

CY5

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23 October 2019

Dear Shareholder

Notice to Eligible Shareholders of Non-Renounceable Entitlement Offer

We write to you as the registered holder of shares in Cygnus Gold Limited (ASX: CY5) (**Cygnus** or the **Company**). As advised in the ASX announcement on 22 October 2019, the Company is undertaking a non-renounceable pro-rata entitlement offer (**Entitlement Offer**) to eligible shareholders of ordinary fully paid shares in the Company at an issue price of \$0.04 per share on the basis of 1 new share (**New Share**) for every 3 shares held at the record date on 25 October 2019 (**Record Date**). Pursuant to the Entitlement Offer, the Company will issue approximately 20.2 million New Shares to raise up to approximately \$809,000 before costs.

The Entitlement Offer is available to all Cygnus shareholders (**Shareholders**) registered on the Record Date whose registered address is in Australia or New Zealand (**Eligible Shareholders**). The Entitlement Offer is not being extended to any Shareholders with addresses outside these jurisdictions, however the Company's Directors reserve their right to accept subscriptions from Shareholders from outside Australia and New Zealand.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Prospectus

Details of the Entitlement Offer are contained in the Prospectus. The Prospectus can be accessed from the ASX and Cygnus websites, www.asx.com.au and www.cygnusgold.com respectively.

A copy of the Prospectus is intended to be sent to Eligible Shareholders on 30 October 2019.

Purpose of the Entitlement Offer

Subject to the satisfactory completion of the Entitlement Offer, funds raised are intended to be used towards exploration activities at the Bencubbin Nickel Project, contribution to joint venture programs with Gold Road as well as for costs of the Entitlement Offer and general working capital.

Indicative Timetable

The New Shares will be offered in accordance with the following indicative timetable:

Event	Date
Lodgement of Prospectus with ASIC and ASX Lodgement of Appendix 3B with ASX	Tuesday, 22 October 2019
Notice of Entitlement Offer sent to Shareholders	Wednesday, 23 October 2019
Shares quoted on an “Ex” basis	Thursday, 24 October 2019
Record Date for determining Entitlements	Friday, 25 October 2019
Prospectus and Application Form despatched to Eligible Shareholders and Opening Date	Wednesday, 30 October 2019
Last day to extend the Offer closing date	Wednesday, 13 November 2019
Closing Date (5pm AWST)	Monday, 18 November 2019
New Shares quoted on a deferred settlement basis	Tuesday, 19 November 2019
Notification of Shortfall	Thursday, 21 November 2019
Issue of New Shares Deferred settlement trading ends	Monday, 25 November 2019
Commencement of New Shares trading on an ordinary settlement basis	Tuesday, 26 November 2019

All dates are indicative only and subject to change without prior written notice. Any extension of the Closing Date will have a consequential effect on the date of issue of the New Shares.

Effect on Capital Structure

The table below sets out the impact of the Entitlement Offer on the capital structure of the Company:

	Shares	Performance Rights
Balance at the date of the Prospectus	60,683,341 ¹	1,400,000 ³
To be issued under the Entitlement Offer ²	20,227,780	Nil
TOTAL	80,911,121	1,400,000

Notes:

1. This includes 15,577,0888 Shares subject to a restriction period of 24 months, ending 15 January 2020.
2. This assumes that all Shares offered under the Entitlement Offer will be issued. The actual number of Shares to be issued will vary based on the Shares subscribed for and issued pursuant to the Entitlement Offer. This number is also subject to rounding.
3. Comprising:
 - (a) 1,050,000 Performance Rights with a measurement period ending 31 December 2019; and
 - (b) 350,000 Performance Rights with a measurement period ending 31 December 2020.

The Directors of Cygnus urge you to read the Prospectus carefully and seek advice from your financial adviser if you have any queries. This notice is to inform you of the Entitlement Offer. You are not required to do anything in respect to this letter.

For all enquiries concerning the Prospectus, please contact the Company Secretary Mr Michael Naylor, info@cygnusgold.com.

Yours sincerely

James Merrillees
Managing Director