



Quarterly Report

For the period ending 30 June 2017

HIGHLIGHTS

- Planning continued for the development of the Charters Towers project centred on the Central Mine being an ultra-low cost producer of gold.
- The recent shareholder only Share Purchase Plan capital raising closed with applications totaling \$759,000 from shareholders subscribing for a total of 84,333,425 ordinary shares.
- The Company has entered into a Gold Purchase Agreement for the sale of 100,000 ounces of gold in-situ to GLD International Inc (“GLD Inc”) and for them to pre-pay for the gold at a buy price of 70% to 80% of the gold spot price prevailing at the time between now and 30 June 2018.
- Citigold is of the clear view that this is an attractive deal for Citigold and its shareholders.
- Planning and preparation for the successful resumption of mining of the Central mine continued in order to be ready when the funding is finalised.
- Productivity and cost efficiency programs continued in the corporate office and in the administration areas.
- The Company continues to review its business plans, schedules and strategies in readiness for production.

OPERATIONS

The underground mining operations at the Company’s Charters Towers ‘Central’ and ‘Imperial’ mining areas, together with the processing plant, remained on care and maintenance during the Quarter. No gold production operations were undertaken during the quarter.

Resumption of mining at Charters Towers is contingent on a sufficient level of capital financing, but active strategic planning and scheduling continued during the Quarter in readiness.

Corporate plans remain unchanged with the main Central Mine underground to be the first area planned to be reopened and is targeted to expand into a 220,000 ounce annual producer of gold once funding is finalised. An outline of the mining plan for the Central Mine has been given in previous Quarters.

Project Assessment Process

Citigold has a deep and informed knowledge of the assets, which was taken into account in assessing the project's future growth.

As previously announced the Company is building upon the existing developed infrastructure at the Company's Charters Towers mine sites. A detailed and comprehensive Technical Report lists the Mineral Reserves and Ore Resources of the Charters Towers Gold Project (<http://www.citigold.com/mining/technical-reports>).

This report, in compliance with JORC reporting requirements, was prepared in the format of the Canadian NI 43-101 report because it conforms to a very detailed and structured format to the report. The report was able to draw upon the technical and operational information from the project's trial mining operation by Citigold.



With this solid data foundation to build on, the remaining project funding will be mainly used for underground development of the Central mine. The plan is to have up to 15 working areas underground ('stopes') that ore can be extracted from at the one time, ensuring sufficient tonnage to meet predictions.

GEOLOGY AND EXPLORATION

No new exploration drilling was undertaken during the Quarter, with work continuing to be focused on consolidating geological data in preparation for the upcoming period of mine planning. No new results are reported.

The Quarter further saw the compilation of numerous EPM and MDL annual reports.

The Company is looking at optimising its holdings at Charters Towers with the aim of focusing on the core gold mining operations of the Charters Towers goldfield rather than also looking for new discoveries further afield. The Charters Towers project can provide a long and profitable mine life for the Company and local community.

HEALTH, SAFETY AND ENVIRONMENT

There were no Lost Time Injuries, significant environmental, health or safety issues during the Quarter.

CORPORATE

Capital Raising

On 26 May 2017 Citigold announced a broad shareholder Share Purchase Plan (Share Plan). The last shareholder only Share Plan was in October 2014, approximately two and a half years before. Citigold was of the view that it is time to give our broad base of shareholders the opportunity to top up their shareholding in an efficient manner and at an historically very favorable price.

The shareholder only capital raising Share Plan closed on 26 June 2017 with applications totaling \$759,000 from shareholders subscribing for a total of 84,333,425 ordinary shares.

The Chairman wishes to thank all those shareholders who participated in the Share Plan for their continued support of the Company.

Major Development Funding

On the 9 June 2017 Citigold announced it had entered into a Gold Purchase Agreement for the sale of 100,000 ounces of gold in-situ (in the ground) to GLD International Inc ("GLD Inc"). Citigold's obligation is to deliver gold metal up to the contracted quantity within 5 years subject to certain terms and conditions.

In March 2017 the Company announced a 'gold sale agreement' that had been entered into with Aaron Data Systems Inc ('Aaron') whereby a controlled subsidiary of Aaron was to purchase the gold. This agreement had become unworkable due to lack of performance by Aaron and therefore that agreement is at an end and terminated.

The agreement with GLD Inc is very different and provides benefits, clarity and clear performance targets for both parties. A substantial benefit to Citigold is that the gold, initially purchased in-situ, if it is to be converted and delivered as physical metal will be paid for progressively before 30 June 2018.

The incentive to GLD Inc to pre-pay for the gold at the earliest is that the buy price will be at 80% of the gold spot price at the time, and in limited circumstances at Citigold's discretion, at 70% of the spot gold price. This discretion relates to opportunity to encourage accelerated purchases from time to time.

Citigold will receive the cash as the gold ounces are purchased between now and 30 June 2018. The larger the quantity of gold pre-paid in full prior to 30 June 2018 then Citigold will increase the rate of delivery of the gold metal with all gold paid for to be delivered within 5 years, being 1 June 2022 at the latest.

