

9 May 2016



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Citigold Corporation Limited
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By email to : Stephanie.yong@asx.com.au

Dear Ms Yong

Citigold Corporation Limited (the "Entity") – ASX Appendix 5B Query

On Friday 29 April 2016 Citigold Corporation Limited (**Company**) issued its Quarterly Activities & Cash Flow Report as at 31 March 2016 to the market (**Announcement**).

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

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

Yes. The Entity expects it will continue to have negative operating cash flows for the time being, which is consistent with industry practice for a mining exploration company.

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?

The Entity proposes to, and has taken, steps to raise further funds for working capital in keeping with its previous practice, which steps include:

- (a) The Entity regularly monitors its cash flow requirements in order to meet its planned ongoing activities by arranging capital raisings including through the issue of equity securities, raising of finance via debt funding and/or the sale of assets, as may be required.*
- (b) As announced on 3 May 2016, the Entity has completed a share placement for an amount of \$105,000 with sophisticated investors to be used by the company as 'top-up' working capital.*
- (c) Major development funding negotiations in respect of the Entity continue with interested parties, and the recent strengthening of the USD gold price is assisting such negotiations. The Entity is working towards finalising the major development funding in the current period to take the production ready Charters Towers Project to a projected 230,000 ounces a year gold output, from the Central mining area, with plans for ultra-low all-in gold production costs.*
- (d) The Entity currently intends, subject to negotiations with a third party, to sell a small portion of its in situ gold resources and continues to advance these forward gold sales amounting to \$1,200,000 on the basis that the Entity is seeking to sell 60,000 ounces of gold resources at a price of AUD\$20 per ounce in situ.*

- (e) In addition to the above steps, short term loans (both unsecured and secured) have been used by the Entity in the past year and further short term loans are also under negotiation and consideration by the Entity.*
- (f) The Entity has share placement capacity under Listing Rule 7.1 and 7.1A and may raise up to approximately \$3.5 million, calculated by reference to the share price for the Entity as at close of business on 6 May 2016. In that regard, the Entity continues to have discussions with prospective institutional and sophisticated investors.*

The Entity also has various assets including mining and exploration leases and freehold property available that may be realised, if required, to assist in funding its activities.

Based upon the information currently available to the Entity, the Entity considers that the Entity is likely to continue to have sufficient cash to fund its operations.

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

Yes. The Entity expects to be able to continue its operations and to meet its business objectives for the time being on the basis of the matters set out in the Announcement and the responses to Question 2 set out above. Also, the Entity will make appropriate announcements to the market on the finalisation of any material contracts and/or agreements.

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?

The Entity confirms that it complies with the ASX listing rule 3.1 and that there is no information that should be given to the 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 the ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.

The Entity considers that information that may be relevant to the ASX forming an opinion of compliance with the requirements of Listing Rule 12.2 includes:

- (a) the Entity is the holder of very substantial assets with net assets of \$94.76 million as disclosed in the Half Yearly Report as at 31 December 2015;*
- (b) the Entity has a long trading history;*
- (c) the Entity has previously conducted income generating mining activities at the site of its Charters Towers Project;*
- (d) the Directors currently consider that the Entity will be in a position to secure sale of assets and/or further investments from a strategic partner in order that the Entity may undertake significant mining activities;*
- (e) The proven ability of the Entity to raise further funds for working capital is consistent with previous practice and experience in respect of the Entity;*
- (f) The forward gold sale program is, subject to agreement with a third party, likely to provide further funding to the Entity, as outlined in the response to Question 2 above.*

- (g) *In addition to the above, short term loans (both unsecured and secured) have been used by the Entity in the past year and further short term loans are also under consideration by the Entity; and*
- (h) *Major development funding negotiations continue with interested parties and the recent strengthening of the USD gold price is assisting such negotiations. The Entity is working towards finalising the major development funding in the current period to take the production ready Charters Towers Project to a projected 230,000 ounces a year gold output, from the Central mining area, with plans for ultra-low all-in gold production costs.*

We trust that the above is sufficiently addresses ASX's questions.

For and on behalf of the board.



Mark Lynch

Executive Chairman
Citigold Corporation Limited



3 May 2016

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

By email

Dear Mr Lynch

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 31 March 2016 lodged with ASX Market Announcements Platform on Friday, 29 April 2016 (the "Appendix 5B").

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$364,000;
- cash at the end of the quarter of \$4,000; and
- estimated cash outflows for the next quarter of \$400,000.

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 AEST on Monday, 9 May 2016**. 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)