

## ANNOUNCEMENT



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## Update

**23 June 2014: Brisbane, Australia** – Citigold Corporation Limited (“Citigold” or “Company”) (ASX:CTO) is pleased to provide an update of its activities its high grade 100% controlled Charters Towers gold project.

### Highlights:

- New management team producing results.
- 85,000 tonne pre-feasibility sampling program to start immediately.
- Visible gold recovered from all 43 (2 - 4 kg) mixed soil samples area\*.
- Bulk pre-feasibility processing to start at Charters Towers in early July.
- Drilling at Central mine area continues to prove the high-grade gold targeting methodologies generated by Citigold produces results.
- Corporate restructure to assist completion of larger development funding.
- Major development funding progressing with several interested parties.
- Low cost focus continues with personnel further reduced at site and Board level.

### New management team

Changes within the management team in 2013 are now producing strong results. In addition to advancing the definition of the very high grade underground Central mine reefs they have also advanced the strategy of locating short term low cost production.

### 85,000 tonne pre-feasibility

The area of interest, which is at surface, for the bulk sampling has been targeted because it contains an unusually large number of narrow cross cutting mineralised reefs that bridge a gap between two larger E-W trending and NE-SW trending primary structures which have been historically mined from underground. Very little is known about these particular cross cutting structures, their extent or the structural geometry in the area of interest.

The area of interest is the surface expression of these reefs and the associated gold mineralisation.

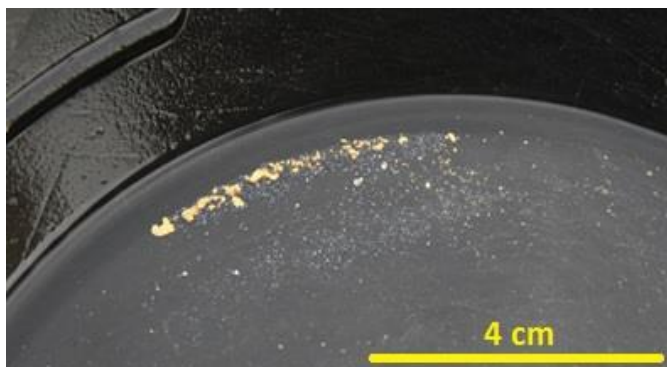
Preliminary sampling has already exposed some of the reefs and has greatly advanced our knowledge of the complex structural geometries in this area. All of these reefs are considered to be gold bearing. The prefeasibility sampling will be used to pinpoint the

location of the main gold bearing structures. It is anticipated that the area will become the focus of further work including an RC drilling program.

### **Visible gold recovered**

The area of interest is approximately 400 metres long (E-W) and 300 metres wide (N-S). The area is located near the Imperial portal. The high gold grades obtained reflect the mineralisation from the underlying reefs that cut across the host granite.

Over 40 soil and rock chip samples have been conducted over an area with all samples returning visible gold after simple gravity processing by Citigold.



**Visible gold returned from sample after simple gravity processing by Citigold.**

\* 29 soil samples were collected on a 50m (N-S) x 100m (E-W) grid. Samples included all material from the surface to a depth of approximately 30cm. Samples varied from 2.5 - 4 kilograms. Samples were dried, all material crushed to <3mm and then panned for visible gold. The resulting heavy mineral fraction separated during panning was treated with concentrated HCL and then the gold split from the sample and weighed using a calibrated laboratory scale. Additional "infill" samples have been collected and treated using the same method.

Larger 100 - 500 kilogram samples have been sampled by crushing to <3mm and then the sample placed over a Gemini Table to remove the heavy mineral fraction. Although visible gold was found in all samples, it was discovered that this second (larger) sampling technique failed to recover all of the gold and has since been altered).

### **Bulk pre-feasibility processing**

All bulk samples will be processed through the existing processing plant with excavation and processing costs anticipated to be around \$25 per tonne. The cost of the bulk prefeasibility sample is much lower than usual because the sample is at surface and only requires simple loading into a truck and transport to the Company's established process plant.

This pre-feasibility sampling program is anticipated to take between 4-6 months before focus shifts to the delineation of the mineralised structures at depth. Soil and rock chip sampling plus the exposure of reefs through the clearing and processing of soil will allow for the generation of a detailed structural and grade distribution map that will pre-empt a major RC drilling program on the Imperial and adjacent reefs.

