

ANNUAL REPORT 2016

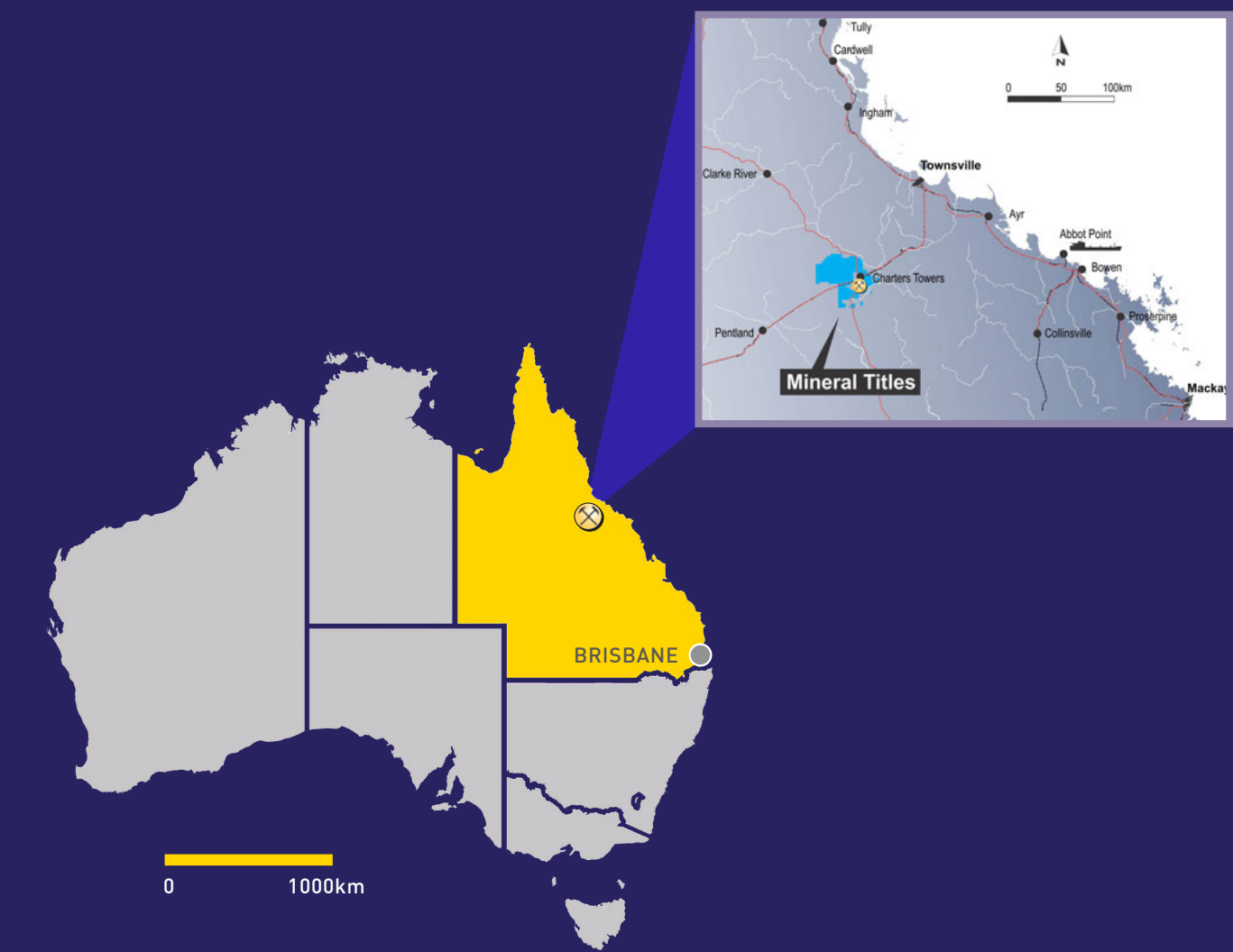
OUR MISSION

“*Become a true Ultra-low Cost gold producer using state of the art technologies and efficiencies. All with the aim of returning substantial profits to shareholders in harmony with the local environment*”



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BUSINESS OVERVIEW

Citigold Corporation Limited (Citigold) is an Australian gold mining and exploration company, operating the wholly owned 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 Company's prime focus is the Charters Towers Gold Project. The Project comprises 100% control 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 (2.5 Mt @ 7.7 g/t Au at a 3 g/t cut-off).

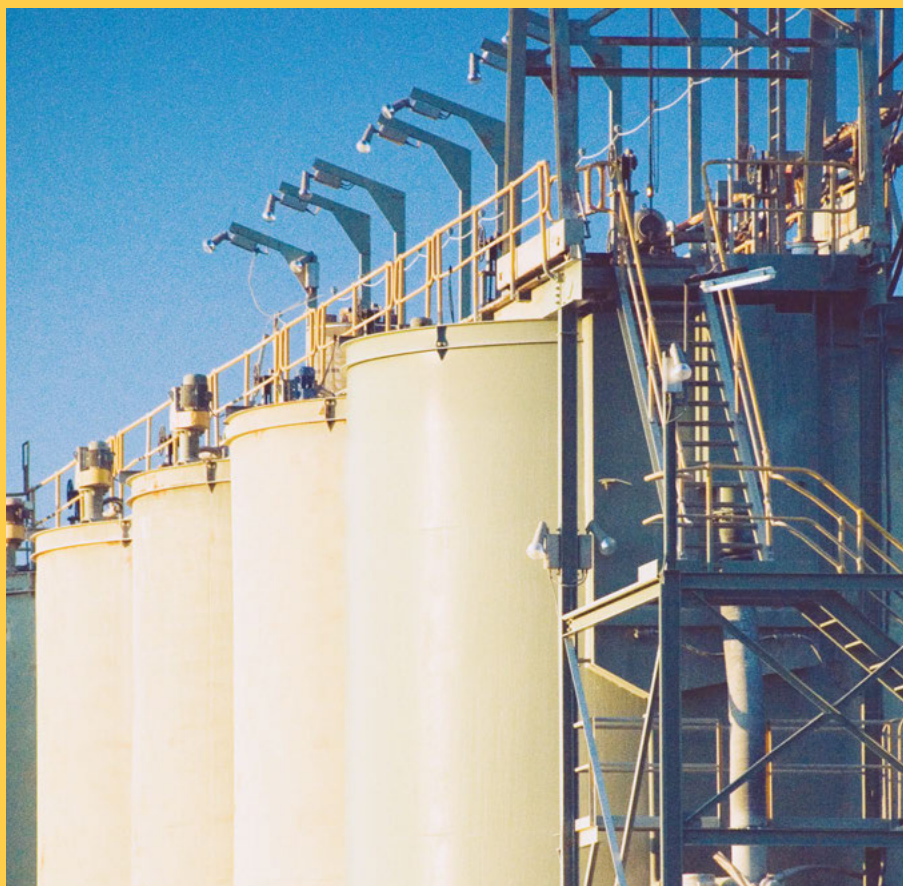
The Charters Towers Project still remains one of Australia's largest high grade pure gold deposits.

