

Quarterly Report

For the period ending 30 June 2020, dated 29 July 2020

HIGHLIGHTS

- The Company and its consultants decided on innovations to assist in achieving the goal of an 'ultra-low-cost' mine at the Charters Towers 'Central' gold mine.
- Active discussions for major project funding advanced and funding is expected to be in place by the end of the calendar year.
- CEO recently inspected and reviewed project sites confirming readiness for mining.
- The go-forward budgets were reviewed confirming a substantial commitment to expanding the defined resources and how advances in technology might assist with upgrading to reserves.
- Confirmed the initial mining area remains the CO3 Queen West, Probable Mineral Reserve of 113,316 tonnes at 27.95g/t containing 101,843 ounces. (See ASX announcement dated 21 May 2012 Mineral Resources and Reserves report).

OPERATIONS

Planned Resumption of Mining

During the Quarter the technology available to enable a 'rethinking' of how there can be a substantial commercial advantage was clarified for Citigold's mine going forward. The 'innovations' are not pioneering nor risky, they are more the approach of 'adapting' to the particular advantages and constraints of the geology.

One of the challenges is that mining usually involves moving large volumes of rock and often processing that rock. Since 2010, we have researched how exploration can be more efficient for our particular geology, plus how mining/processing of our Charters Towers ore can be more efficiently executed. This quarter brought clarity and decisions.



Central Mine Overview

The Central Mine, located adjacent to 30 Nagle Street Charters Towers, is centred around the initially excavated 'Brilliant East Decline' that dives down at 1:7 down slope, underneath the City, to over 200 metres depth in the strong granite country rock. Previous trial production mining the 'usual way' at Warrior (and in 1994-2000 at Central) identified the challenges to and constraints on 'ultra low cost mining'. While we have been in the project development financing stage, our efforts have been to develop an ultra-low-cost mining system.

The mine we are building is planned to produce for very many years, based on known mineral resources, and is located in a sensitive location underneath a City. The City creates many advantages and also many challenges that most mines do not have in the remote outback. A long life mine can generate many benefits for the local community and Company. The Gold price is good now, but many years ahead might change. Just as Amazon and Tesla reimagined their 'industries' with new methodologies and tech, the Citi team has done similarly for its gold mine.



The Company and its independent mining engineering consultant, Prospector Enterprises, reviewed over the last two quarters the mining design, engineering plans and other mining data for Central which is being optimised substantially because of technologies available today which were not available 5 years back.

This search has been worldwide, meeting and discussing technology and 'what is possible', including with non-mining civil construction original equipment manufacturers and operators.

Central Mine Optimisation

In consultation with project managers and design engineers, an innovative mining system has been put together that takes an efficient 'keyhole surgery' approach to our mining and thereby doing what needs to be done for the geometry of our ore system that in itself is somewhat unique. Make small holes, and just extract the valuable ore.

During the Quarter, the Company adopted the use of two small declines, commencing circa 1,300 metres down the current single decline. The 'twins' require smaller blasts, excavate less rock than single standard decline and less rock to move. One decline will be used for downcast air and the other used for upcast, thereby creating good ventilation at all times and two egresses. The declines will allow flexibility for material and personnel movements in and out of the underground.

A production sequencing advantage is that when the decline(s) are nearby or junction into the reef for gold production, then stope development and ore stoping can begin. This is because the 'twins' also create flexibility of two means of continuous interval egress, as required by mining regulation. The 'second egress' requirement was previously a constraint in Company's past mining of 'top to bottom' and long lateral extent of the reefs.

Under the old mine plan the constraint of having to first open up the 'King Shaft', referenced and imaged in previous announcements, has been removed thereby shortening the lead time to gold production. The decline(s) path is essentially the same. Preliminary costings indicate the twin decline are within existing budget.

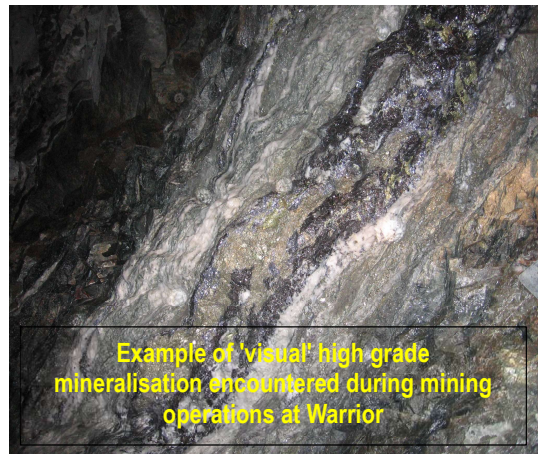
The movement of ore and waste to the surface will be done by electric conveyor. This removes trucks and the associated diesel fumes from the underground, improving the air quality for the miners and reduces the cost of ventilation. With diesel trucks removed, the mine is safer because the potential for diesel fuelled fires underground are removed or greatly reduced.

