
CYGNUS GOLD LIMITED

ACN 609 094 653

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 4.00pm WST

DATE: 25 May 2018

PLACE: Level 3, 20 Parkland Road, Osborne Park, WA 6017.

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm WST on 23 May 2018.

BUSINESS OF THE MEETING

AGENDA

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2017 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2017."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – ELECTION OF DIRECTOR – MR SIMON JACKSON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 6.1(e) of the Constitution and for all other purposes, Mr Simon Jackson, a Director, retires by rotation, and being eligible, is elected as a Director."

3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – DR OLIVER KREUZER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 6.1(f) of the Constitution and for all other purposes, Dr Oliver Kreuzer, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 4 – APPOINTMENT OF AUDITOR AT FIRST AGM

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 327B of the Corporations Act and for all other purposes, Grant Thornton Audit Pty Ltd, having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of the meeting."

5. RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – MR JAMES MERRILLEES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue 700,000 Performance Rights to Mr James Merrillees (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by Mr James Merrillees (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 224 of the Corporations Act, the Company will also disregard any votes cast on Resolution 5 (in any capacity) by or on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 5 and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – MR MICHAEL BOHM

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue 200,000 Performance Rights to Mr Michael Bohm (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by Mr Michael Bohm (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 224 of the Corporations Act, the Company will also disregard any votes cast on Resolution 6 (in any capacity) by or on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 6 and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**7. RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY –
MR SIMON JACKSON**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 200,000 Performance Rights to Mr Simon Jackson (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by Mr Simon Jackson (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 224 of the Corporations Act, the Company will also disregard any votes cast on Resolution 7 (in any capacity) by or on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 67 and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**8. RESOLUTION 8 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY
– DR AMANDA BUCKINGHAM**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 200,000 Performance Rights to Dr Amanda Buckingham (or her nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by Dr Amanda Buckingham (or her nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 224 of the Corporations Act, the Company will also disregard any votes cast on Resolution 8 (in any capacity) by or on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 8 and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**9. RESOLUTION 9 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY
– DR OLIVER KREUZER**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 200,000 Performance Rights to Dr Oliver Kreuzer (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by Dr Oliver Kreuzer (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 224 of the Corporations Act, the Company will also disregard any votes cast on Resolution 9 (in any capacity) by or on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 9 and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 24 April 2018

By order of the Board



Michael Naylor
Company Secretary

How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, or by facsimile.

Voting in person (or by attorney)

To vote in person, attend the Meeting at the time, date and place set out above.

To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company by the same time as outlined for proxy forms below.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by 4.00pm WST on 23 May 2018 and in accordance with the instructions set out on the Proxy Form. Proxies received after this time will be invalid.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9489 2680.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the management of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the auditor or the auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the independent audit report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.cygnusgold.com.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

1.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

1.3 Previous voting results

This is the Company's first annual general meeting since its registration as a public company. Accordingly, if at least 25% of the votes cast on this Resolution are against the adoption of the remuneration report, it will not result in the Company putting a Spill Resolution to Shareholders.

2. RESOLUTION 2 – ELECTION OF DIRECTOR – MR SIMON JACKSON

2.1 General

Rule 6.1(d) of the Constitution allows the Directors to appoint at any time a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for election.

Mr Jackson was appointed as a Director by resolution of the Board on 17 November 2017. Pursuant to Rule 6.1(e) of the Constitution, Mr Jackson will retire and seek election.

2.2 Qualifications and other material directorships

2.3

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 focussed gold producer Beadell Resources Limited. Prior to this, Mr Jackson was a founding shareholder and President & CEO of the TSXV listed Orca Gold Inc, a junior exploration company with multiple gold discoveries in Sudan. From 1999 to 2010 he was an integral part of the senior management team at Red Back Mining Inc, which grew from a small West Perth based junior to a TSX listed intermediate producer that was taken over by Kinross Gold Corp in 2010. Mr Jackson's career includes corporate transactions and equity financings involving assets in Australia, Africa, Asia and South America.