The Company does not require additional mine acquisitions to sustain long term gold production. Citigold has already invested over \$200 million in acquiring the gold deposit, developing the infrastructure and mines at Charters Towers. Trial mining operations have produced over 100,000 ounces of gold.

The development fundamentals remain robust with the gold production plan having an initial target of 50,000 ounces per annum building up to over 220,000 ounces of gold production per annum in year 5. In order to move back into gold production we continue to plan for the resumption of mining gold at Charters Towers.

The Company is seeking to raise circa \$100 million. The use of funds is principally to complete the underground capital expenditure program to facilitate the gold production target of 222,000 annual ounces. The business plan and capital expenditure program shows gold production to commence within 10 months of the injection of the required capital.

The Charters Towers gold deposit is large and forecasts show that it has the potential to generate substantial positive cash flows for decades. This will help generate large returns for all shareholders over time.



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Email: mine@citigold.com

DIRECTORS

Mark Lynch (Executive Chairman)
John Foley (Non-Executive Director)
Arun Panchariya (Non-Executive Director)
Dr Sibasis Acharya (Non-Executive Director)

COMPANY SECRETARY

Niall Nand

STOCK EXCHANGE LISTING

Australia (ASX) Code 'CTO'

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AUDITOR

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Level 6, 350 Kent Street
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BANK

Westpac



CHAIRMAN'S LETTER



Dear Shareholder,

During the 2016 Financial Year, the focus continued to remain on securing a long term major strategic funding partner. Citigold is very persistent and very determined. Discussions continue with several major strategic funding partners in developing the production ready Charters Towers Gold Project. The past financial year has seen an improvement in the gold price indicating an increase appetite for gold by investors.

The past year has seen the Company further refine its development strategy, and innovation plans, that aim to optimise the asset at Charters Towers and become an ultra-low cost gold producer. Additionally, these savings will include reducing the already relatively small environmental surface footprint of the mine. We have also continued to reduce recurring corporate overheads during the 2016 financial year with results to be reflected in the coming 2017 financial year.

The Charters Towers Project still remains one of Australia's largest high grade pure gold deposits. Trial mining operations in previous years have produced over 100,000 ounces of gold to date. The development fundamentals remain robust with the gold production plan having an initial target of 50,000 ounces per annum building up to over 220,000 ounces of gold production per annum in year 5. In order to move back into gold production we continue to plan for the resumption of mining gold at Charters Towers.

Strategic mining review during the year resulted in the expected lead time to gold production from re-commencement of Charters Towers operations being shortened to 10 months. This assessment was made possible by the geological work over the last 3 years, planning sessions, the rethinking of lead-time constraints and the commercial benefits imperatives for an incoming financing partner.

The large production ready asset at Charters Towers requires a substantial investment each year to maintain and hold the asset. Therefore, we are looking forward to moving the asset back towards gold production in the 2016-17 financial year. Investors remain positive about realising the true unrealised value of the Charters Towers Gold Project.

I thank our shareholders for the continued strong support of the Company as it implements its ultra-low cost vision in its strategic business plan. Also, thank you to our dedicated team of professionals at Charters Towers and elsewhere. Your passion and commitment is appreciated.

Sincerely,



*Mark Lynch
Executive Chairman*

REVIEW OF OPERATIONS

CORPORATE

During the 2016 Financial Year, the Charters Towers Gold Project remained the Company's prime focus. The Project comprises 100% control 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 (2.5 Mt @ 7.7 g/t Au at a 3 g/t cut-off). See detailed Technical Report at www.citigold.com click Mining, then Technical Reports then **Mineral Resources and Reserves 2012**.

There was no gold production during the year with all the project sites and assets being maintained in active care and maintenance ready for recommencement of mining operations.

The Company does not require additional mine acquisitions to sustain long term gold production. Citigold has already invested over \$200 million in acquiring the gold deposit, developing the infrastructure and mines at Charters Towers. Trial mining operations have produced over 100,000 ounces of gold.

Citigold continues to advance discussions with several major strategic funding partners in developing the production ready Charters Towers Gold Project. The period has seen an improvement in the gold price indicating an increase appetite for gold by investors.

The past year has seen the Company further refine its development strategy, and innovation plans, that aim to optimise the asset at Charters Towers and become an ultra low cost gold producer. Additionally, these savings will include reducing the currently modest environmental surface footprint of the mine.

The Charters Towers Project still remains one of Australia's largest high grade pure gold deposits.

The development fundamentals remain robust with the gold production plan having an initial target of 50,000 ounces per annum building up to over 220,000 ounces of gold production per annum in year 5. In order to move back into gold production we continue to plan for the resumption of mining gold at Charters Towers.

