

## Quarterly Activities Report for the period ended 31 March 2018

27 April 2018

ASX: CY5

### CORPORATE DIRECTORY

#### Non-Executive Chairman

Michael Bohm

#### Managing Director

James Merrillees

#### Non-Executive Directors

Amanda Buckingham

Simon Jackson

Oliver Kreuzer

#### Company Secretary

Michael Naylor

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### HIGHLIGHTS

#### Exploration

##### Stanley Project

- First diamond core holes drilled at Bottleneck Prospect intersected high grade gold, including:

**BNDD001: 9.50 m @ 29.20 g/t Au from 36.70m**

*including 2.4 m @ 114.63 g/t Au from 38.70m*

**BNDD003: 10.95 m @ 15.10 g/t Au from 24.70m**

*including 4.75 m @ 34.17 g/t Au from 24.70m*

**BNDD006: 6 m @ 3.27 g/t Au from 157.5m**

*including 2 m @ 8.82 g/t Au from 161.5m*

- Drilling confirmed historical high-grade gold intersections, as well as intersecting high-grade gold fresh basement rock
- Visible gold identified in review of core from diamond drilling program
- Mineralisation is open in all directions with follow up drilling planned
- Aircore drilling over broader Bottleneck area identified anomalous gold mineralisation
- A new joint venture was entered into with Gold Road Resources over the Yandina Project, consolidating the land holding between the Lake Grace and Wadderin earn-in agreement areas
- A 3,000m RC drill program commenced at Stanley in April 2018 to follow up high-grade targets identified from the diamond drilling, as well as new targets defined from a regional gravity survey.

#### Corporate

- Cygnus successfully completed an Initial Public Offer (IPO), and subsequently listed on the ASX on 15 January 2018.
- \$6M raised for exploration activities across multiple projects focused on the prospective Southwest Terrane of the Yilgarn Craton, Western Australia.



## 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 7,000km<sup>2</sup> 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.

