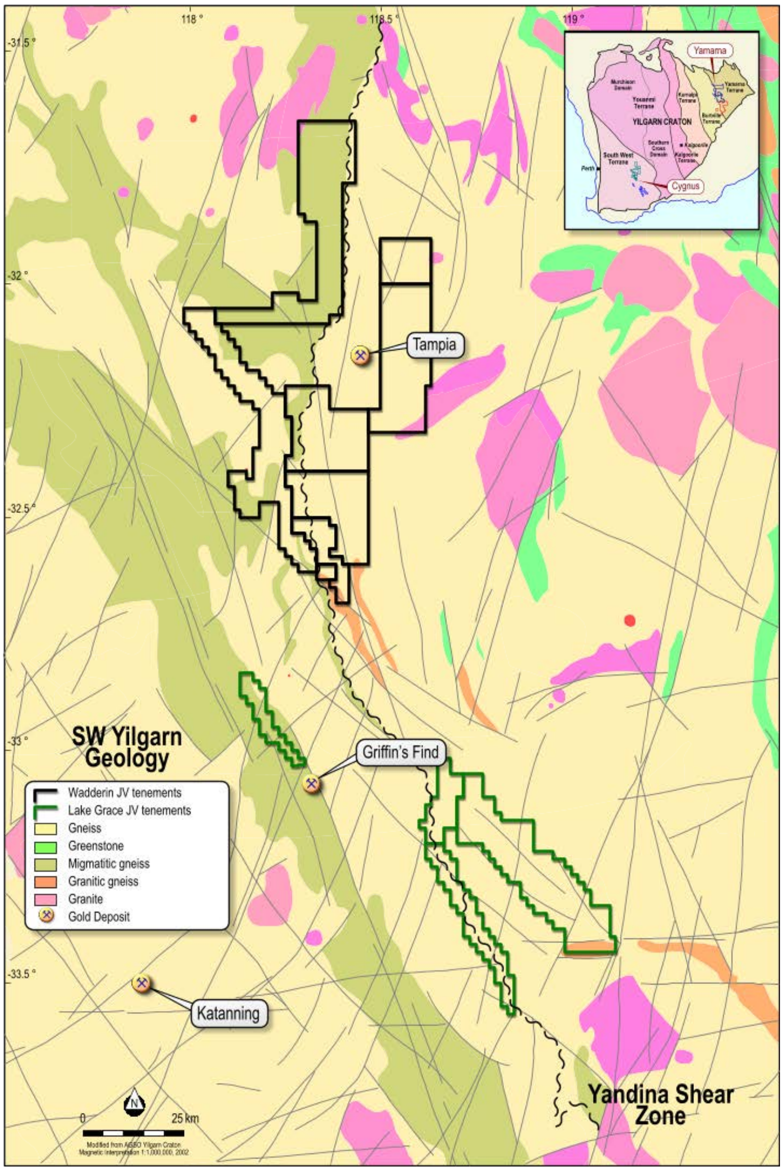

Figure 3: *Location and outline of Wadderin and Lake Grace Exploration Projects*

Corporate

Admission to the Australian Securities Exchange

Cygnus Gold Limited (ASX:CY5) was successfully admitted to the Official List with official quotation commencing on 15 January 2018.

Cygnus raised $6m (before costs) and was well supported from cornerstone shareholders including Resource Capital Funds, Southern Cross Capital and Gold Road Resources and lead broker Morgans Corporate Limited. The Company has a tight capital structure with 60,683,341 shares on issue.

Cash Position and Movements

As at 31 December 2017 Cygnus held $0.15m in cash (September 2017: $0.54 m). The Company raised $6.0m before costs at an issue price of $0.20 per share pursuant to a prospectus dated 22 November 2017.

For further movements in cash during the quarter, refer to the Appendix 5B.

Board Changes

On 17 November 2017, the Company appointed Mr Simon Jackson to the Board.

Mr Jackson is a Chartered Accountant with 25 years' experience in the gold industry. He is currently the CEO and MD of ASX listed Brazilian focused gold producer Beadell Resources Limited. In addition, Mr Jackson is currently the non-executive chairman of the TSXV listed company Orca Gold Inc and a non-executive director of the TSXV listed company Sarama Resources Limited.

On 17 November 2017, Mr Alan Cleland resigned as a Director. The Company expressed its sincere thanks to Mr Cleland who, as a founding director, was an integral part of the team in acquiring Cygnus' original assets and the success of the initial public offering.

For further information please visit www.cygnusgold.com or contact:

Cygnus Gold
James Merrillees - Managing Director
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Cygnus Gold Limited Tenements (As at 31 December 2017)

Tenement	Location	Registered Owner	Structure and Ownership
E70/4787	Western Australia	Cygnus Gold Limited	100%
E70/4854	Western Australia	Cygnus Gold Limited	100%
E70/4910	Western Australia	Cygnus Gold Limited	100%
E70/4912	Western Australia	Cygnus Gold Limited	100%
E70/4952	Western Australia	Cygnus Gold Limited	100%
E70/4988	Western Australia	Cygnus Gold Limited	Pending, 100%
E70/4992	Western Australia	Cygnus Gold Limited	Pending, 100%
E70/5050	Western Australia	Cygnus Gold Limited	Pending, 100%
E77/2405	Western Australia	Cygnus Gold Limited	100%
E77/2463	Western Australia	Cygnus Gold Limited	Pending, 100%

Wadderin Earn-In Project

E70/4911	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/4939	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/4989	Western Australia	Cygnus Gold Limited	Pending, 100%, diluting to 25%
E70/4990	Western Australia	Cygnus Gold Limited	Pending, 100%, diluting to 25%
E70/5018	Western Australia	Cygnus Gold Limited	Pending, 100%, diluting to 25%
E70/5019	Western Australia	Cygnus Gold Limited	Pending, 100%, diluting to 25%
E70/5020	Western Australia	Cygnus Gold Limited	Pending, 100%, diluting to 25%
E70/5021	Western Australia	Cygnus Gold Limited	Pending, 100%, diluting to 25%

Lake Grace Earn-In Project

E70/4853	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/4855	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/4991	Western Australia	Cygnus Gold Limited	Pending, 100%, diluting to 25%
E70/5017	Western Australia	Cygnus Gold Limited	Pending, 100%, diluting to 25%

Mining Tenements disposed: Nil

Mining Tenements acquired: Nil

Beneficial percentage interests held in farm in or farm-out agreements: Refer above.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed: Nil

Competent Persons Statement

The information in this announcement that relates to Exploration Results is based on information and supporting documentation compiled by Mr James Merrillees. Mr Merrillees is a member of The Australasian Institute of Mining and Metallurgy. Mr Merrillees has sufficient experience relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mt Merrillees is Managing Director and full-time employee of Cygnus Gold and hold shares in the Company. Mr Merrillees consents to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.

Information on historical results, including JORC Code Table 1 information, is contained in the Independent Technical Assessment Report within Cygnus' Prospectus dated 22 November 2017. Cygnus is not aware of any new information or data that materially affects the information included in the Prospectus.

Forward Looking Statements

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, tortuous, 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 presentation.