During the year, the Board numbers remained at four directors following the retirement of Mr Christopher Towsey in June, having turned 65. The Company thanks Mr Towsey for his contributions during his time on the Board. Mr Towsey remains a consultant to the Company. The Board welcomed the appointment of Dr Sibasis Acharya as an independent Non-Executive Director (replacing Mr Towsey). Dr. Acharya's qualifications include PhD (Metallurgical Engineering), MSc (Chemistry), MTech (Material Science), and MBA. He is an active technical consultant with over 15 years' experience in metallurgy, material science and mineral processing across several countries. His strengths include extraction of metals, data analytics, process improvement, operations design and implementation. He brings big picture thinking, while attending to the detail of operational process, to drive managing for results focused innovation. He is a technical advisor on the Board. Mr Niall Nand CPA, B.Bus (Accy) was appointed as Company Secretary in addition to his duties as Corporate Accountant.

Mr Mark Lynch continues to bring his immense expertise, determination and intensity as Executive Chairman. The key priority is the \$100 million development funding to power Citigold into becoming a true Ultra-low Cost producer of gold using state of the art technologies and efficiencies. All with the aim of returning substantial profits to shareholders in harmony with the local environment.

FINANCIAL HIGHLIGHTS

Dividend - Your Directors have considered it prudent not to declare a dividend at this time. This decision will be revisited as each stage of the production ramp up is achieved. The Company continues to undertake private placements from time to time when the Board considers it is appropriate prior to achieving profitability.

Citigold incurred a net loss of \$8.3 million during the 2016 financial year - being an improvement from 2015 net loss of \$103 million including the non-cash impairment of \$96 million to Capitalised Exploration, Evaluation and Development Expenditure.

We have continued to reduce recurring corporate overheads during the 2016 financial year with results to be reflected in the coming 2017 financial year. The Net debt gearing ratio remains low at 10.6%.

During the period government charges continued to increase as did our financing cost, which rose noticeably.

The large production ready asset at Charters Towers requires a substantial investment each year to maintain and hold the asset. Therefore we are looking forward to moving the asset back towards gold production in the 2016-17 financial year. Investors remain positive about realising the true unrealised value of the Charters Towers Gold Project.

I would like to thank our shareholders for the continued strong support of the Company as it implements its ultra-low cost vision in it's strategic business plan.



REVIEW OF OPERATIONS (CONT.)

MINERALS RESOURCE AND ORE RESERVES

Citigold Mineral Resources and Ore Reserves for the overall Charters Towers Gold Project are reported in accordance with the Australasian JORC Reporting Code 2012. As at 30 June 2016 the Mineral Resources and Ore Reserves are tabled below. A JORC checklist of assessment and reporting criteria has also been included. No gold production or infill drilling was undertaken in the year and the resources and reserves remain unchanged from June 2015.

Category	Tonnes		Grade g/t	Cut-Off	Contained Ounces
Inferred Mineral Resources*	25,000,000	Gold	14	3.0g/t	11,000,000
		Silver	9	-	7,000,000
Indicated Mineral Resources (includes Probable Ore Reserves)	3,200,000	Gold	7.6	4.0 g/t	780,000
		Silver	5.1	-	520,000
Probable Ore Reserves (derived from and contained within Indicated Mineral Resource)	2,500,000	Gold	7.7	3.0 g/t	620,000
		Silver	5.1	-	410,000

* The 25 million tonne Inferred Mineral Resource is after discounting the original modelled planar structures, of 83 million tonnes, down to the 30% known payability from past mining (83M x 0.7 = 25M).

See detailed Technical Report at www.citigold.com click Mining, then Technical Reports then **Mineral Resources and Reserves 2012**.

In accordance with JORC requirements the Technical Report states the confidence level is ± 10 to 15% for the contained ounces in the Probable Ore Reserve. The confidence level is $\pm 30\%$ for the contained ounces in the Inferred Mineral Resource, because two mining factors have been included (a minimum mining width of one metre, and a substantial discount of the tonnes (70%) based on known mine payability on the reefs).

The gold mineralisation in the main east-west striking reefs generally start about 100 metres from surface. It is planned that the Mineral Resources are effectively converted to Mineral Reserve during the actual process of mining.

Therefore, Citigold's Financial Model for the go forward gold production has applied a conservative 20% discount to the in-situ Mineral Resource tonnes for the estimation of tonnes available to be mined in each of the reefs.

A JORC checklist of assessment and reporting criteria as required under the 2012 JORC code has also been included below.



MINING OPERATIONS

The Charters Towers Gold Project remains the Company's prime focus. The Project comprises 100% control of the 11 million ounces deposit, with an Inferred Mineral Resource of 25 million tonnes at 14 grams per tonne and 620,000 ounces of gold in the Probable Ore Reserve (2.5 Mt @ 7.7 g/t Au at a 3 g/t cut-off).

There was no gold production during the year with all the project sites and assets being maintained in active care and maintenance ready for recommencement of mining operations.

At a production rate of 220,000 ounces per annum, the mine life is envisaged to exceed three decades as increasing information and underground access allows resources to shift to reserves at a high conversion percentage and known new mineralised structures are added into the resource.

To achieve this goal the following are some of the activities carried out during the financial year:

- Strategic mining review resulted in the expected lead time to gold production from re-commencement of Charters Towers operations being shortened to 10 months. This assessment was made possible by the geological work over the last 3 years, planning sessions, the rethinking of lead-time constraints and the commercial benefits imperatives for an incoming financing partner.
- Designs and strategies for the Central Mine were refined, including the decline development extension, the main exhaust shaft, extraction slots in the mineralised zones and gold production.
- Environmental monitoring and sampling continued to increase the base data to assist planning growth in harmony with the local community through maintaining a relatively small environmental footprint and harnessing renewable and recycling techniques.