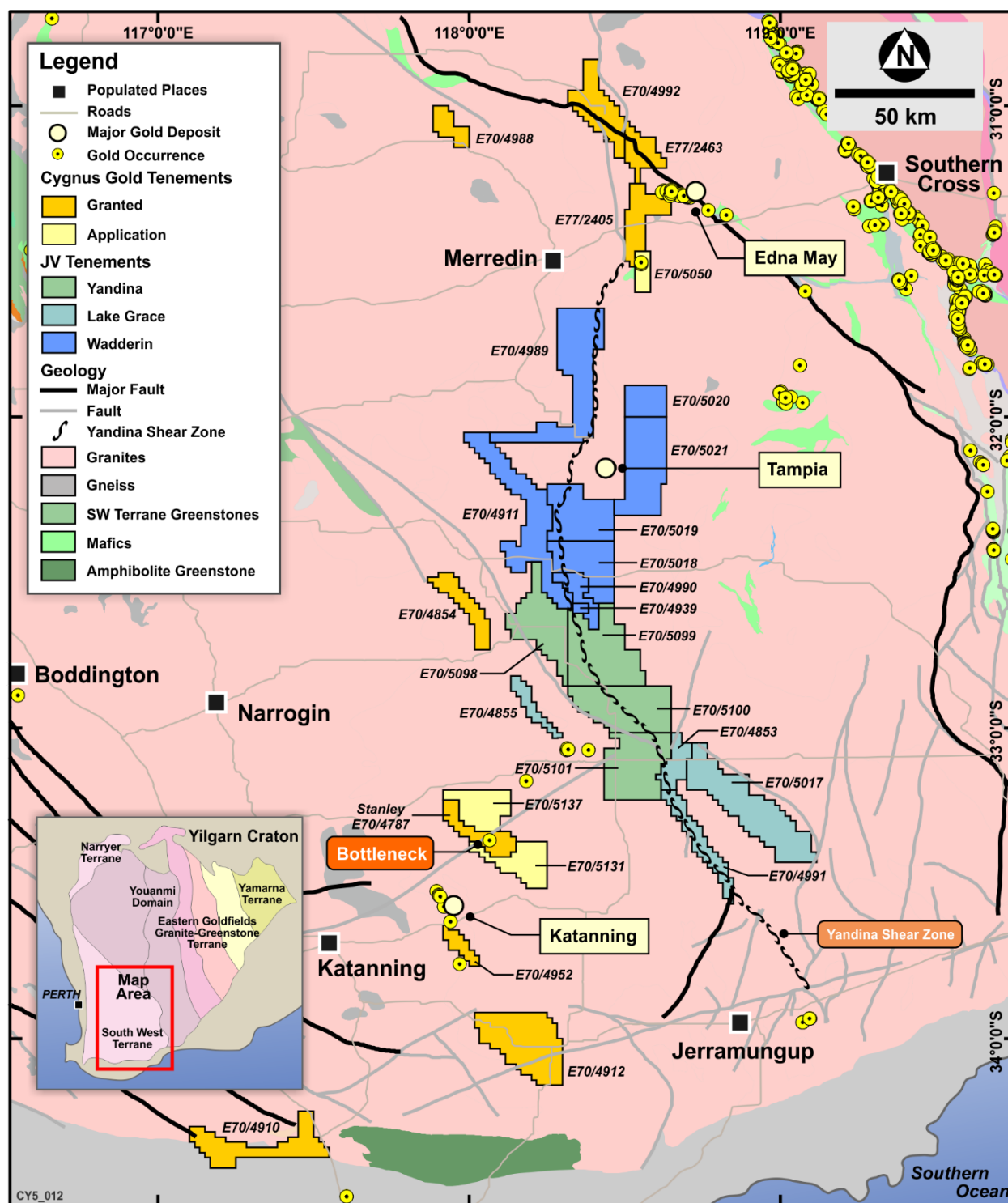


Figure 1: Cygnus Gold granted tenements and applications in the Southwest Terrane, Western Australia.



## Stanley Project (Cygnus 100%)

The ~160km<sup>2</sup> Stanley tenement covers more than 20km strike length of prospective greenstone rocks including numerous prospects where previous explorer intersected high grade gold mineralisation (Figure 2).