Other current directorships

Beadell Resources Limited
 Orca Gold Inc
 Sarama Resources Limited

Commenced

10 November 2013
 4 April 2013
 11 March 2011

2.4 Independence

If elected the board considers Mr Jackson will be an independent director.

2.5 Board recommendation

The Board (with the exception of Mr Jackson) supports the election of Mr Jackson and recommends that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – ELECTION OF DIRECTOR – DR OLIVER KREUZER
3.1 General

Rule 6.1(f) of the Constitution requires an election of Directors to take place each year and at that meeting one-third of the directors (excluding any director who is required to retire as a Director at the meeting under rule 6.1(e)) and the managing director) to retire from office as director. Any Director who retires from office under rule 6.1(f) is eligible for re-election by resolution of the Company.

Dr Kreuzer was appointed as a Director by resolution of the Board on 21 April 2016. Pursuant to Rule 6.1(f) of the Constitution, Dr Kreuzer will retire and seek re-election.

3.2 Qualifications and other material directorships

Dr Kreuzer is a Registered Professional Geoscientist (MAIG RPGeo) with a broad skill set in structural, generative and corporate geology honed during a 19+ 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, ASX:CY5), company transforming project acquisitions (ASX:AWV, ASX:GLA) and new discoveries. Dr Kreuzer's passion lies in the application of superior geoscience to exploration targeting and shortening the time frame to discovery.

Dr Kreuzer does not hold any other directorships with an ASX listed company.

3.3 Independence

If elected the board considers Dr Kreuzer will not be an independent director due to being a substantial shareholder, and because he previously held a senior position within the Company and was a founder of the Company.

3.4 Board recommendation

The Board (with the exception of Dr Kreuzer) supports the re-election of Dr Kreuzer and recommends that Shareholders vote in favour of Resolution 3.

4. RESOLUTION 4 – APPOINTMENT OF AUDITOR AT FIRST AGM

The Directors of a public company must appoint an auditor within one month of registration. The directors have appointed Grant Thornton Audit Pty Ltd as the Company's auditor.

The auditor of a public company so appointed within one month of registration holds office until the first annual general meeting of the Company. The auditor must be re-appointed at the first annual general meeting so that they may continue to act as auditor of the Company.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a shareholder for Grant Thornton Audit Pty Ltd to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement as Schedule 1.

Grant Thornton Audit Pty Ltd has given its written consent to act as the Company's auditor subject to shareholder approval of this resolution.

If this resolution is passed, the appointment of Grant Thornton Audit Pty Ltd as the Company's auditor will take effect at the close of this Meeting.

5. RESOLUTIONS 5 TO 9 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTIES – MR JAMES MERRILLEES, MR MICHAEL BOHM, MR SIMON JACKSON, DR AMANDA BUCKINGHAM AND DR OLIVER KREUZER

5.1 General

The Company proposes, subject to obtaining Shareholder approval, to grant a total of 1,500,000 Performance Rights (**Related Party Performance Rights**) to Mr James Merrillees, Mr Michael Bohm, Mr Simon Jackson, Dr Amanda Buckingham and Dr Oliver Kreuzer (or their respective nominees) (**Related Parties**) on the terms and conditions set out below.

5.2 Shareholder approvals

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (i) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (ii) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Related Party Performance Rights constitutes giving a financial benefit to Mr James Merrillees, Mr Michael Bohm, Mr Simon Jackson, Dr Amanda Buckingham and Dr Oliver Kreuzer, who each are related parties of the Company by virtue of being Directors.

Shareholder approval is being sought under section 195 of the Corporations Act which provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a 'material personal interest' are being considered except in certain circumstances or unless the non-interested directors pass a resolution approving the directors' participation. Section 195(4) provides that if there are not enough directors to form a quorum for a directors meeting because of this restriction, one or more of the directors may call a general meeting to pass a resolution to deal with the matter on the basis that the Directors have a material personal interest in the outcome of Resolutions 5, 6, 7, 8 and 9. Shareholder approval in accordance with section 195(4) of the Corporations Act is sought for this matter as outlined in Resolutions 5, 6, 7, 8 and 9.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