The past year has seen the Company further refine its development strategy, and innovation plans, that aim to optimise the asset at Charters Towers and become an ultra low cost gold producer. Additionally, these savings will include reducing the environmental surface footprint of the mine.

PROCESSING PLANT OPERATION

The processing plant remained on active care and maintenance awaiting reactivation of underground mining. This brief hiatus is an opportunity to commence a modernisation and repair program. Mining and processing was halted in the prior financial year at Imperial mine with the intention of opening up the major Central mining area due to overall capital efficiency of expanding Central into large gold production. Our funding partner at the time suffered an unrelated 'black-swan' event that prevented then proceeding.

This time is also an opportunity to research how the Company can move somewhat away from chemical processing to a more efficient and environmentally beneficial gravity separation process using high-speed centrifuges. This will allow much more material to be replaced back where it came from underground, reducing the need to store tailings in surface structures. The sands from the gravity process may also be cemented to create a safe, stable and strong fill material that increases ground support and does not disperse underground.

These and other considerations will be considered to not only innovate the underground mining process but also to further reduce the Project's already relatively small environmental footprint.



REVIEW OF OPERATIONS (CONT.)

EXPLORATION

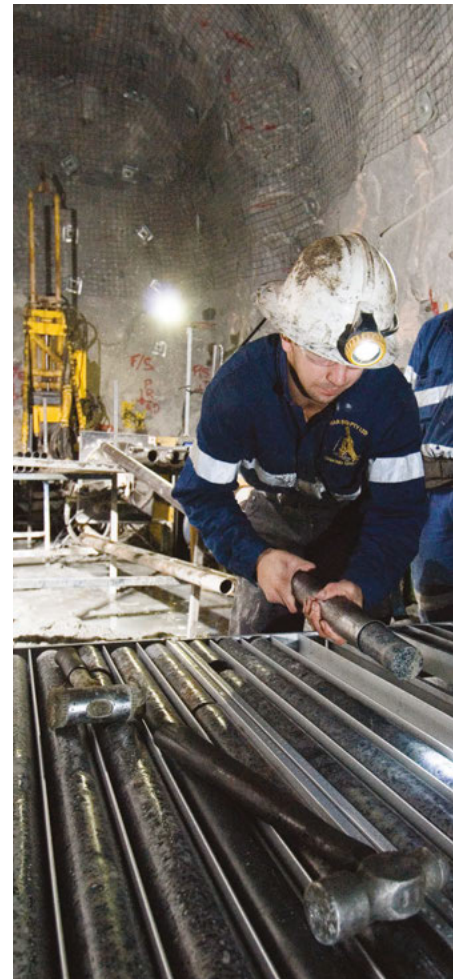
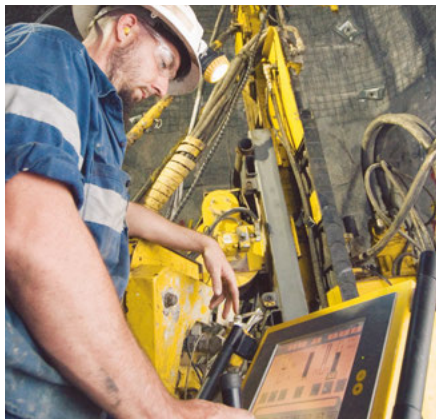
Geophysics

Citigold remains committed to innovation and assistance in the development of suitable geophysical techniques applicable to the nature of the Charters Towers mineralisation.

The Atomic Dielectric Resonance Spectroscopy ('ADR') technique developed by ADROK in the United Kingdom has provided a useful mechanism for detecting sulphide mineralisation associated with the high grade gold areas. The technique measures the dielectric properties of the rock as a function of frequency, allowing Citigold to accurately discriminate the sulphide bearing ore zones within the quartz veins and surrounding granite, greatly reducing the amount of conventional drilling.

The technique can be used successfully to pinpoint sulphide, and associated gold mineralisation at depths of up to 1000m. Once the technique is perfected it will be used as a pre-drilling targeting tool to aid the planned fast gold production plan.

This technique's use at Charters Towers was post the 2012 Technical Report and is not used in any mineral resource or reserve estimations.



SAFETY, HEALTH AND ENVIRONMENT

Safety & Health

There were no Lost Time Injuries or significant health issues during the year. The Company's Lost Time and Disabling Injury Frequency Rates (LTIFR and DIFR) remain at zero.

Citigold is committed to creating and maintaining both a safe environment at the work place and in the local community. The Company continues its consultation with all staff on health and safety matters.

Environment

There were two reportable environmental incidents during the year, relating to elevated sulphate levels in three water monitoring bores on the Mining Leases. It is a minor issue that has been monitored since 1998 and considered to be part of the natural background. It has been assessed by the Company and its consultants and does not cause environmental harm.

Community Relations

Citigold plans to continue to be a major contributor to the Community, and envisages its expanded workforce requirements will benefit Charters Towers when the mine resumes production and on going growth. Citigold's employees continued to be involved in local groups in the Charters Towers community contributing to local organisations and committees.



