

6 November 2015

ASX Compliance Pty Ltd
20 Bridge Street
SYDNEY NSW 2000

Attention: Ms Stephanie Yong

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

Dear Ms Yong

Citigold Corporation Limited: ASX Appendix 5B



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

We refer to your letter of 3 November 2015.

On 30 October 2015 Citigold Corporation Limited (**Company** or **Citigold**) issued an announcement to the ASX being a quarterly report in the form of Appendix 5B for the period ended 30 September 2015 (the "**Appendix 5B**").

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

1. *Does the Entity expect that it will continue to have negative operating cash flow for the time being and, if not, why not?*

"Yes, as a mining exploration entity it may customarily have negative 'operating' cash flows. However, given the nature and stage of the Company's operations this is to be expected. Please see the comments immediately below regarding funding of these future operations"

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?*

Yes. Citigold proposes to, and has taken, steps to raise further funds for working capital in keeping with previous practice (in the previous financial year ending 30 June 2015, the Company was able to successfully raise net funds of approximately \$7.6 million).

Preparations to raise funds via additional share issues, include but are not limited to, a resolution that the Company has already put forward (in accordance with Listing Rule 7.1) which will be voted on at the AGM on 25 November 2015. Once the previous allotments of shares have been ratified under Listing Rule 7.4, the company will have the ability to issue equity up to the 15% annual placement capacity set out in Listing Rule 7.1. Noting the success of the company to do this previously (such as by raising \$1.7 million in the 12 months ending 30 June 2015 and by raising an additional \$1.7 million in the financial year to date as announced in the 30 September 2015 Quarterly Report), Citigold sees no reason why it will not be able to raise further funds via this method of share placements if required.

In addition, short term loans (both unsecured and secured) have been used by Citigold in the past year and further short terms loans are also under negotiation and consideration. Given that approximately 95% of the Company's assets are unencumbered, Citigold is able offer security over its assets if security for such short term loans is required.

As previously announced, the Company has also engaged in and will continue to engage in negotiations with interested parties in respect of the Charters Towers gold project. The principal task of the development to be completed is the expansion of the Charters Towers Central Mine underground. As reported previously, essentially all the surface infrastructure to support mining and recover the gold is in place. Through negotiations it is Citigold's goal to obtain a

“superior deal” with a larger funding commitment than had been previously proposed and/or for Citigold’s shareholders to retain a greater interest in the Charters Towers asset and its future cash flows.

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

Yes, Citigold does expect to be able to continue its operations and to meet its business objectives. Please refer to the answer to question two above.

4. *Can the Entity confirm that it is in compliance with Listing rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?*

Yes, Citigold is in compliance with Listing Rule 3.1 and there is no additional information that should be given to ASX that has not already been released to the market.

We trust that the above sufficiently addresses ASX’s questions.

Sincerely,



Mark Lynch
Executive Chairman
Citigold Corporation Limited



3 November 2015

Francis Rigby
Company Secretary
Citigold Corporation Limited
500 Queen Street
Brisbane Qld 4000

By email

Dear Mr Rigby

Citigold Corporation Limited (the “Entity”): ASX Appendix 5B Query

I refer to the Entity’s quarterly report in the form of Appendix 5B for the period ended 30 September 2015 lodged with ASX Market Announcements Platform on Friday, 30 October 2015 (the “Appendix 5B”).

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$1,781,000;
- cash at the end of the quarter of \$73,000; and
- estimated cash outflows for the next quarter of \$900,000.

It is possible to conclude on the basis of the information provided in the Appendix 5B that if the Entity were to continue to expend cash at the rate for the quarter (and at the rate estimated for the next quarter) indicated by the Appendix 5B, the Entity may not have sufficient cash to continue funding its operations. In view of that, please respond to each of the following questions:

1. Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
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?
3. Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?



Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.

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 5:00pm AEDT on Friday, 6 November 2015**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

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 e-mail or by facsimile to (02) 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*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;



- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*. 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)