



10 September 2015

ASX Compliance Pty Ltd
20 Bridge Street
SYDNEY NSW 2000

Attention: Ms Stephanie Yong

By email to stephanie.yong@asx.com.au

Citigold Corporation Limited
500 Queen Street
Brisbane QLD 4000 Australia
Tel: +61 (0)7 3834 0000
Fax: +61 (0)7 3834 0011

Dear Ms Yong

KIG Announcements

We refer to your letter of 4 September 2015.

1. On 2 March 2015 Citigold Corporation Limited (**Company or Entity**) issued an announcement to the Market (**Announcement**) that it had entered into an agreement with Kingsford Investment Groups Limited (**KIG**) in respect of a proposed joint venture (**Joint Venture**) in connection with the proposed further development of the Charters Towers Gold Project (**Agreement**).
2. On 6 May 2015, 10 June 2015, 22 July 2015 and 26 August 2015, Citigold issued further announcements to the Market in respect of the Agreement (**Subsequent Announcements**).

In accordance with Listing Rule 18.7, ASX has requested the Company respond to certain questions - which questions are set out below (in *italics*) together with the Company's responses:

1. *Did the Company make any due diligence enquiries on the capacity of KIG to meet their funding obligations under the Agreement prior to making the Announcement?*

Yes.

2. *If the answer to question 1 is "yes", please advise what enquiries were made and what was the result of those enquiries?*

(a) Numerous enquiries were made, and responses were considered, by the Company.

(b) In the period prior to making the Announcement:

- (i) the Company made numerous enquiries in connection with KIG, including (without limitation):

- (A) directly with KIG;
- (B) by using publicly available information,

(the **Enquiries**);

- (ii) KIG (including, without limitation, in response to those Enquiries) provided certain documents and information to the Company, including, without limitation, documents and information in connection with the corporate structure, capital structure, financial standing, financial support, assets, directors, officers, bankers, advisers, business activities and projects of KIG (the **Due Diligence Materials**);

- (iii) the Company formed a view that KIG was capable of delivering the funds required for the Joint Venture and had every intention of doing so, having regard (among other things) to:
 - (A) the Enquiries;
 - (B) the results of the Enquiries;
 - (C) the Due Diligence Materials; and
 - (D) the experience of the Company's executives, including previous dealings in international markets.
 - (c) The Enquiries were made, and the Due Diligence Materials were provided, during the course of:
 - (i) in the period from September 2014 to February 2015, four face-to-face meetings between the Company and KIG (**Parties**) during which meetings the Parties discussed, among other things:
 - (A) KIG's corporate details, business activities, project history, project requirements, financial capability, network and its ability to deliver on the Joint Venture;
 - (B) the Company's gold mine, tenements, available infrastructure, business activities, technical capability and ability to deliver on the Joint Venture; and
 - (C) how the Company and KIG could work together;
 - (ii) communications between the Parties in the period commencing in or about September 2014, including, without limitation, in connection with the matters set out in paragraphs 2(b)(ii) and 2(c)(i)(A) to (C); and
 - (iii) searches of publicly available information by the Company.
3. *If the answer to question 1 is "yes", does the Company consider that the level and outcome of the due diligence enquiries into the capacity of KIG to meet their funding obligations under the Agreement prior to the Announcement to be information that a reasonable person would expect to have an effect on the price or value of its securities?*
- No.
4. *If the answer to question 1 is "yes" and the answer to question 3 is "no", please advise the basis for that view.*
- At the time the Company made the Announcement it did not consider the information referred to in question 3 was material because the Company was satisfied with the scope and results of its due diligence enquiries and the dealings between the Company and KIG, including for the reasons set out in paragraph 2.
5. *If the answer to question 1 is "yes" and the answer to question 3 is "yes", please explain why the Announcement did not include information about the level and outcome of the due diligence enquiries.*
- Not applicable.

6. *If the answer to question 1 is “no”, does the Company consider the fact that it had not undertaken due diligence enquiries into the capacity of KIG to meet their funding obligations under the Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

Not applicable.

7. *If the answer to question 1 is “no” and the answer to question 6 is “no”, please advise the basis for that view.*

Not applicable.

8. *If the answer to question 1 is “no” and the answer to question 6 is “yes”, please explain why the Announcement did not include information about the fact that the Company had not undertaken due diligence enquiries into the capacity of KIG to meet their funding obligations under the Agreement prior to the Announcement.*

Not applicable.