JORC CHECKLIST

A JORC checklist of assessment and reporting criteria as required under the 2012 JORC Code has also been included below

SECTION 1 SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<p>Nature and quality of sampling [e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.]. These examples should not be taken as limiting the broad meaning of sampling.</p> <p>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</p> <p>Aspects of the determination of mineralisation that are Material to the Public Report.</p> <p>In cases where 'industry standard' work has been done this would be relatively simple [e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay']. In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types [e.g. submarine nodules] may warrant disclosure of detailed information.</p>	<ul style="list-style-type: none"> The Charters Towers area has been sampled by a mixture of diamond (HQ and NQ2) and Reverse Circulation percussion ('RC') drill holes for the purpose of identifying the location of mineralised structures and for identifying potential for mineralisation on these structures and for down-hole ('DH') geophysics. HQ/NQ core is typically cut in half (50%) using a diamond saw (100% of core recovered) and half or in some instances ¼ (25%) of the core is submitted for analysis. Only HQ-size drill core is used for quarter core samples. RC drilling was sampled on 1m intervals or through sections where mineralisation was known to occur. RC results are not reported. Due to the "narrow vein" style of mineralisation found at Charters Towers, the maximum HQ/NQ sample interval is 1m & minimum sample interval 0.1m. Zones of mineralisation are defined by sericite, chlorite and epidote alteration of granite surrounding narrow, but high grade quartz veins containing sulphides, other gangue minerals and gold. Samples are taken from the mineralised zone and on either side of the mineralisation into unaltered granite. Sampling methods follow guidelines and methodologies established by Citigold throughout its mining and exploration history. These methods are described in detail in the 2012 Mineral Resources and Reserves Report which can be found on the company's website (http://www.citigold.com/mining/technical-reports).
Drilling techniques	<p>Drill type [e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.] and details [e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.].</p>	<ul style="list-style-type: none"> Most diamond drilling has been 63.5mm diameter HQ core, although some NQ2 core (50.5mm diameter) has been drilled. RC pre-collars have been used for some drill holes where drilling was aimed at defining the location for the fracture. NQ2 drill core was typically used for the diamond tails on RC pre-collars. Downhole surveys have been taken at a minimum of every 50m down hole. 60mm PN12 PVC piping has been inserted into many holes to accommodate the DH geophysics tools and to maintain the internal integrity of the holes in case of further surveying requirements. In 2013-15, all drilling was completed under contract to Citigold. Core orientation is carried out on all drill holes CT9000 and above in order to constrain the geometry of load bearing fractures. Core orientation measurements are taken at 6m intervals by contracted drillers.
Drill sample recovery	<p>Method of recording and assessing core and chip sample recoveries and results assessed.</p> <p>Measures taken to maximise sample recovery and ensure representative nature of the samples.</p> <p>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</p>	<ul style="list-style-type: none"> Core is recovered by wireline drilling, where core is collected inside a core barrel winched back to surface inside the drill rods. The core is marked up and measured by senior field assistants and geologists under the guidance of the senior geologist. Core recovered (CR) is compared with the meters drilled (MD, recorded by the drillers in their daily log-sheets) and a 'core recovery' percentage is calculated; CR/MD x 100 = % recovered. All data is recorded within the Citigold database where it is checked by senior geologists. Drilling is mostly within competent granites where core loss is minimal. However, in areas where high degrees of alteration and associated mineralisation occur, some core loss is expected and subsequently recorded. Accordingly, it is possible that some fine gold within clay could have been lost during drilling.
Logging	<p>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p> <p>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photo-graphy.</p> <p>The total length and percentage of the relevant intersections logged.</p>	<ul style="list-style-type: none"> 100% of core was logged. Samples were collected from intercepts where alteration or alteration and mineralisation were clearly seen. The nature of the ore-body is such that mineralisation or potentially mineralised structures are easily identified. Selected RC samples were geologically logged and sampled. The logging describes the dominant and minor rock types, colour, mineralisation, oxidation, degree of alteration, alteration type, vein type, core recovery, basic structure. Rock Quality Designation or RQD % has been noted in the core drill logs (also number of fractures per interval has been noted).
Sub-sampling techniques and sample preparation	<p>If core, whether cut or sawn and whether quarter, half or all core taken.</p> <p>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</p> <p>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</p> <p>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</p> <p>Whether sample sizes are appropriate to the grain size of the material being sampled.</p>	<ul style="list-style-type: none"> Core is sawn in half and one half (50%) is submitted for analysis at NATA accredited laboratories in Townsville (Qld, Australia). Selected core is cut for ¼ core (25%) and submitted for analysis at NATA accredited labs in Townsville (Qld, Australia). The 25%-50% sampling of the HQ core is considered appropriate for the mineralisation type. NQ core is sampled for 50% only. Samples are couriered to NATA accredited laboratories where they are dried at 105°C; weighed; crushed to -6mm; and pulverised to 90% passing 75µm where a 200g sub-sample is taken. 5% of samples are dual sub-sampled (second split) for sizing and analytical quality control purposes. <p>Fire assay: 50g of sample is added to a combustion flux and fired at 1000°C; the resultant lead button is separated from the slag and muffled at 950°C to produce a gold/silver prill; the prill is digested in aqua regia and the liquid read on an AAS.</p> <p>ICP40Q: A 0.2g sub-sample is digested using nitric/hydrochloric/perchloric/hydrofluoric acids; the diluted digestion product is then presented to a Perkin Elmer 7300 ICP AES for analysis.</p> <p>Quality Control: second splits [5% of total]; 2 in 45 sample repeats; and 2 CRM standards for each rack of 50 samples are analysed in all methods</p>
Quality of assay data and laboratory tests	<p>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</p> <p>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</p> <p>Nature of quality control procedures adopted [e.g. standards, blanks, duplicates, external laboratory checks] and whether acceptable levels of accuracy [i.e. lack of bias] and precision have been established.</p>	<ul style="list-style-type: none"> Citigold uses standards sourced from Gannett Holdings Pty Ltd, Perth, Australia. Certificate number 13U20C-22-04-13. A blank sample and/or a standard sample and/or a duplicate sample are randomly inserted in approximately every 30 samples that are submitted. NATA accredited laboratories in Townsville have their own rigorous 'in lab' QA/QC procedures and are accredited for precious metal and base metal analyses. A complete discussion on assay techniques, sample sizes, assay variance and sample bias can be found in the Citigold 2012 Mineral Resources and Reserves report at: http://www.citigold.com/mining/technical-reports.

JORC CHECKLIST (CONT.)