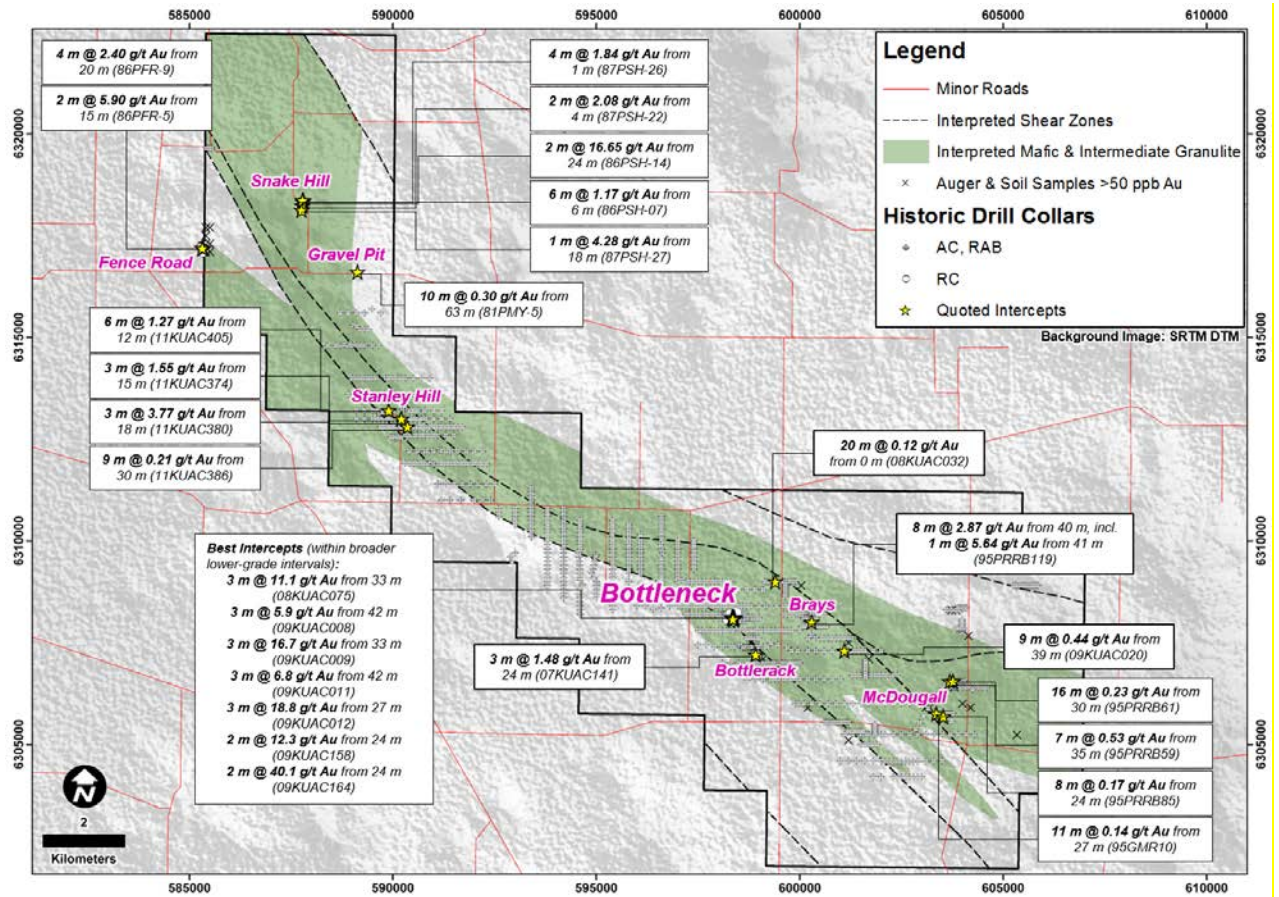


Figure 2: Cygnus' Stanley Project highlighting high grade intersections drilled by previous explorers<sup>2</sup>.

## Diamond Drilling Program

During the period, Cygnus completed a diamond core drilling program at the Bottleneck Prospect targeting historical intersections of shallow, high-grade gold, as