If Resolutions 5, 6, 7, 8 and 9 are passed, the Related Parties may be issued the Related Party Performance Rights, which would constitute the issue of securities to a related party. Accordingly, approval for the issue of the Related Party Performance Rights to the Related Parties is sought under ASX Listing Rule 10.11.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Performance Rights to the Related Parties for the purposes of section 208 of the Corporations Act.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Performance Rights to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Performance Rights to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

5.3 Information Requirements - Chapter 2E of the Corporations Act

Pursuant to and in accordance with the requirements of Chapter 2E of the Corporations Act, the following information is provided in relation to the proposed grant of Related Party Performance Rights to the Related Parties:

The related parties to whom the proposed Resolutions would permit the financial benefit to be given and the nature of the financial benefit

The related parties are Mr James Merrillees, Mr Michael Bohm, Mr Simon Jackson, Dr Amanda Buckingham and Dr Oliver Kreuzer and they are related parties by virtue of being Directors.

The nature of the financial benefit to be given is the issue of the Related Party Performance Rights.

No cash consideration will be paid by the Related Parties for the issue of the Related Party Performance Rights or their conversion to Shares upon vesting and exercise in accordance with their terms and conditions.

The maximum number and tranches of Related Party Performance Rights (being the nature of the financial benefit being provided) to be issued to the Related Parties (or their nominees) is:

Related Party	Related Party Performance Rights		
	Tranche 1 Jan'18-Jan'19	Tranche 2 Jan'18-Jan'20	Total
Mr James Merrillees	350,000	350,000	700,000
Mr Michael Bohm	100,000	100,000	200,000
Mr Simon Jackson	100,000	100,000	200,000
Dr Amanda Buckingham	100,000	100,000	200,000
Dr Oliver Kreuzer	100,000	100,000	200,000

The details of the financial benefit including reasons for giving the type and quantity of the benefit:

The terms of the Related Party Performance Rights are set out in Schedule 2 to this Explanatory Memorandum.

The number of Performance Rights to be issued to each of the Related Parties (or their nominees) has been determined on the basis that:

- (i) the issue of the Related Party Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;
- (ii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Performance Rights upon the terms proposed; and
- (iii) it is commensurate to the experience of each other Related Party taking into consideration the current market price of Shares, the current market practices and the expiry dates of those Related Party Performance Rights; and
- (iv) the issue of Related Party Performance Rights to the Related Parties will align the interests of the Related Parties with those of Shareholders.

The Board acknowledges the issue of Related Party Performance Rights to Mr Michael Bohm, Mr Simon Jackson, Dr Amanda Buckingham and Dr Oliver Kreuzer is contrary to the ASX Corporate Governance Council's guidelines in relation to Recommendation 8.2 of the Corporate Governance Principles and Recommendations (3rd Edition) that non-executive directors should generally not receive performance rights as part of their remuneration as it may lead to bias in their decision making and compromise their objectivity. However, the Board considers the issue of Related Party Performance Rights to Mr Michael Bohm, Mr Simon Jackson, Dr Amanda Buckingham and Dr Oliver Kreuzer reasonable in the circumstances for the reason noted above.

Related Parties Current Holdings

The relevant interests of the Related Parties in securities of the Company as at the date of this Notice (which are held both directly and indirectly) are set out below:

Related Party	Shares
Mr James Merrillees	150,000
Mr Michael Bohm	3,170,001
Mr Simon Jackson	303,334
Dr Amanda Buckingham	2,333,334
Dr Oliver Kreuzer	1,883,334

Dilution effect of issue of Performance Rights on existing members' interest

The Company currently has 60,683,341 Shares on issue.

If all of the Related Party Performance Rights to be issued vest and are exercised, a total of 1,500,000 Shares would be issued. The effect would be that the shareholdings of existing Shareholders would be diluted by an aggregate of 2.47%, comprising dilution of approximately 1.15% by Performance Rights which vest to Mr James Merrillees and 0.33% for the respective Performance Rights which vest to Mr Michael Bohm, Mr Simon Jackson, Dr Amanda Buckingham and Dr Oliver Kreuzer.