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p> <p>Discuss any adjustment to assay data.</p>	<ul style="list-style-type: none"> Selected samples are submitted to other labs, including Citigold's on-site lab to check for consistency, accuracy and as a second means of obtaining a comparison result. Anomalous holes or unusually high grade samples are resubmitted for assay. No twinned holes were completed by Citigold in 2014-15. Prior exploration has engaged diamond drilling or geophysics as a means of checking anomalous RC drilling and to confirm the precise depth of the mineralised structure. All drill holes are logged into laptop computers and checked before entering into database. Criteria have been established so that erroneous or incorrect characters within a given field are rejected thereby reducing the potential for transfer error. All logs are reviewed by the senior geologist. All samples logs are recorded onto paper and assigned a unique sample number once cut. The sample and other details are entered into the Citigold database. All significant intercepts are checked against the remaining core, checked for corresponding base metal grades and assessed for geological consistency.
Location of data points	<p>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</p> <p>Specification of the grid system used.</p> <p>Quality and adequacy of topographic control.</p>	<ul style="list-style-type: none"> Citigold uses a combination of grids including a local mine grid and AMG AGD66 Zone 55 which closely approximates the local mine grid. Drill hole collars are surveyed using a Leica Viva Real Time Kinematic (RTK) Differential GPS system with a fully integrated radio, allowing for data capture in 3 dimensions at an accuracy of +/-25mm over baselines within 5km radius of the base station. All coordinates are provided in AMG AGD66 unless otherwise stated. Citigold uses a geo-registered 50cm pixel satellite photograph acquired in September of 2013 as a secondary check on the spatial location of all surface points. Down-hole surveys are obtained using either a Ranger or Cameq downhole survey instrument. Survey tools are checked in Citigold's base station (a precise DH camera alignment station) prior to drilling holes over 800m or approximately every 4-5 holes in other circumstances. DH geophysics are obtained from most drill holes at which time the holes are often re-surveyed with a Cameq Proshot acting as a secondary check of the original survey.
Data spacing and distribution	<p>Data spacing for reporting of Exploration Results.</p> <p>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</p> <p>Whether sample compositing has been applied.</p>	<ul style="list-style-type: none"> Drill hole spacing and orientation is currently constrained by the requirements for DH geophysical surveying. Approximately 80m between points of intercept are planned, however; the nature of the structure may require alterations to the spatial pattern of holes. A full description of Citigold's Mineral Resources and Reserves can be found in the 2012 Mineral Resources and Reserves Report at: (http://www.citigold.com/mining/technical-reports).
Orientation of data in relation to geological structure	<p>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</p> <p>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</p>	<ul style="list-style-type: none"> Drill holes are planned to intercept the mineralised structures (average 45 degree dip) at high angles. The presence of landholders and other features on the landscape prevent all holes from intercepting perpendicular to the structure. Typically, holes will be drilled in a fanning pattern with intercepts at no less than 60 degrees to the mineralised structure. True widths are determined only after the exact geometry of the structure is known from multiple drill holes. Holes intercepting at angles of less than an estimated 60 degrees are reported as such. Lode-parallel drill holes have been completed by Citigold, specifically designed for geophysics, and are not reported.
Sample security	The measures taken to ensure sample security.	<ul style="list-style-type: none"> All drill core is stored within locked yard guarded by contracted security. Samples are delivered by Citigold staff to NATA accredited laboratories and/or by registered courier. Standards are retained within the office of the chief geologist and only released under strict control. <p>The chain of sample custody is managed and closely monitored by Citigold (management and senior staff).</p>
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	<ul style="list-style-type: none"> A full Mineral Resources and Ore Reserves report was completed in May 2012, written in compliance with the then-current 2004 JORC Code. The report contains a comprehensive review and assessment of all sampling techniques and methodologies, sub-sampling techniques, data acquisition and storage, and reporting of results. Statements on QA and QC can be found on page 48 of the report. The report can be found on Citigold's website at: http://www.citigold.com/mining/technical-reports. Citigold's database has been audited by several independent consultants since 1998 and most recently by Snowden in 2011. <p>There have been no material changes to this report since May 2012.</p>