well as an interpreted down-plunge target identified, which had never been tested.

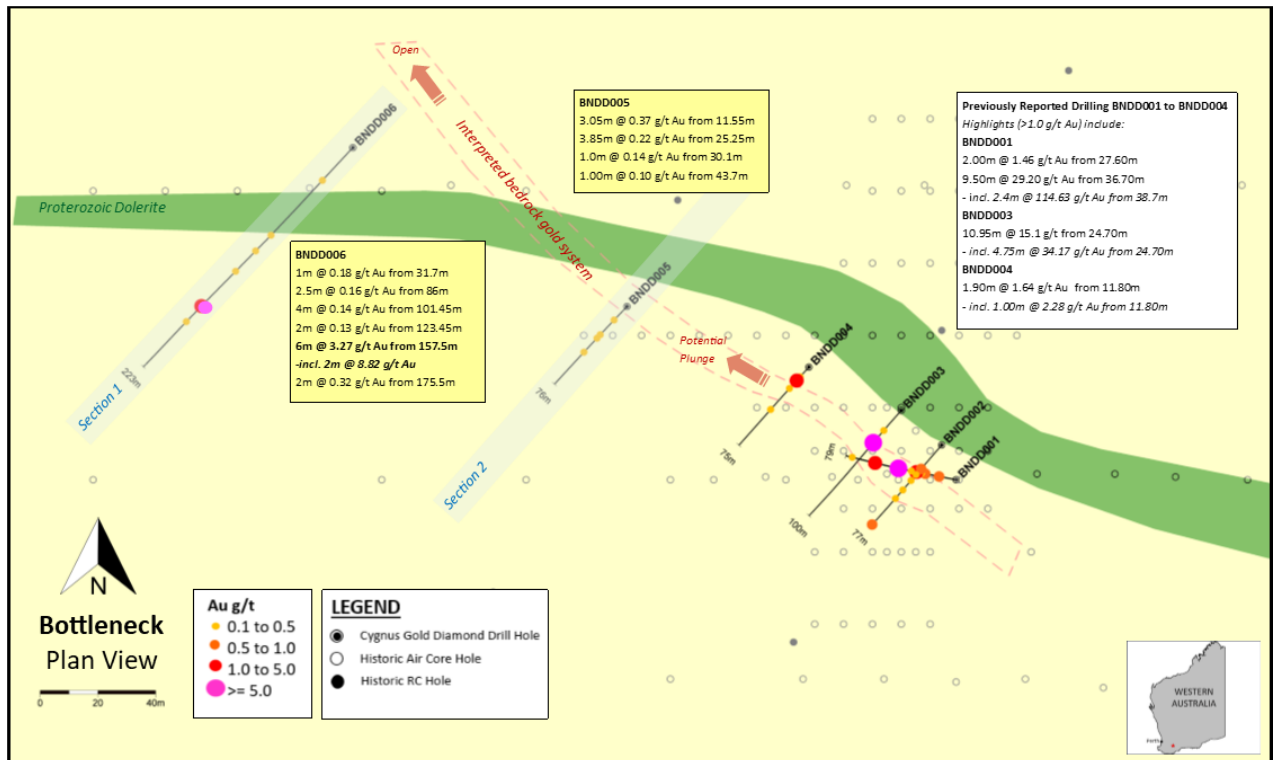
A total of six holes (628.7m) were drilled (Figure 3), which were the first core holes ever drilled into the Stanley Project, with the program co-funded by a grant from the WA Government's Exploration Initiative Scheme.