Directors' total remuneration

The remuneration and emoluments from the Company to the Related Parties for the current financial year and the total financial benefit to be received by them in this current period, as a result of the issue of the issue of the Related Party Performance Rights the subject of Resolutions 5 to 9) are set out below:

Related Party	Financial Year ending 31 December 2018 \$	Value of Performance Rights \$	Total Financial Benefit \$
Mr James Merrillees	246,375	70,000	316,375
Mr Michael Bohm	54,750	20,000	74,750
Mr Simon Jackson	43,800	20,000	63,800
Dr Amanda Buckingham	43,800	20,000	63,800
Dr Oliver Kreuzer	43,800	20,000	63,800

The Company's adviser, Stantons International Securities, has independently valued the Related Party Performance Rights. A copy of the valuation is attached at Schedule 3 to this Explanatory Memorandum

The indicative valuation of the Related Party Performance Rights has been calculated using the following assumptions:

- (i) the underlying value of each Share in the Company is approximately 20 cents, noting that Shares since the Company's ASX listing on 15 January 2018 have had a low price of 20 cents and a high price of 37.5 cents;
- (ii) on the basis that the share volatility since the Company's ASX listing to 9 April 2018 approximated 50.87%;
- (iii) 50% of the Related Party Performance Rights will vest into Shares;
- (iv) that the employment condition referred to in Schedule 2 will be met; and
- (v) that the personnel condition referred to in Schedule 2 will not come into force (that is that a fatality on a Company tenement (personnel or contractor) does not occur).

Based on these assumptions, it is considered that the estimated value of the Related Party Performance Rights to be issued to the Related Parties is 10 cents per Performance Right.

On this basis, the maximum of 1,500,000 Performance Rights proposed to be issued to the Related Parties (or their nominees) have an aggregated value of \$150,000.

Any change in the assumptions applied in the valuation would have an impact on their value.

Company's historical Share price

The trading history of the Shares on ASX since the Company's' ASX listing on 15 January 2018 is set out below:

	Price	Date
Highest	37.5 cents	22 February 2018
Lowest	19 cents	16 April 2018
Last	20 cents	19 April 2018

Directors' recommendation

Mr James Merrillees declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Performance Rights in the Company should Resolution 5 be passed. However, in respect of Resolutions 6 to 9, Mr James Merrillees recommends that Shareholders vote in favour of those Resolutions for the reasons for giving the type and quantity of the benefits set out above.

Mr Michael Bohm declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Performance Rights in the Company should Resolution 6 be passed. However, in respect of Resolutions 5, 7, 8 and 9, Mr Michael Bohm recommends that Shareholders vote in favour of those Resolutions for the reasons for giving the type and quantity of the benefits set out in above.

Mr Simon Jackson declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Performance Rights in the Company should Resolution 7 be passed. However, in respect of Resolutions 5, 6, 8 and 9, Mr Simon Jackson recommends that Shareholders vote in favour of those Resolutions for the reasons for giving the type and quantity of the benefits set out above.

Dr Amanda Buckingham declines to make a recommendation to Shareholders in relation to Resolution 8 due to her material personal interest in the outcome of the Resolution on the basis that she is to be issued Related Party Performance Rights in the Company should Resolution 8 be passed. However, in respect of Resolutions 5, 6, 7, and 9, Dr Amanda Buckingham recommends that Shareholders vote in favour of those Resolutions for the reasons for giving the type and quantity of the benefits set out in above.

Mr Oliver Kreuzer declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Performance Rights in the Company should Resolution 9 be passed. However, in respect of Resolutions 5, 6, 7 and 8, Dr Oliver Kreuzer recommends that Shareholders vote in favour of those Resolutions for the reasons for giving the type and quantity of the benefits set out above.

Other Information

Under the Australian Equivalent of the International Financial Reporting Standards (**IFRS**), the Company is required to expense the value of the Performance Rights in its statement of financial performance for the current financial year.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 5 to 9.

Information Requirements - Listing Rules 10.11 and 10.13

Listing Rule 10.11 requires Shareholder approval by ordinary resolution for any issue of securities by a listed company to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the issue of Related Party Performance Rights to the Directors.