SECTION 2 REPORTING OF EXPLORATION RESULTS

(Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<p>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</p> <p>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</p>	<ul style="list-style-type: none"> Citigold holds a number of different types of mineral tenements including Exploration Permit Minerals (EPM's), Mineral Development Licenses (MDL) and Mining Leases (ML's). Citigold currently holds six (6) EPM's, five (5) MDL's and forty seven (47) ML's:- EPM15964, EPM15966, EPM16979, EPM18465, EPM18813, EPM18820, MDL116, MDL118, MDL119, MDL251, MDL252, ML1343, ML1344, ML1347, ML1348, ML1385, ML1387, ML1398, ML1407, ML1408, ML1409, ML1424, ML1428, ML1429, ML1430, ML1431, ML1432, ML1433, ML1472, ML1488, ML1490, ML1491, ML1499, ML1521, ML1545, ML1548, ML1549, ML1585, ML1586, ML1587, ML1735, ML10005, ML10032, ML10042, ML10048, ML10050, ML10091, ML10093, ML10193, ML10196, ML10208, ML10222, ML10281, ML10282, ML10283, ML10284, ML10285, ML10335 Citigold holds current Environmental Authorities over the tenements, and has already produced over 100,000 ounces of gold. There are no known impediments to continuing operations in the area.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	<ul style="list-style-type: none"> Charters Towers is one of Australia's richest gold deposits that was discovered in 1871. A plethora of historical data from the Charters Towers area has been collected, collated and is included within the Citigold geological database. Previous exploration was summarised in the 2012 Mineral Resources and Reserves Report which can be found at: (http://www.citigold.com/mining/technical-reports). Citigold's drill hole database includes historical drilling including: <ul style="list-style-type: none"> 1993 – Mt Leyshon Gold Mines Ltd extensions to CRA diamond drill holes in the areas. 1991 – Diamond and RC drilling by PosGold in a joint venture with Charters Towers Mines NL that covered parts of the Central area areas. 1981-84 – Diamond-drilling by the Homestake/BHP joint venture in the Central area. 1975, 1981-82, and 1987 – Diamond and RC drilling in central by A.O.G., CRA and Orion respectively. Citigold retains all diamond core and a collection of core drilled by other companies is its on-site core-yard.
Geology	Deposit type, geological setting and style of mineralisation.	<ul style="list-style-type: none"> Mineralisation at Charters Towers is referred to as "orogenic" style vein mesothermal gold deposit. See the 2012 Mineral Resources and Reserves Report which can be found at: http://www.citigold.com/mining/technical-reports The many reefs are hosted within a series of variably-oriented fractures in granite and granodioritic host rocks. Mineralisation does occur in adjacent metasedimentary rocks. The gold-bearing reefs at Charters Towers are typically 0.3 metres to 1.5 meters thick, comprising hydrothermal quartz reefs in granite, tonalite and granodiorite host rocks. There are some 80 major reefs in and around Charters Towers city. The majority of the ore mined in the past was concentrated within a set of fractures over 5 km long East-West, and 500 meters to 1600 meters down dip in a North-South direction. The mineralised reefs lie in two predominant directions dipping at moderate to shallow angles to the north (main production), and the cross-reefs, which dip to the ENE. The reefs are hydrothermal quartz-gold systems with a gangue of pyrite, galena, sphalerite, carbonate, chlorite and clays. The reefs occur within sericitic hydrothermal alteration, historically known as "Formation". The goldfield was first discovered in December 1871 and produced some 6.6 million ounces of gold from 6 million tons of ore from 1872 to 1920, with up to 40 companies operating many individual mining leases on the same ore bodies. There were 206 mining leases covering 127 mines working 80 lines of reef and 95 mills, cyaniding and chlorination plants. The field produced over 200,000 ounces per year for 20 consecutive years, and its largest production year was 1899 when it produced some 320,000 ounces.
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	<ul style="list-style-type: none"> There are over 3,300 drill holes in the project area, and it is impracticable to list them all in this report. Drilling since 2004 has been tabulated on the Company's web site and significant results listed in the Quarterly reports. Summary information on and statistical analysis of the drilling is contained in the Company's 2012 Mineral Resources and Ore Reserves report at: http://www.citigold.com/mining/technical-reports
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated.	<ul style="list-style-type: none"> The intercepts reported on in any public release are described in sufficient detail, including gold maxima and subintervals, to allow the reader to make an assessment of the balance of high and low grades in the intercept. All sample interval lengths are presented as "Depth from" and "Depth to" and intercept length. Assay results for Ag, Pb and Au are presented as ppm (equivalent to grams of metal per tonne of rock, written as g/t). In addition, Au (gold) is presented as metal accumulations (grade x width), in metre-grams per tonne (m.g/t), particularly where intervals are less than one metre, to put the results into perspective as the minimum mining width is one metre. No aggregation of sections have been used. Metal equivalents are not used.
	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	<ul style="list-style-type: none"> All intercepts presented in tables in Quarterly Reports are reported as down-hole lengths unless stated as True Widths. Structures within Charters Towers are highly variable in width and can be variable in dip over short distances, however, every attempts is made to drill approximately perpendicular to the dip of the structure. The intercepts reported as intercept widths may not necessarily represent true widths in some cases. All tables clearly indicate "From" and "To" intervals.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	<ul style="list-style-type: none"> There are over 3,300 drill holes in the project area, and it is impracticable to list them all in this report. Significant drill hole collar locations are shown on Figure 14-11, page 87, of the 2012 Mineral Resources and Ore Reserves Report (http://www.citigold.com/mining/technical-reports).
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	<ul style="list-style-type: none"> Almost every drill hole completed on the property from 2004 to 2011 is available from the Citigold website (http://www.citigold.com/mining/exploration). Drilling was suspended during 2012 and resumed in 2013. Drill holes not included (regardless of intercepts and grade) are those that were drilled specifically for down-hole geophysics which were typically drilled parallel to the mineralised structure. All other drill holes have been reported, regardless of whether it has returned high or low grades. Higher grade drill holes (above 0.5m.g/t) are reported in Quarterly Reports.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	<ul style="list-style-type: none"> The Project has produced over 100,000 ounces of gold. Details such as bulk density, metallurgical characteristics, groundwater and geotechnical data are covered in the 2012 Mineral Resources and Ore Reserves Report which can be found at: http://www.citigold.com/mining/technical-reports. Bulk sampling and geophysical survey results are reported Quarterly as available.

JORC CHECKLIST (CONT.)

Criteria	JORC Code explanation	Commentary
Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	<ul style="list-style-type: none"> Future work will concentrate on in-fill drilling between drill hole intercepts in the Central area to increase the data density required to convert Inferred Resources to Indicated.