Significant results included (Refer ASX announcements on 22 February 2018 and 7 March 2018)<sup>1</sup>:

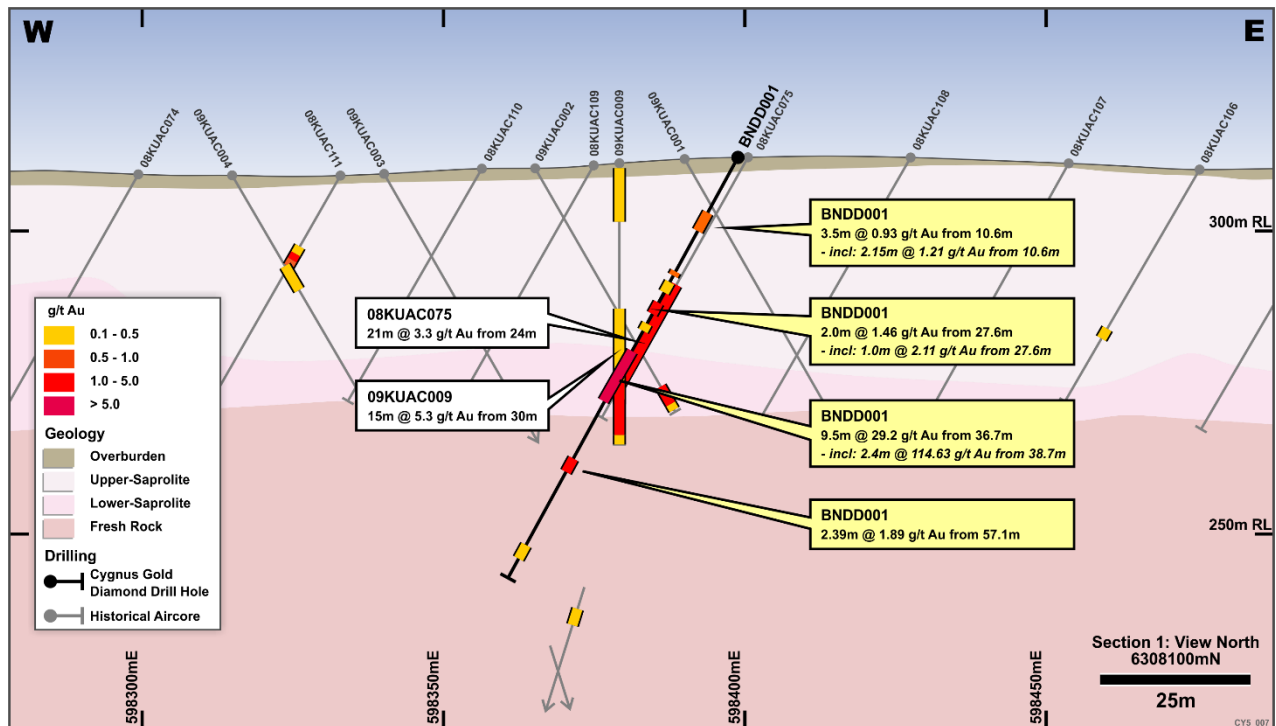
- **BNDD001: 9.50 m @ 29.20 g/t Au from 36.70m**  
*incl. 2.4 m @ 114.63 g/t Au from 38.70m*
- **BNDD003: 10.95 m @ 15.10 g/t Au from 24.70m**  
*incl. 4.75 m @ 34.17 g/t Au from 24.70m*
- **BNDD006: 6m @ 3.27 g/t Au from 157.5m**  
*incl. 2m @ 8.82 g/t Au from 161.5m.*