To ensure harmony with the environment the mine will eventually be renewables powered. The sites have recently been selected and will progress at a time by others independent of the mine.

Geology and Exploration

Citigold previous test mining gave the opportunity to experience the varying grades, varying mineralisation widths and varying ground conditions. Previous mining was conventional mechanised methods for reef mining.

The area mined by predecessors over 100 years ago using their small tunnels and selective 'visual' grade control produced 6,600,000 ounces of recorded gold production and an in situ grade of 38g/t (See ASX announcement dated 21 May 2012 Mineral Resources and Reserves report). Citigold's Inferred Mineral Resources grade average of 14 g/t gold, uses a 3 g/t economic cut off @ a gold price of A\$1,600/oz (See ASX announcement dated 21 May 2012 Mineral Resources and Reserves report). The mineralisation then and now is the same, but old time hand mining indicatively used a 6 dwt (9 g/t) 'cut-off grade' for their higher cost unmechanised manual methods (See ASX announcement dated 21 May 2012 Mineral Resources and Reserves report). Modern mechanised mining usually takes more total tonnes diluting the ore compared to old hand mining.

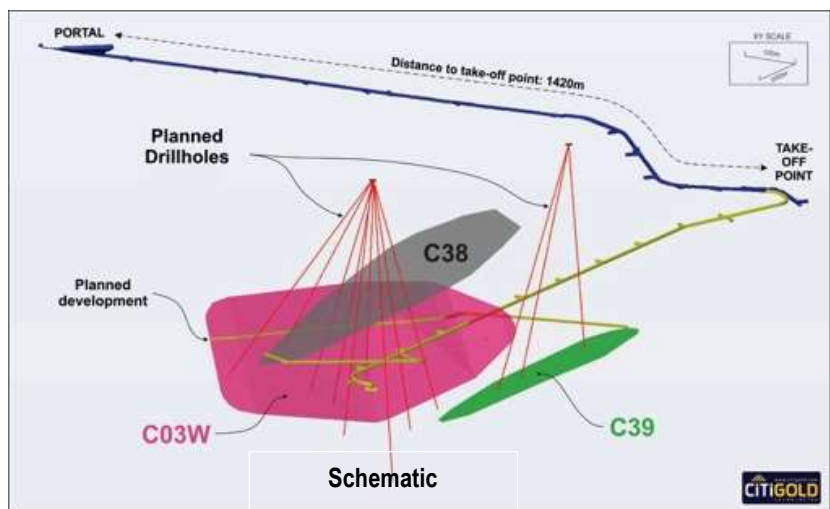


The old-time mining, set out in the original mine plan, now digitised into the Project databases and complemented with all the analysis from Citigold's actual mining produces a clear understanding of the geology and structural controls. Yet despite the varying grades and hard granite rock, old timers hand mined large areas of very high-grade mineralisation.

The frequency of larger high-grade areas may follow somewhat of a 'repetition' or pattern with study continued during the quarter.

The Charters Towers mineralisation does have an excellent indicator or high-grade gold areas in the galena (lead) grades that accompany the gold mineralisation. These lead grades are a proxy for gold from a mining perspective.

The gold is not visible in the mineralisation despite the high grades and it is very fine to the naked eye. But, the associated galena, pyrite and sphalerite (sulphides) are very visible and a proxy for the gold.



The gold particles are not inside the sulphides, but along grain boundaries giving excellent gold recoveries (See ASX announcement dated 21 May 2012 Mineral Resources and Reserves report).

The initial defined mining area is the 'C03W' area (See ASX announcement dated 21 May 2012 Mineral Resources and Reserves report). The diagrammatic image above also includes two new target drilling areas 'C38 and C39' that have a 12 hole drilling program planned in the go forward budgets to be completed in the first 3 months of mine works starting. These are extensions of known reefs adjacent to the planned decline path and if the drilling is successful in returning acceptable gold grades/widths, they may be included in the mine plan.

The past 10 year geophysics 'imaging' efforts were directed at the 'visible' sulphides. Despite our major efforts on the ground and worldwide search to 2016, expending millions of dollars, the technology could not do what the technical team needed to image the 'shapes' of the overall high grade areas.



Citigold's Core Yard at Central Mine

During the Quarter, discussions with some of the personnel from past trialled technologies were encouraging. Over very recent years they have advanced in the areas of detection, modelling and imaging. These 'geophysical' technology advances will be a part of the go forward budgets, in combination with traditional diamond core drilling, to support a strong ramp up in gold production once gold mining commences.