### **Drilling at Central mine**

Drilling work at the Central mine area is progressing with further high grade gold results anticipated from recent intercepts. One new intercept of the C26 structure in CT9006 contains visible gold in quartz (awaiting assay). Full details will be provided after assay and analysis are received.

The drilling completed in the Central area over the last 6 months has highlighted many new reefs while also further confirming the existence of known reefs extending closer than previously anticipated to the existing Central mine underground access ramp. For planning purposes this has greatly reduced the amount of underground mine tunneling (development) required prior to moving the Central area into gold production. Reducing both time and cost associated with first commercial production from the Central mine.

Financial modeling of the new development plan has forecast that this new lower amount of development tunneling requires substantially less external funding prior to moving into commercial gold production in the Central mine area. This has enabled the management team to reduce the scale of the capital development funding sought to approximately \$25 million.

Further reserve definition drilling in the Central area over the next 3 to 6 months will improve the confidence of these new reefs.

### **Corporate restructure**

It has become obvious that two apparently now inactive prior transactions by Citigold are causing confusion for potential new partners we are in discussion with about the major new funding to develop the project into a large high profit gold producer.

Therefore the decision has been taken to terminate both the Anhui Geology and Mining Investment Co Ltd (Anhui) exploration joint venture and the Express Link Management Ltd (ELM) convertible note deals. These decisions take away the uncertainty surrounding the capital structure of Citigold as well as the ownership of the 1,000 square kilometres outer exploration ground controlled by Citigold. These two prior deals effectively had pre-emptive rights. Anhui may have earned a 50% interest in the highly prospective exploration areas and the ELM deal wherein they may have earned a 51% corporate ownership of Citigold are ended. The Company has now determined that continuing these deals will not produce benefits for shareholders. ELM has indicated that it will be retaining its already earned near 10% shareholding.

To further assist efficiencies the Board of Directors has been reduced to 5 persons with the resignation of Mr Nicholas Ng as a Non-Executive Director of the Company effective immediately. The Board wishes to thank Nicholas for his contribution over the last 12 months.

In accordance with the ASX Listing Rules a form 3Z is attached.

### **Major development funding**

Citigold is continuing to advance discussions with several interested parties on providing the development funding. With the above corporate deal restructure the Company expects discussions with the several separate parties to advance. Further updates will be provided in due course.

Advancing the Charters Towers gold project has also taken a major step forward with the loan funding of \$500,000 working capital principally to fund the pre-feasibility bulk sample program. The bulk sampling program will help establish the feasibility of this mineralisation and is expected to progressively recover the gold in the budgeted 85,000 tonne sample. In addition to the loan of \$500,000 Citigold has also lodged a Research

and Development rebate claim for approximately \$900,000 for work carried out in the financial year ended June 2013.

The loan funding is for 6 months at an interest rate of 12% per annum. The provider will also receive 20 million options over ordinary shares in Citigold exercisable at 3 cents over the next two years.

In accordance with the ASX Listing Rules attached is an Appendix 3B in relation to the Options.

This short term funding deal should provide Citigold with adequate funding to undertake the bulk sampling program while a larger development funding deal is completed.

### **Low cost focus continues**

In a recent announcement Citigold confirmed that higher gold grades result in more gold per tonne of rock extracted at the same cost as lower grade rock. High grades increase the revenue per tonne and thereby reduce the cost per ounce as costs are essentially fixed on a per tonne basis regardless of the gold content. The high grade nature of the Charters Towers goldfield has ensured Citigold's per ounce gold cash cost was low when compared to peers.

Management have also been focused on reducing costs and cash burn ensuring Citigold maintains the ability to adapt quickly when opportunities arise. To this extent the site based team was reduced further in early June to a smaller core team covering all facets of the business. As operations are recommenced on the company will use contractors to fill any gaps.

This is already working well with the excavation and haulage of the bulk sample being conducted by contractors with over 30 years' experience in the required field. Due to the down turn in the market attractive rates have been negotiated. This allows the Citigold team to focus on processing the material as well as continuing the resource definition work.

The majority of the workforce is currently focusing on assisting the geology team with the pre-feasibility sampling program.

### **Summary**

Citigold is focused on advancing the Charters Towers gold project as quick as funding allows. The Central mine is continuing to confirm its potential as a large scale mining area. The area having historically produced over 6 million ounces at an average grade of 38 gram per tonne gold. This is an outstanding 'pedigree' Citigold plans to build on.