Drilling confirmed the width and grade of mineralisation intersected in historical aircore holes (Figure 4). Importantly, holes BNDD001 and BNDD006 intersected mineralisation in fresh basement. Hole BNDD006 was planned as a conceptual 'step-out' hole approximately 250m northwest of the first holes drilled by Cygnus.



**Figure 3:** Plan view of the Bottleneck Prospect with intersections >0.1 g/t Au in Cygnus Gold's 2018 diamond drilling program, and location of sections.





**Figure 4:** Section BNDD001 looking north with intervals >0.1 g/t Au and significant intervals >1 g/t Au highlighted (holes 08KUAC0075 and 09KUAC009 are historical holes not drilled by Cygnus<sup>2</sup>)

During detailed review of the core, Cygnus geologists identified several grains of visible gold associated with the high-grade intersections in holes BNDD001 and BNDD006. Importantly, the quartz-hosted visible gold in weathered bedrock in hole BNDD001 suggests that the shallow high grades intercepted in hole BNDD001 are primary rather than secondary.

This observation, combined with the recognition of key structures controlling gold mineralisation at Bottleneck, is an exciting development in the Company's evolving understanding of the Bottleneck Prospect which will also guide exploration over the broader Stanley Project.

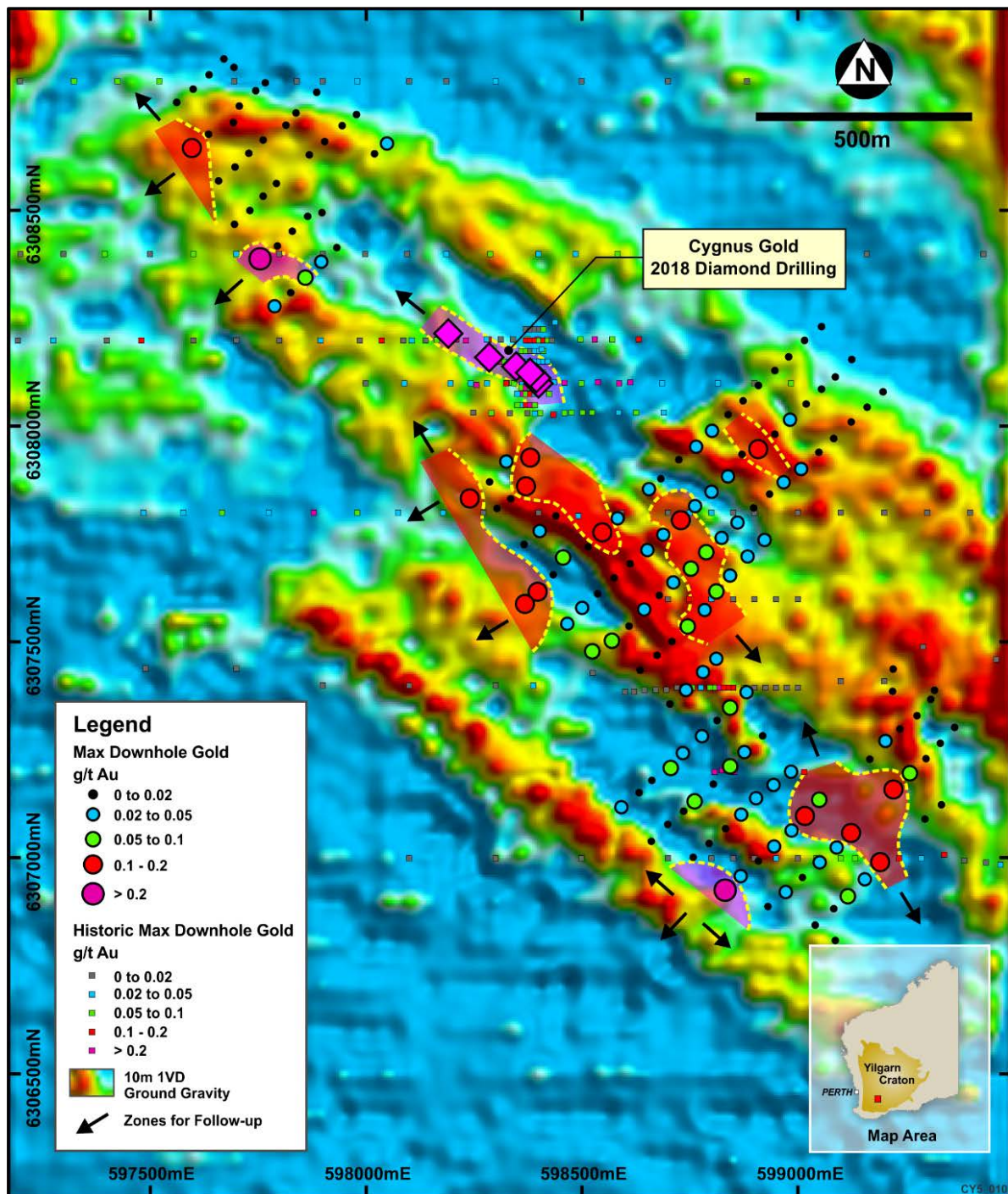
### Aircore Drilling Program

During the period the Company drilled a 176-hole (3,300m) aircore program, targeting prospective structural zones defined from the ground gravity survey the Company completed in late 2017.

This program defined several NW-trending gold anomalies defined by results greater than 0.1 g/t Au (Figure 5). Several holes with greater than 0.1 g/t Au in bottom of hole samples are located at the end of drill lines and anomalism is therefore open in several directions.

A cluster of holes targeting a NW plunging regional fold closure to the north west of and along strike from Bottleneck were terminated in transported sediments and so were not considered to have been an effective test of this area.

For full results of the aircore program refer to ASX announcement dated 12 April 2018.<sup>1</sup>