The following information in relation to the Related Party Performance Rights to be issued pursuant to Resolutions 5 to 9 is provided to Shareholders for the purposes of Listing Rule 10.13:

- (i) the Related Party Performance Rights will be issued to the Related Parties, or their nominees, as noted above;
- (ii) the maximum number of Related Party Performance Rights to be issued is 1,500,000;
- (iii) the Related Party Performance Rights will be issued to the Related Parties no later than one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Performance Rights will be issued on one date;
- (iv) the Related Party Performance Rights will be issued for nil cash consideration, accordingly no funds will be raised, and no consideration will be payable upon the vesting of the Related Party Performance Rights into ordinary shares in the Company; and
- (v) the terms and conditions of the Performance Rights are set out in Schedule 2 to this Explanatory Memorandum.

6. GLOSSARY

\$ means Australian dollars.

Annual General Meeting or Meeting means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **Cygnus Gold** means Cygnus Gold Limited (ACN 609 094 653).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Performance Right means a performance right in the Company the terms of which are set out in Schedule 2.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2017.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Restricted Voter means Key Management Personnel and their Closely Related Parties as at the date of the Meeting.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – NOMINATION OF AUDITOR

Michael Naylor, Company Secretary

Cygnus Gold Limited

Level 3, 20 Parkland Road

Osborne Park, WA 6017

16 April 2018

NOMINATION OF AUDITOR

In accordance with the provisions of s328B(1) of the Corporations Act 2001, I, Mark Calderwood, a shareholder of Cygnus Gold Limited, hereby nominate Grant Thornton Audit Pty Ltd for appointment as auditor of the Company.

Please distribute copies of this notice of nomination as required by s328B(3) of the Corporations Act 2001.

Yours sincerely



Signature

Mark Calderwood

Members Name

Level 3, 20 Parkland Road, Osborne Park, WA 6017

Members Address

SCHEDULE 2 – TERMS AND CONDITIONS OF RELATED PARTY PERFORMANCE RIGHTS

The terms and conditions of the Performance Rights are set out below:

- (a) Each Performance Right entitles the holder to be issued one Share, subject to the satisfaction of vesting conditions during the relevant measurement period and on the terms and conditions below.
- (b) Subject to the satisfaction of the vesting conditions, the Performance Rights will vest in two measurement periods:
 - (i) Tranche 1 is the period from 15/1/18 to 15/1/2019.
 - (ii) Tranche 2 is the period 15/1/18 to 15/1/2020.
- (c) The vesting conditions for the Performance Rights are as follows:
 - (i) employment at the end of the relevant measurement period (**Employment Condition**);
 - (ii) No fatalities on the Company's mining tenements (**Personnel Condition**); and
 - (iii) Performance of the Company against a peer group based on Total Shareholder Return (TSR) (**Performance Condition**).
- (d) In order to meet the Employment Condition, the relevant Related Party must be employed by the Company at the end of the relevant measurement period.
- (e) In order to meet the Personnel Condition, there must not be a fatality (personnel or a contractor) on a mining tenement held by the Company (or any of its subsidiaries) during the relevant measurement period.
- (f) At the end of the relevant measurement period, the Company's performance shall be determined by the Board by reference to the Company's TSR for that period, which will be compared against a peer group of companies approved by the Board.
- (g) The TSR calculation will be based on the percentage change in share price over the relevant measurement period (inclusive of any dividend(s) paid in the same period). The percentage change will be calculated by comparing the 20-day volume weighted average price in the 20-business day period immediately before the start (beginning) and end of the relevant measurement period.
- (h) The Company's TSR compared against the peer group will determine the proportion of Performance Rights that will vest (subject to the other vesting conditions being met), as set out below:

Relative TSR over the Measurement Period	Proportion of Performance Rights vested
Below the 50 th percentile	0%
At the 50 th percentile	50%
Between the 50 th and the 75 th percentile	Pro-rata between 50% and 100%
Above the 75 th percentile	100%