9. *In the Entity’s announcements on 10 June 2015, 22 July 2015 and 26 August 2015 (Subsequent Announcements), it disclosed that KIG is confident it will settle the funding within the extended time limits, and in the Entity’s announcement on 10 June 2015 it stated that it “is confident KIG will complete” the funding. Did the Entity make any further due diligence enquiries on the capacity of KIG to meet their funding obligations under the Agreement prior to making those statement[s]?*

Yes.

10. *If the answer to question 9 is “yes”, please advise what enquiries were made and what was the result of those enquiries?*

- (a) During the period from in or about May 2015, further enquiries were made, and responses were considered, by the Company.
- (b) During the period from in or about May 2015 to 26 August 2015, during which period the Subsequent Announcements were made:
 - (i) the Company made further enquiries in connection with KIG, including (without limitation):
 - (A) directly with KIG;
 - (B) by using publicly available information,(the **Further Enquiries**);
 - (ii) KIG (including, without limitation, in response to those Enquiries) provided certain further information to the Company (the **Further Information**);
 - (iii) the Company formed a view that KIG continued to be capable of delivering the funds required for the Joint Venture and had every intention of doing so, having regard (among other things) to:
 - (A) the initial Enquiries and the Further Enquiries;
 - (B) the results of those enquiries;
 - (C) the initial Due Diligence Materials and the Further Information; and
 - (D) the experience of the Company’s executives.
- (c) The Enquiries were made, and the Further Information was provided, during the course of:

- (i) in the period from April 2015 to August 2015, three face-to-face meetings between the Parties during which meetings the Parties discussed, among other things the Project, including Project requirements and extensions;
- (ii) communications between the Parties in the period commencing in or about April 2015 in connection with the Project, including the Project requirements and extensions;
- (iii) searches of publicly available information by the Company.

11. *If the answer to question 9 is “no”, please advise on what basis it considered it was able to make those statement without any further due diligence?*

Not applicable.

12. *Given the Subsequent Announcements, what reasons were provided by KIG for the delay in settling their funding obligations under the Agreement?*

During the course of the meetings and communications referred to in paragraph 10, KIG informed the Company that KIG needed further time to implement the proposed Joint Venture on the basis that KIG had other projects that required the commitment of KIG’s personnel and resources.

At the time of entering into the amendments to the Agreement, the Company formed a view that the extension of funding was in the interests of the Company because, among other things, KIG made concessions which permitted the Company to engage in discussions with third parties for a superior deal.

We trust that the above addresses ASX’s questions.

Sincerely,



Mark Lynch
Executive Chairman
Citigold Corporation Limited



4 September 2015

Mark Lynch
Executive Chairman
Citigold Corporation Limited
500 Queen Street
Brisbane QLD 4000

Dear Mr Lynch

Citigold Corporation Limited (Entity): ASX query

ASX Limited (ASX) refers to the following:

- A. The Entity's announcement entitled "*Citigold enters \$72 million Agreement to Build Gold Mine*", lodged with the ASX Market Announcements Platform and released at 9:18 AEST on 2 March 2015 (Announcement), disclosing that the Entity had reached an agreement with Kingsford Investment Group Ltd (KIG) to invest \$72 million into a joint venture (JV) to develop the Charters Towers gold field (Agreement), whereby KIG's interest in the JV will be earned after receipt of the \$72 million total investment with \$10 million due on or before 6 May 2015 (Initial Deposit), and \$62 million due on or before 10 June 2015.
- B. The Entity's announcement entitled "*Update on KIG JV*", lodged with the ASX Market Announcements Platform and released at 5:21pm AEDT on 6 May 2015, disclosing that the Company and KIG (together the Parties) had agreed that the Initial Deposit will also be paid on or before 10 June 2015, rather than the 6 May 2015.
- C. The Entity's announcement entitled "*Update on KIG JV*", lodged with the ASX Market Announcements Platform at 4:37 pm AEDT on 10 June 2015, disclosing that KIG had requested an extension of 6 weeks to provide the \$72 million and that the Parties had today entered into an Amended Agreement to extend the payment of the \$72 million to on or before 22 July 2015, that KIG remains confident they will complete the funding on time, and that Citigold is confident KIG will complete the payment.
- D. The Entity's announcement entitled "*Update on KIG JV*", lodged with the ASX Market Announcements Platform at 4:34 pm AEDT on 22 July 2015, disclosing that KIG had requested a further extension to 26 August 2015 to provide the \$72 million and that the Parties had today entered into a Second Amendment Agreement to extend the payment of the \$72 million to on or before 26 August 2015, and KIG are extremely keen to work with Citigold to develop the gold mine and they are very confident that with the additional time they can settle.
- E. The Entity's announcement entitled "*Update on KIG JV*", lodged with the ASX Market Announcements Platform at 5:54 pm AEDT on 26 August 2015, disclosing that a further extension to provide the \$72 million had been agreed between the Parties such that the Initial Deposit is now