During the June 2020 Quarter, planning activities commenced for a soil sampling program in the upcoming period. The results from the soil geochemistry will assist our understanding of the style and structural controls of the gold mineralisation and assist identification areas of more intense future exploration programs. A field trip was also undertaken during the period to help identify accessibility to exploration areas.

During the Quarter, no new exploration drilling was undertaken.

The fullest exploration of the Charters Towers goldfield is planned. Substantial exploration funds are in our overall go-forward budgets.

Normal regulatory compliance reporting for exploration, mine and environmental continued during the Quarter.

Processing Plant

During the quarter, a site was selected, for an innovative Citigold gold ore processing plant using the latest digital, gravity and cyanide recovery processes.

The land is already under mining lease adjacent to our previously mined open pit (now a water storage) at the Stockholm mine. The site is closer to the Central mine and a shorter haulage route. Until recently it was expected that we would toll process our ore at the old plant we sold, but technologies we have been following have advanced substantially in the last few years.

Recent technical reviews indicate that, subject to test work yet to be undertaken, cyanide may be removed totally from our processing circuit without any material drop in budgeted gold recoveries. These technological efficiencies were not available five years back.

It is noted that the environmental world-wide community is moving away from cyanide in gold mining because of environmental issues.

The cyanide-free path of processing through to gold bars may result in a lower operating cost because of reduced energy consumption and potentially no cyanide or tailings dam. At the present time the ongoing mine optimisation is the priority.

Health, Safety, Community And Environment

Citigold takes a long-term approach to its mine and its harmonious integration into the community and environment.

Recently the CEO was in Charters Towers for several days to review all parts of the project, its community footprint, technical layout changes to the Central Mine portal site surface area, selection of the new process plant site, environmental monitoring sites, reviewing exploration areas and drill sites for the next drilling program. All is ready and in good order.

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

There were no reportable environmental incidents during the quarter. The Company's project strives for good environmental operations and continues its pleasing record. These favourable achievements, on the ground, are assisted by the relatively benign chemical properties of the local rocks and the operational care taken at the sites.



The Company's Lost Time and Disabling Injury Frequency Rate (LTIFR and DIRF) remains at zero. Citigold is committed to creating and maintaining a safe environment, both in the workplace and in the local community.

Progressive rehabilitation and reclamation initiatives and the projects readiness to commence site activities as soon as funding is finalised.

Mineral Resources and Ore Reserves

The Company's prime focus is the Gold Project.

The Project comprises of the 11 million ounce gold deposit, with an Inferred Mineral Resource of 25 million tonnes at 14 grams per tonne gold and 620,000 ounces of gold in the Probable Ore Reserve (2.5Mt @ 7.7 g/t Au at a 4 g/t cut-off) (See ASX announcement dated 21 May 2012 Mineral Resources and Reserves report).

Citigold's Mineral Resources and Ore Reserves for the overall Gold Project are reported in accordance with the Australasian JORC Reporting Code 2012.

Mineral Resources and Ore Reserves remain unchanged during the period.

The material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

See full report: <https://www.citigold.com/technical-reports/>

Development of Autonomous (Robotic) Underground Mining Operations

The quest to automate the Charters Towers mine goes back to 2010. In 2013 Professor Brian White, of Queensland University, and Citigold's CEO authored a peer reviewed paper that was presented by Citigold's CEO to "World Gold 2013", Brisbane, titled "Brave New World, Autonomous Mining Systems". The aim was to encourage more miners to consider automation.

From 2010 through 2014 our efforts on our automation, control systems and geophysics efforts were submitted to AusIndustry, supported and approved. What has been learned is Citigold intellectual property.

Efforts have not abated with our CEO travelling to Oslo, Norway, in 2018 to venture deep underground into a major civil tunnelling project that was using equipment with the automation potential for our mine.

One of the big challenges is that it is difficult to automate a work face you blow up every day. Citigold has researched on ways forward with this challenge, with further IP to be implemented over the longer period.

For many years and up until this day, our CEO has always been an eternally inquisitive reader and learner, in particular mine automation opportunities, having had innovation success outside of work activities. It is said Warren Buffett spends as much as 80 percent of his day reading, stating "That's how knowledge works... It builds up... I read and think... reading and thinking ". Citigold has been very busy so that its technology steps are on a strong foundation. This has included our CEO being a member of the IEEE Robotics and Automation Society.

Our efforts include partnering with an Asian based software team that will be a part of implementing our automation efforts in coming years.

The restart of Central mine will be without automation of mobile machinery, but the conveyor system is planned to be automated.

CORPORATE

Development Funding

This area remained a busy and a key focus during the quarter, with a goal of competing the development funding in this calendar year. The strong gold prices are assisting productive discussions.

Financial Discussion

During the Quarter, the Company completed a private placement transaction for \$900,000 with the final \$100,000 instalment received post Quarter end confirming the continued support of investors and shareholders.