- (i) After each measurement period, the Board shall promptly determine whether (and, in the case of the Performance Condition, the extent to which) the vesting conditions attaching to the Performance Rights have been met, and shall provide written notice to the holder as to that determination.
- (j) Where a holder (or their nominee) receives notice from the Board that a Performance Right has vested, the Performance Right may be exercised at any time up until 5:00pm (WST) on the date determined by the Board when the Performance Rights vest and notified to the holder (**Last Exercise Date**), subject to any restriction in the Corporations Act from time to time and in any event, no longer than 6 months from the date of grant of the Performance Right, by the delivery to the Company Secretary of:
 - (i) the certificate for the Performance Right or, if the certificate for the Performance Rights has been lost or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost or destroyed; and
 - (ii) a duly completed and executed notice of exercise of a Performance Right in the form approved by the Board from time to time.
- (k) In the event that a takeover bid (as defined in the Corporations Act) to acquire ordinary shares in the Company becomes unconditional, or a merger by way of scheme of arrangement under the Corporations Act has been approved by the Court, any unvested Performance Rights will vest and become immediately exercisable, regardless of whether or not the employment, engagement or office of the person eligible to receive the Performance Rights is terminated or ceases in connection with such event.
- (l) Unless determined otherwise by the Board a Performance Right lapses on the earlier of:
 - (i) the Board determining that any vesting condition applicable to the Performance Right has not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met;
 - (ii) an unauthorised dealing in, or hedging of, the Performance Right;
 - (iii) the Last Exercise Date;
 - (iv) the date the holder resigns from the Company; and
 - (v) the date falling 12 months after the holder retires from, or is made redundant by, the Company.
- (m) Where a Performance Rights has lapsed:
 - (i) all rights of a holder in respect of those Performance Right is forfeited; and
 - (ii) the Company will:
 - (A) notify the holder that the Performance Right has lapsed;
 - (B) cancel the Performance Right;

- (C) if only part of the Performance Rights covered by a certificate have lapsed, issue a certificate stating the remaining number of Performance Rights held by the holder that have not lapsed; and
 - (D) not be liable for any damages or other amounts to the holder in respect of the Performance Right.
- (n) All Shares in the Company allotted on the exercise of the Performance Rights will rank equally in all respects with the then existing Shares.
- (o) The Performance Rights are not transferable.
- (p) The Company will not apply to the ASX for quotation of the Performance Rights. The Company will apply for quotation of all Shares in the Company allotted pursuant to the exercise of Performance Rights not later than 10 Business Days after the date of allotment.
- (q) Holders may only participate in new issues of securities to holders of Shares in the Company if the Performance Rights have been exercised and Shares allotted in respect of the Performance Rights before the record date for determining entitlements to the issue. The Company must give to holders at least 7 business days' notice of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
- (r) If there is a bonus issue (**Bonus Issue**) to the holders of Shares in the Company, the number of Shares over which the Performance Rights are exercisable will be increased by the number of Shares which the holder would have received if the Performance Rights had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares on issue as the date of issue of the Bonus Shares.
- (s) If prior to the Vesting Date, there is a reorganisation of the issued capital of the Company, the Performance Rights are to be treated in the manner set out in the ASX Listing Rules.

SCHEDULE 3 – VALUATION OF PERFORMANCE RIGHTS

9 April 2018

The Directors
Cygnus Gold Limited
Level 3, 20 Parkland Road
OSBORNE PARK WA 6017

Dear Sirs,

At the request of Michael Naylor on behalf of Cygnus Gold Limited ("Cygnus" or "the Company") on 9 April 2018, Stantons International Securities Pty Ltd hereby sets out our technical valuation for the following performance rights ("Performance Rights") to be issued to the Managing Director and the other Directors of Cygnus following shareholder approval.

A summary of the terms and conditions of the Related Party Performance Rights to be issued to the Managing Director is set out below:

The Board will grant the Executive Performance Rights (PR's), subject to shareholder approval, as follows:

- Tranche 1 - 350,000 PR's with a measurement period 15/1/18 to 15/1/2019
- Tranche 2 - 350,000 PR's with a measurement period 15/1/18 to 15/1/2020

The granting, vesting and exercising of LTI's will be governed by a Performance Rights Plan. In summary, vesting will be dependent upon:

- Continued employment at the end of each measurement period
- The Total Shareholder Return (TSR) performance of Cygnus against a peer group
- 'Gates' that apply

At the end of the measurement period and provided that the Executive is still employed by the Company at that time, the Company's performance as defined by relative TSR will be assessed against a peer group of companies approved by the Board.