The GLD Inc transaction revenue pre-paid to Citigold can be used to recommission our Charters Towers Gold Project at the earliest.

Over the period from now until 30 June 2018 the potential pre-paid cash revenue to be received by Citigold could be up to A\$123 million (assuming an effective gold spot price of A\$1,650 per ounce, an average of 75% sales price and the maximum 100,000 ounces).

GLD Inc has recently updated us that gold purchases pre-payment to Citigold will commence in this Quarter.

Citigold is of the clear view this is an attractive deal for Citigold and its shareholders.

There is no requirement for margin calls, early delivery or interest should the price of gold vary over time or be different at time of delivery. Citigold's business is ultimately gold production and with estimated low production operating cost the deliveries can be profitably met.

The pre-paid gold sales revenue would provide the working capital for the accelerated growth of gold mining on the Company's high-grade Charters Towers goldfield project.

Background on GLD International Inc, USA: founded by individuals directly and indirectly involved in aligning businesses with lifelong expertise in gold mining, gold markets, information technology and the latest cutting edge distributed ledger blockchain reality. Team members across four continents form the nucleus for GLD International Inc, a new brand with global goals as a cryptocurrency technology company.

For further details see the announcement.

Other Financial

The Chairman's observational view is that there appears to be growing interest in some sectors of the gold space for various and differing reasons.

The Company's desire is to be in a position to move back into gold production in the medium term and we will keep focused on this goal.

In addition to the transactions outlined above, as previously advised, the Company is in funding discussions with potential interested strategic partners and the Company expects these will continue as additional complementary discussions to further financially enhance the Company's growth.

With the transactions announced and outlined in this report we expect revenue pre-payment and capital inflows to start and or continue in the current quarter.

With the production ready Charters Towers Gold Project remaining in care and maintenance, the focus continues to be on cost efficiency improvement programs.

Update on Redeemable Notes - As previously reported the Company has been and continues in ongoing discussions with Fortune Gems and Jewelry DMMC ('Fortune') in relation to the redeemable Notes ('Notes') that have passed their redemption date. These discussions continue with Fortune on the Notes' redemption date and we will make a further announcement when the current commercial negotiations are complete. As previously announced Citigold has a long term relationship with Fortune.

Cautionary Note: *This release may contain forward-looking statements that are based upon management's expectations and beliefs in regards to future events. These statements are subjected to risk and uncertainties that might be out of the control of Citigold Corporation Limited and may cause actual results to differ from the release. Citigold Corporation Limited takes no responsibility to make changes to these statements to reflect change of events or circumstances after the release.*

SUMMARY OF MINING TENEMENTS & AREAS OF INTEREST

In accordance with requirements, Citigold reports that the Consolidated Entity has a 100% control of the following mining tenements at Charters Towers as at 30 June 2017 and there were no acquisitions or disposals during the Quarter:

Exploration Permits Minerals	EPM 15964	EPM 15966	EPM 16979	EPM 18465	EPM 18813	EPM 18820
Minerals Development Licences	MDL 118	MDL 119	MDL 252			
Mining Leases	ML 1343	ML 1408	ML 1433	ML 1548	ML 10042	ML 10222
	ML 1344	ML 1409	ML 1472	ML 1549	ML 10048	ML 10281
	ML 1347	ML 1424	ML 1488	ML 1585	ML 10050	ML 10282
	ML 1348	ML 1428	ML 1490	ML 1586	ML 10091	ML 10283
	ML 1385	ML 1429	ML 1491	ML 1587	ML 10093	ML 10284
	ML 1387	ML 1430	ML 1499	ML 1735	ML 10193	ML 10285
	ML 1398	ML 1431	ML 1521	ML 10005	ML 10196	ML 10335
	ML 1407	ML 1432	ML 1545	ML 10032	ML 10208	

For further information contact:

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Company Secretary

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Or visit the Company's website – www.citigold.com

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117 Victoria Street
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Telephone: 1300 850 505

AUDITOR

K S Black & Co
Level 6, 350 Kent Street,
Sydney NSW 2000

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

CITIGOLD CORPORATION LIMITED

ABN

30 060 397 177

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	324
1.2 Payments for		
(a) exploration & evaluation	(203)	(383)
(b) development	(25)	(145)
(c) production	-	-
(d) staff costs	(22)	(162)
(e) administration and corporate costs	(80)	(319)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(330)	(685)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	7
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	7

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	564	765
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	7	18
3.6 Repayment of borrowings	-	(3)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	123
3.10 Net cash from / (used in) financing activities	571	903

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	6	22
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(330)	(685)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	7

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	571	903
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	247	247

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	247	6
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	247	6

6. Payments to directors of the entity and their associates

Current quarter \$A'000

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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7. Payments to related entities of the entity and their associates

Current quarter \$A'000

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	10
9.2 Development	25
9.3 Production	-
9.4 Staff costs	30
9.5 Administration and corporate costs	25
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	90

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Company Secretary

Date: **31 July 2017**

Print name: **Niall Nand**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.