The Central mine will continue to be the focus of the Company. However we are excited about the short term potential of the area identified for bulk sampling.

With a cleaner corporate structure, short term funding in place, discussions continuing on major development funding and a clear cost low focus the Company should be in a good position to benefit from the current positive outlook in the gold price.

For further information contact:

Matthew Martin – Chief Executive Officer

ceo@citigold.com

Or visit the Company's website – [www.citigold.com](http://www.citigold.com)

*In accordance with ASX Listing Rules 5.6, 5.22 and 5.24 and Clause 9 of the JORC Code 2012 Edition, 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 and a member of the Australian Institute of Geoscientists. Mr Towsey is a consultant geologist and was appointed as an Executive Director of Citigold in April 2014. He has the relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the 2012 Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. 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. The Pathfinder Exploration Pty Ltd Report on the Mineral Resources and Ore Reserves of the Charters Towers Gold Project dated May 2012, which can be found at <http://www.citigold.com/mining/technical-reports> and is referenced by Citigold in its public statements was compiled in compliance with the 2004 JORC Code that was current at that time. The May 2012 report has not yet been updated to the 2012 JORC Code as there have been no material changes to the Resources and Reserves.*

**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*

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Citigold Corporation Limited

ABN

30 060 397 177

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | Unlisted Options to acquire Ordinary Shares   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 20,000,000 Unlisted Options   |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 20,000,000 Unlisted options to acquire Ordinary Shares at an exercise price of 3 cents each, with the options exercisable until 20 June 2016. |

4	<p>Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"><li>the date from which they do</li><li>the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li><li>the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li></ul>	rank equally once converted into fully paid ordinary shares	
5	Issue price or consideration	Nil	
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Working Capital	
7	Dates of entering <sup>+</sup> securities into uncertificated holdings or despatch of certificates	23 June 2014	
8	Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX ( <i>including</i> the securities in clause 2 if applicable)	Number	<sup>+</sup> Class
		1,495,764,906	ORD - fully paid
9	Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX ( <i>including</i> the securities in clause 2 if applicable)	Number	<sup>+</sup> Class
		20,000,000	Unlisted options 3 cent exercise price until 20 June 2016
		7,997,917	Unlisted options 12 cent exercise price until 28 June 2015
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Unchanged	

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the <sup>+</sup> securities will be offered	
14	<sup>+</sup> Class of <sup>+</sup> securities to which the offer relates	
15	<sup>+</sup> Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders	
25	If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting	



26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	
33	+Despatch date	

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a) ☐ Securities described in Part 1-Ordinary Shares only

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders **See attached**

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over **See attached**

37 ☐ A copy of any trust deed for the additional +securities

## Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought		
39	Class of +securities for which quotation is sought		
40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>the date from which they do</li> <li>the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>		
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>		
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Number	+Class

## Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

.....  
(Company Secretary)

Date: 23 June 2014

Print name: John Haley

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+ See chapter 19 for defined terms.

Rule 3.19A.3

# Appendix 3Z

## Final Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

<b>Name of entity</b>	<b>CITIGOLD CORPORATION LIMITED</b>
<b>ABN</b>	<b>30 060 397 177</b>

We (the entity) give ASX the following information under listing rule 3.19A.3 and as agent for the director for the purposes of section 205G of the Corporations Act.

<b>Name of director</b>	Mr Nicholas Ng
<b>Date of last notice</b>	3 July 2013
<b>Date that director ceased to be director</b>	20 June 2014

Part 1 – Director's relevant interests in securities of which the director is the registered holder

*In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust*

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

<b>Number &amp; class of securities</b>
NIL

**Part 2 – Director's relevant interests in securities of which the director is not the registered holder**

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

*In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust*

<b>Name of holder &amp; nature of interest</b> <small>Note: Provide details of the circumstances giving rise to the relevant interest</small>	<b>Number &amp; class of securities</b>
NIL	NIL

**Part 3 – Director's interests in contracts**

<b>Detail of contract</b>	NIL
<b>Nature of interest</b>	NIL
<b>Name of registered holder (if issued securities)</b>	NIL
<b>No. and class of securities to which interest relates</b>	NIL

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+ See chapter 19 for defined terms.