TSR is a measure of return to shareholders as defined by the percentage change in share price over the measurement period (inclusive of any dividend(s) paid in the same period). Each TSR over the measurement period will be calculated using the 20-day VWAP in the 20-business day period immediately before the start (beginning) and end of each measurement period. In this specific instance, Cygnus' share price at the start (beginning) of the measurement period will be taken as the IPO price (A\$0.20/share) when calculating TSR. Any Company included in the peer group that was unlisted at the time the measurement period commenced will have its starting/beginning price taken as its IPO price.

Cygnus' TSR compared to the peer group will determine the proportion of Performance Rights that will vest (subject to the other vesting conditions being met), as set out below:

Relative TSR over the Measurement Period	Proportion of Performance Rights vested
Below the 50 th percentile	0%
At the 50 th percentile	50%
Between the 50 th and the 75 th percentile	Pro-rata between 50% and 100%
Above the 75 th percentile	100%

The following 'Gate' will apply (whereby zero PR's vest in event of either occurring):

- A fatality on a Cygnus tenement (Cygnus personnel or a contractor)

Subject to the vesting criteria being met, the Executive will be entitled to exercise the number of Performance Rights vesting and be issued with a corresponding number of ordinary shares in Cygnus at no cost to the Executive.

For the avoidance of doubt, Performance Rights will vest in the event of a change of control of the Company.

Performance and remuneration shall be reviewed annually with any increase determined by the Company in its discretion.

The grants of the above Performance Rights are subject to the approval of its shareholders in May 2018 and will need to be formally valued following shareholders' approval.

Background information used for the valuation purposes below

Cygnus is an ASX listed company (since 15 January 2018) operating as a junior explorer with an emphasis on gold exploration and evaluation in the Yilgarn area of Western Australia. It has recently entered into a joint venture with Gold Road Resources Limited on its Lake Grace and Wadderin Gold Projects.

Tranche 1 and Tranche 2 - The Performance Rights issued to the Managing Director of the Company

1. The Performance Rights will vest as disclosed above.
2. The number of Performance Rights that will vest into ordinary shares in Cygnus depends upon the above noted TSR Vesting Conditions (Milestones) - market based vesting conditions as disclosed above. The Tranche 1 to 2 Performance Rights will expire as per the various Milestone Determination dates as disclosed above.
3. The Performance Rights are issued for nil consideration and no consideration will be payable upon the vesting of the Performance Rights to ordinary shares in the Company.
4. Further details in respect of the Performance Rights are outlined in the draft Terms and Conditions of Performance Rights supplied to us and the details will be disclosed in the Notice of Meeting of Shareholders to be held in May 2018.
5. In effect, the initial undiscounted value of the Performance Rights is the value of an underlying share in Cygnus at the date of issue of the Performance Rights. For the purpose of this valuation based on date of the issue being 9 April 2018, we have used a price of approximately 20 cents. We note that the shares since listing on 15 January 2018 have a low share price of 20 cents and a high share price of 37.5 cents.