With the production-ready Charters Towers Gold Project remaining in care and maintenance, the focus is on completing the major funding discussions and moving to gold production and revenue thereafter.

During the Quarter, active discussions for major project funding advanced and expect to be in place by the end of this calendar year.

During the Quarter, the Company paid down a significant part of its loan facility with the \$1 million loan facility remaining in place.

The Company has in the past undertaken broad shareholder share purchase plans and share placements. The Company further has the ability to raise funds from the forward sale of gold in the ground and loan facilities as previously announced.

Appendix 5B Disclosures

The Company's accompanying Appendix 5B (Quarterly Cashflow Report) includes an amount in item 6.1 which constitutes non-executive directors' fees paid for the quarter.

During the period, the Company made payment \$19,000 (capitalised), on exploration activities at its Charters Towers Gold Project, which includes development of the upcoming soil sampling program, review of historical data and reviewing exploration technologies. Exploration payments totalling \$14,000 (expense) relate to tenement compliance and land management fees. Further payment \$4,000 relates to mine design, engineering, planning, optimisation and reviewing past mining data. The above activities were summarised in this quarterly report.

SUMMARY OF MINING TENEMENTS & AREAS OF INTEREST

Citigold reports that the Consolidated Entity has a 100% control of the following mineral titles at Charters Towers as at 30 June 2020 and there were no acquisitions or disposals during the quarter:

Exploration Permit Minerals	EPM 15964	EPM 15966	EPM 18465	EPM 18813	EPMa 27287
Minerals Development Licenses		MDL 118	MDL 119	MDL 252	
Mining Leases	ML 1343	ML 1430	ML 1545	ML 10193	ML 10284
	ML 1344	ML 1472	ML 1585	ML 10196	ML 10335
	ML 1347	ML 1488	ML 10005	ML 10208	
	ML 1348	ML 1490	ML 10032	ML 10222	
	ML 1385	ML 1491	ML 10042	ML 10281	
	ML 1398	ML 1499	ML 10091	ML 10282	
	ML 1424	ML 1521	ML 10093	ML 10283	

CHARTERS TOWERS PROJECT OVERVIEW

Citigold is an Australian gold mining and exploration company, operating on the core high-grade Charters Towers goldfield in north-east Australia, 1,000 kilometres north of Brisbane, Queensland, and 130 kilometres south-west from the major coastal port of Townsville.

The Gold Project is one of Australia's largest high-grade pure gold deposits.

Corporate mission:

Our aim is to be a 300,000 plus ounces per annum ultra-low-cost gold producer in five years using state of the art technologies and efficiencies, all with the aim of returning substantial profits to shareholders in harmony with the local environment.

For further information contact:


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Authorised for release: by Mark Lynch, Chairman, Citigold Corporation Limited.

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.

Competent Person Statement:

The following statements apply in respect of the information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves: The information is based on, and accurately reflects, information compiled by Mr Christopher Alan John Towsey, who is a Corporate Member and Fellow of the Australasian Institute of Mining and Metallurgy. Mr Towsey is a Chartered Professional (Geology) and currently independent of Citigold Corporation Limited, having previously been a Director of the Company from 2014-June 2016. He has the relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Identified Mineral Resources and Ore Reserves 2012. Mr Towsey has consented in writing to the inclusion in this report of the matters based on the information in the form and context in which it appears.

For full details see Technical Report on the Mineral Resources and Reserves at www.citigold.com click Mining >Technical Reports >Mineral Resources and Reserves 2012

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity	
CITIGOLD CORPORATION LIMITED	
ABN	Quarter ended ("current quarter")
30 060 397 177	30 June 2020

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	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(14)	(516)
(b) development	(4)	(771)
(c) production	-	-
(d) staff costs	-	(34)
(e) administration and corporate costs	(58)	(609)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(38)	(50)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	37	37
1.9 Net cash from / (used in) operating activities	(77)	(1,943)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(19)	(19)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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	(19)	(19)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	800	2,107
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	53	909
3.6	Repayment of borrowings	(750)	(1,049)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	103	1,967

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9	11
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(77)	(1,943)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(19)	(19)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	103	1,967

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	16	16

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	16	9
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)	16	9

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
1

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	934	66
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		934
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
A\$1 million secured loan facility obtained from PAL Group Pty Ltd ATF The I and F Trust at 12% per annum interest rate, maturity of 7 June 2021 and all other terms remains unchanged.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(77)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(19)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(96)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	16
8.5 Unused finance facilities available at quarter end (Item 7.5)	934
8.6 Total available funding (Item 8.4 + Item 8.5)	950
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	9.90

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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.

Date: 29 July 2020

Authorised by: Mark Lynch, Chairman
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.