scheduled to be paid by KIG on or before 2 October 2015 with the balance of \$62 million to be paid on or before 30 October 2015. Further, the Parties have agreed that this will be the final extension of dates for the investment of the \$72 million by KIG, the Board considers that the extension in time is commercially reasonable and the JV remains in the best interests of Citigold, and that KIG remains confident it will complete the funding in accordance with the new schedule.

- F. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- G. ASX's policy position on the concept of "the contents of announcements under Listing Rule 3.1" which is detailed in section 4.15 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "Guidelines on the contents of announcements under Listing Rule 3.1". In particular, the Guidance Note states that:

"Wherever possible, an announcement under Listing Rule 3.1 should contain sufficient detail for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of the entity's securities."

"It is open to an entity which signs a market sensitive agreement to lodge a copy of the agreement on the ASX Market Announcements Platform, if it wishes to do so. This will help to reduce the amount of material about the agreement that needs to be included in its announcement and also avoid any issues about whether any material terms of the agreement have been properly disclosed. However, ASX recognises that there are cases where an entity will not wish to lodge a copy of an agreement on the ASX Market Announcements Platform. In those cases, the announcement about the agreement should contain a fair and balanced summary of the material terms of the agreement and include any other material information that could affect an investor's assessment of its impact on the price or value of the entity's securities."

"An announcement under Listing Rule 3.1 must be accurate, complete and not misleading."

- H. Listing Rule 18.7 which provides:

"An entity must give ASX any information, document or explanation that ASX asks for to enable it to be satisfied that the entity is, and has been, complying with the listing rules. The entity must do so within the time specified by ASX. ASX may submit, or require the entity to submit, any information given to ASX to the scrutiny of an expert selected by ASX. The entity must pay for the expert".

- I. Listing Rule 18.7A which provides

"ASX may publish correspondence between it and an entity if ASX has reserved the right to do so and considers that it is necessary for an informed market."



Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A.

1. Did the Entity make any due diligence enquiries on the capacity of KIG to meet their funding obligations under the Agreement prior to making the Announcement?
2. If the answer to question 1 is “yes”, please advise what enquiries were made and what was the result of those enquiries?
3. If the answer to question 1 is “yes”, does the Entity consider that the level and outcome of the due diligence enquiries into the capacity of KIG to meet their funding obligations under the Agreement prior to the Announcement to be information that a reasonable person would expect to have on the price or value of its securities?
4. If the answer to question 1 is “yes” and the answer to question 3 is “no”, please advise the basis for that view.
5. If the answer to question 1 is “yes” and the answer to question 3 is “yes”, please explain why the Announcement did not include information about the level and outcome of the due diligence enquiries.
6. If the answer to question 1 is “no”, does the Entity consider the fact that it had not undertaken due diligence enquiries into the capacity of KIG to meet their funding obligations under the Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
7. If the answer to question 1 is “no” and the answer to question 6 is “no”, please advise the basis for that view.
8. If the answer to question 1 is “no” and the answer to question 6 is “yes”, please explain why the Announcement did not include information about the fact that the Entity had not undertaken due diligence enquiries into the capacity of KIG to meet their funding obligations under the Agreement prior to the Announcement.
9. In the Entity’s announcements on 10 June 2015, 22 July 2015 and 26 August 2015 (Subsequent Announcements), it disclosed that KIG is confident it will settle the funding within the extended time limits, and in the Entity’s announcement on 10 June 2015 it stated that it “*is confident KIG will complete*” the funding. Did the Entity make any further due diligence enquiries on the capacity of KIG to meet their funding obligations under the Agreement prior to making those statement?
10. If the answer to question 9 is “yes”, please advise what enquiries were made and what was the result of those enquiries?
11. If the answer to question 9 is “no”, please advise on what basis it considered it was able to make those statement without any further due diligence?
12. Given the Subsequent Announcements, what reasons were provided by KIG for the delay in settling their funding obligations under the Agreement?

When and where to send your response



This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (**i.e. before 9.30 am AEST) on Thursday, 10 September 2015.**

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by a return e-mail or by facsimile to 61 2 9241 7620. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.



If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Stephanie Yong
Senior Adviser, Listings Compliance (Sydney)