6. The shares in Cygnus closed at 20 cents as traded on ASX on 9 April 2018 and the deemed share price has been set at 20 cents being the IPO share price under the Prospectus to raise public funds for the purposes of an ASX Listing. The start date of the Offer to calculate TSR is 15 January 2018 for both Tranche 1 and Tranche 2 Performance Shares.
7. The valuation noted below is not necessarily the market price that the Performance Rights could be traded at and it is not automatically the market price for taxation purposes. The recipient of these Performance Rights should seek his own tax advice as to the tax treatment of receiving Performance Rights in Cygnus and the value for taxation purposes.
8. It is too early to determine whether the maximum or part of the TSR against peers will be met and thus how many Performance Shares (both Tranches) will convert to ordinary shares.
9. The determination of the probability and therefore discount to apply is somewhat subjective as we cannot predict the future prospects of the Company or the market peer companies. It is noted that the share volatility since listing to 9 April 2018 approximated around 50.87%. This percentage is probably on the low side of volatilities for junior mining exploration companies where volatilities of 50% to 100% are common that may indicate a low percentile. A best estimate by the Directors need to be made as to how many Performance Rights may vest into ordinary shares. It is not uncommon to use a 50% estimate and we have used this percentage to determine the number of Performance Rights that may vest into ordinary shares. We have assumed that the employment condition will be met and that the Gate condition will not come into force.
10. If we used the 50% percentile assumption noted above, 175,000 of the Tranche 1 Performance Rights would vest into ordinary shares and 175,000 of the Tranche 2 Performance Rights would vest into ordinary shares.
11. Using the 20 cent share price as noted above and multiplying 20 cents by 175,000 for each Tranche of Performance Rights, results in a total value of \$35,000 for each Tranche of Performance Rights.
- 12. Thus, the value of 350,000 Tranche 1 Performance Rights equates to \$35,000 or 10 cents per Tranche 1 Performance Right and the value of 350,000 Tranche 2 Performance Rights equates to \$35,000 or 10 cents per Tranche 2 Performance Right.**

If the Directors consider that the number of Tranche 1 and Tranche 2 Performance Rights will be more or less than 50%, then a new calculation will need to be made. If below the 50% percentile, then the Performance Rights values would be nil cents and if between 50% and 75% percentile, then a pro-rata proportion would be applied. For example, if the TSR percentile was considered to be 75%, then 75% of the Performance Rights would vest into ordinary shares (262,500 Tranche 1 Performance Rights would convert to 262,500 ordinary shares and the same would apply to the Tranche 2 Performance Rights). Thus, again using the 20 cent share price, the 350,000 Tranche 1 and 350,000 Tranche 2 Performance Rights would each total \$52,500 and thus the Tranche 1 and Tranche 2 Performance Rights would be valued at approximately 15 cents each. If over the 75% percentile, the value for each class of Performance Rights would be 20 cents.

The same principal and values apply to the 200,000 Performance Rights to be issued to the other Directors of the Company.

An alternative view, is to value the Performance Rights as an “akin” to a share option, and if we used a 20 cent share price, a volatility of 50% (and 100%), a risk free interest rate of 1.90% and used the terms of 1 year 9Tranche 1) and 2 years (Tranche 2), the value of a Performance Right would range between 4.10 cents and 7.77 cents for the Tranche 1 Performance Rights and between 5.80 cents and 10.59 cents for the Tranche 2 Performance Rights. However, we believe it is more appropriate to value the performance Rights as not akin to an option.

Should you wish to discuss the above, do not hesitate to contact the undersigned.
Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)

A handwritten signature in dark ink, appearing to read 'John P Van Dieren', followed by a long horizontal flourish.

John P Van Dieren - FCA
Director



Cygnus Gold Limited
ABN 80 609 094 653

CY5
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

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For your vote to be effective it must be received by 4:00pm (WST) Wednesday, 23 May 2018

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the annual report, 24 hours a day, 7 days a week:

www.cygnusgold.com

Update your security information:

www.investorcentre.com

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Cygnus Gold Limited hereby appoint

XX

☐ the Chairman of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Cygnus Gold Limited to be held at Level 3, 20 Parkland Road, Osborne Park, Western Australia on Friday, 25 May 2018 at 4:00pm (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 5 - 9 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 5 - 9 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 5 - 9 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	☐	☐	☐
Resolution 2 Election of Director – Mr Simon Jackson	☐	☐	☐
Resolution 3 Re-election of Director – Dr Oliver Kreuzer	☐	☐	☐
Resolution 4 Appointment of auditor at first AGM	☐	☐	☐
Resolution 5 Issue of Performance Rights to related party – Mr James Merrillees	☐	☐	☐
Resolution 6 Issue of Performance Rights to related party – Mr Michael Bohm	☐	☐	☐
Resolution 7 Issue of Performance Rights to related party - Mr Simon Jackson	☐	☐	☐
Resolution 8 Issue of Performance Rights to related party - Dr Amanda Buckingham	☐	☐	☐
Resolution 9 Issue of Performance Rights to related party - Dr Oliver Kreuzer	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

/

/