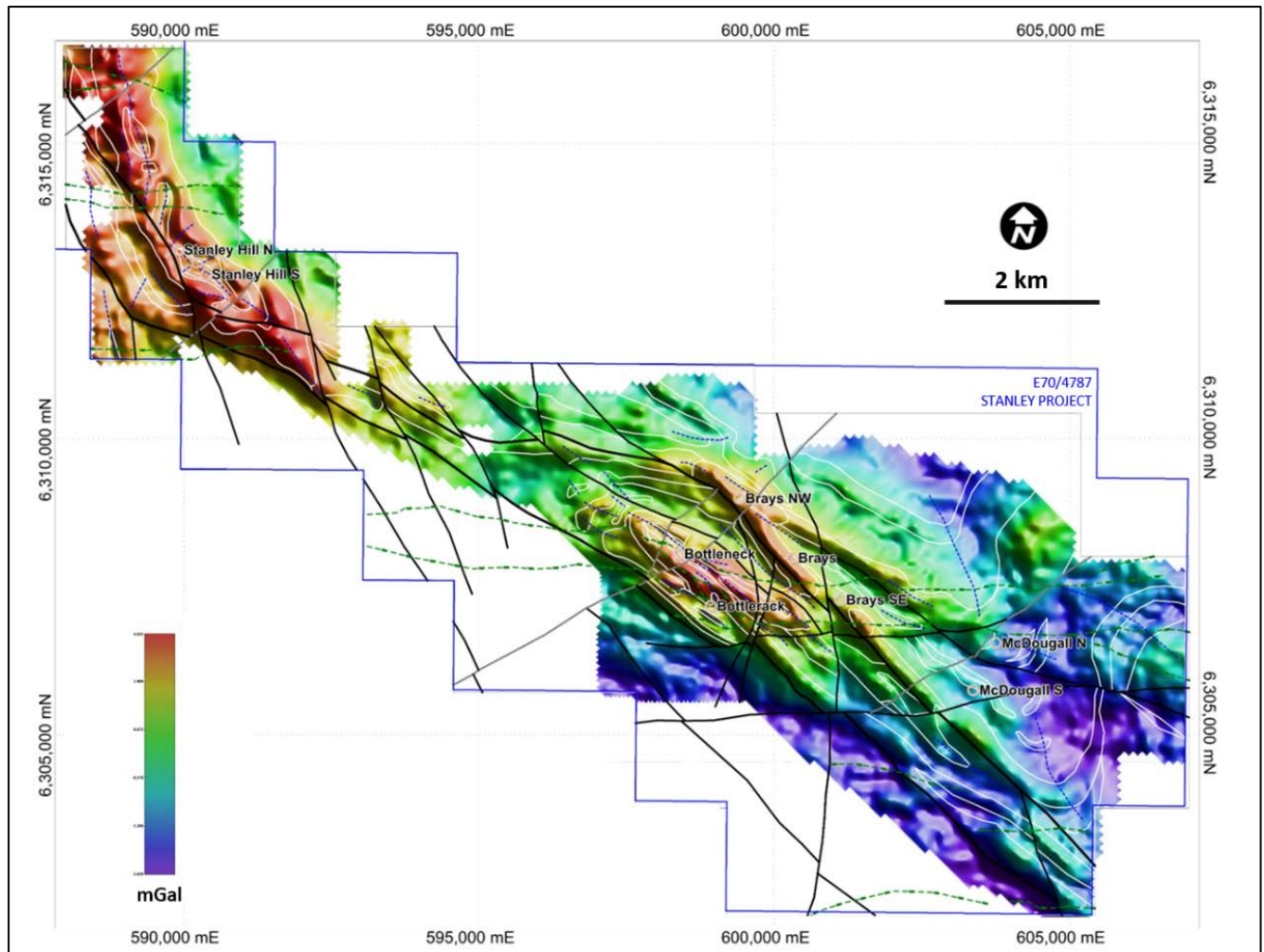


**Figure 5:** Plan view of Cygnus' Bottleneck aircore and diamond drilling with historical drilling on detailed ground gravity (first vertical derivative of Bouguer gravity).



### Ground Gravity Survey

Ground gravity data was acquired by the Company over a large part of the Stanley tenement during the quarter. Data was collected at 3,054 stations using a regular 150m x 150m grid. Detailed interpretation of this high-resolution ground gravity data identified several high priority target zones for follow up (Figure 6).



**Figure 6:** Residual Bouguer gravity image of detailed gravity collected over the Stanley Project with main prospects and structural interpretation

### April Exploration Program

Cygnus has commenced a ~3,000m reverse circulation drill program targeting areas of high-grade gold results intersected in the Company's recent diamond drill program, in addition to other priority targets.

### Other Cygnus 100% Projects

Cygnus has an additional 1,237km<sup>2</sup> of granted tenements and 590km<sup>2</sup> 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 generally positive and field reconnaissance has commenced on several targets which will be the focus of exploration outside Stanley during the upcoming quarter following the signing of land access agreements.



**Gold Road Earn-in Agreements (Cygnus diluting to 25%)**

On 9 October 2017, the Company entered into two earn-in and joint venture agreements with Gold Road Resources Limited (ASX:GOR); whereby Gold Road is earning into Cygnus' Wadderin and Lake Grace.

Cygnus is manager of the Projects and during the period the Company developed programs and budgets to further exploration on several high priority areas defined from existing and historical datasets.

Follow up exploration planned at the Wadderin and Lake Grace JV projects includes detailed and regional geochemical sampling over high priority targets as well as follow up ground geophysics and targeted aircore drilling.

Positive initial meetings were held with landowners over a number of these target areas and limited soil sampling was undertaken in the Wadderin Project.

Further updates will be provided as results are received.

**Yandina Joint Venture (Cygnus 25%)**

During the quarter, Cygnus entered into a new joint venture agreement with Gold Road Resources (ASX:GOR, "Gold Road") over the Yandina Project.

The Yandina Joint Venture comprises four tenement applications covering an area of approximately 1,727km<sup>2</sup> over the highly prospective Yandina Shear which is known to host gold mineralisation elsewhere in the Southwest Terrane (Figure 7).

The new applications connect the land between the Wadderin and Lake Grace Projects where Gold Road is currently earning in.

A program to explore this new project area is planned to commence once tenements are granted, expected in late 2018.

The Key Terms of the Joint Venture are:

- The initial interests in the joint venture are
  - o Gold Road 75%
  - o Cygnus Gold 25%
- Should a party's equity in the joint venture fall to 10% or less, its share will be automatically acquired by the other party in exchange for a 1% NSR.
- Cygnus will initially manage the joint venture.





## **Corporate**

### ***Cash Position and Movements***

As at 31 March 2018, Cygnus Gold held \$4.9m in cash (December 2017: \$0.15m). 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.

### ***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) with the raising 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.


**Cygnus Gold Limited Tenements (As at 31 March 2018)**

| 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 | 100%                           |
| E70/4992                             | Western Australia | Cygnus Gold Limited | 100%                           |
| E70/5050                             | Western Australia | Cygnus Gold Limited | Pending, 100%                  |
| E70/5131                             | Western Australia | Cygnus Gold Limited | Pending, 100%                  |
| E70/5137                             | Western Australia | Cygnus Gold Limited | Pending, 100%                  |
| E77/2405                             | Western Australia | Cygnus Gold Limited | 100%                           |
| E77/2463                             | Western Australia | Cygnus Gold Limited | 100%                           |
| <b>Wadderin Earn-In Project</b>      |                   |                     |                                |
| 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 | 100%, diluting to 25%          |
| E70/4990                             | Western Australia | Cygnus Gold Limited | 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% |
| <b>Lake Grace Earn-In Project</b>    |                   |                     |                                |
| 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 | 100%, diluting to 25%          |
| E70/5017                             | Western Australia | Cygnus Gold Limited | Pending, 100%, diluting to 25% |
| <b>Yandina Joint Venture Project</b> |                   |                     |                                |
| E70/5098                             | Western Australia | Cygnus Gold Limited | Pending, 25%                   |
| E70/5099                             | Western Australia | Cygnus Gold Limited | Pending, 25%                   |
| E70/5100                             | Western Australia | Cygnus Gold Limited | Pending, 25%                   |
| E70/5101                             | Western Australia | Cygnus Gold Limited | Pending, 25%                   |



Mining Tenements disposed: Nil

Mining Tenements acquired: E70/4988, E70/4992, E77/2463.

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: E70/4989, E70/4990 and E70/4991

## Forward Looking Statement

This report may contain certain forward looking statements and projections regarding estimated, resources and reserves; planned production and operating costs profiles; planned capital requirements; and planned strategies and corporate objectives. Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of Cygnus Gold Limited. The forward looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved.

Cygnus Gold Limited does not make any representations and provides no warranties concerning the accuracy of the projections, and disclaims any obligation to update or revise any forward looking statements/projects based on new information, future events or otherwise except to the extent required by applicable laws. While the information contained in this report has been prepared in good faith, neither Cygnus Gold Limited or any of its directors, officers, agents, employees or advisors give any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. Accordingly, to the maximum extent permitted by law, none of Cygnus Gold Limited, its directors, employees or agents, advisers, nor any other person accepts any liability whether direct or indirect, express or limited, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the information or for any of the opinions contained in this presentation or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this presentation.

## 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, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Merrillees is Managing Director and a full-time employee of Cygnus Gold and holds shares in the Company.

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

## End Notes

- 1 Refer ASX announcement on the said date for full details of these exploration results. Cygnus is not aware of any new information or data that materially affects the information included in the said announcement.
- 2 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.