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

[Criteria listed in Section 1, and where relevant in Section 2, also apply to this section]

Criteria	JORC Code explanation	Commentary
Database integrity	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. Data validation procedures used.	Databases were manually audited and checked on three occasions by external consultants since 1998 and most recently by Snowden in 2011. The SURPAC computer program has an automatic error checking procedure that checks for duplication and column errors.
Site visits	Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case.	The Competent Person (under the JORC Code) responsible for this report, Mr Christopher Alan John Towsey MSc BSc(Hons), DipEd, FAusIMM, CPGeo, MMICA, MAIG, has been associated with the Project for 16 years from 1999 as a consultant geologist and employee. He joined the Company on full-time staff as General Manager Mining in July 2002, was promoted to Chief Operating Officer ('COO') in January 2004 and lived on-site at Charters Towers as COO and Site Senior Executive, managing the day-to-day operations of the underground mining operations of the Imperial Mine from October 2009 to January 2011. He has remained as a consultant geologist to the Company since January 2011. On 21 February 2014 he was appointed as a Non-Executive Director of Citigold Corporation Limited, and Executive Director in April 2015. He last visited the site on 22 September 2014. He was abreast of daily operations up until April 2011, and since 21 Feb 2014, including video links to the site.
Geological interpretation	Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology.	The geology is well known as the field has been mined since 1871 with some 180 km of underground drives and production of 6.6 million ounces of gold from 6 million tonnes of ore. The mineralisation is contained in fractures or shear zones (reefs) which have good geological continuity and predictability up to 2km along strike and down dip, but the reefs have an almost random distribution of ore grades within the reef. The reefs are widely spaced (usually >400m apart) and therefore drill intersections, especially with oriented drill-core, are usually clearly linkable to known reefs. The grade is known not to be continuous, making estimation of a Proved Reserve grade difficult without underground driving or bulk sampling. The statistical range derived from Ordinary and Indicator Kriging suggests a range of 6m to 8m (the distance an assay can be reliably projected away from the known point) but high grade areas have been found very close to sub-economic grade areas, meaning that a strike drive or potential stoping area often maintains an economic grade when averaged over say 200m. Drilling has also been found to underestimate the grade when compared to areas that have been mined and stoped. The variability in grade is compensated for by applying a mining factor, payability, to the resources – payability is the percentage of a nominated mineralised reef that can be economically mined based on previous production records. This variability is covered in the 2012 Mineral Resources and Ore Reserves report, which can be found at: http://www.citigold.com/mining/technical-reports
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	There are 25 mineralised bodies included in the Mineral Resource estimate. These are up to 2 km along strike. Mineral resources are estimated to a maximum depth of 1200m down dip. The tops of bodies in the Resources are terminated at 50m below surface, as it is unlikely the top 50m under the city can be safely mined without disturbing existing buildings and infrastructure such as rail lines and highways. Drilling has intersected mineralised structures down to 2000m depth. There are 30 significant drill intersections deeper than 1,000 metres, of which 27 are deeper than 1,100 metres and 18 deeper than 1,200 metres. The deepest significant intersection is 1,817.2 metres (0.4 grams per tonne Au), and the best gold grade deeper than 1,200 metres was 20.54 grams per tonne Au.
Estimation and modelling techniques	The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. The assumptions made regarding recovery of by-products. Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. Any assumptions behind modelling of selective mining units. Any assumptions about correlation between variables. Description of how the geological interpretation was used to control the resource estimates. Discussion of basis for using or not using grade cutting or capping. The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	Drilling has been separated into two main domains, the Central and Southern areas. For Inferred Mineral Resources, there was no cutting of high grades or exclusion of high-grade outliers, as log-probability plots indicated no anomalous populations. Indicated Mineral Resources used a Top Cut of 50 g/t. A lower cut-off of 1 metre-gram per tonne was used to define the reef outlines and 3 metre-grams per tonne used to define Indicated & Measured Resources. Reefs were modelled in SURPAC to produce 3D solids. Grades for Inferred Resources were based on the geometric mean applied over polygonal areas. Indicated Resources were based on arithmetic means of drill intersection accumulations (metre-grams per tonne) for the smaller polygons modelled for Indicated status. Validation by comparing recovered ounces from stoped areas with ounces defined ahead of mining has been satisfactory.
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	All tonnages are estimated on dry weight as all material is below the base of oxidation. Moisture content becomes an issue only for mill feed after mining and does not affect in situ Resources.

Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	See Chapter 14 of the 2012 Mineral Resources and Ore Reserves Report. A lower cut-off grade of three grams of gold per tonne of mineralized material (grams per tonne Au) over a minimum sample true width of one metre (expressed as 3 metre-gram per tonne Au). No Top Cut was applied to Inferred Mineral Resources as there is no statistical basis to do so, as explained in Chapter 14 but an arbitrary Top Cut of 50 g/t was applied to Indicated Resources.
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	Two mining factors have been included (a minimum mining width of one metre, and a substantial discount of the tonnes (70%) based on known mine payability on the reefs). See Chapter 14 of the 2012 Mineral Resources and Ore Reserves Report.
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	Over 100,000 ounces of gold and 45,000 ounces of silver have been produced since 1998. From 2006 to 2012, the Company's Quarterly Reports to the Australian Securities Exchange listed the gold recovery from the plant. Recoveries were in the range of 95% to 98% recovery of gold entering the plant. A recovery of 98% has been used in the mining factors for estimating Ore Reserves and estimating mining and processing costs. See Chapter 13 of the 2012 Mineral Resources and Ore Reserves Report.
Environmental factors or assumptions	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	The Project has been mining since 1994 with an accepted EMOS, granted mining leases and Environmental Authorities (EA). The Tailings Storage Facility was constructed in 1997 and is inspected annually by a qualified consultant engineer. The site normally does not release water from the site due to the high local evaporation rates, but has approval to release provided discharge waters are compliant with the conditions of the EA.
Bulk density	Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	The Project normally mines primary ore from underground. Oxidised ore was only mined in two trial open pits (Stockholm and Washington in 1997-2000). No oxidised material is included in Resources or Reserves. Extensive density measurements were carried out. A bulk density of 2.7 t/m ³ was used. See section 14.5.4 Tonnage Estimates in the 2012 Mineral Resources Report for tables of density data (Tables 14.10 and 14.11 in the 2012 report).
Classification	The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). Whether the result appropriately reflects the Competent Person's view of the deposit.	The confidence level is $\pm 30\%$ for the contained ounces in the Inferred Mineral Resource, because two mining factors have been included (a minimum mining width of one metre, and a substantial discount of the tonnes (70%) based on known mine payability on the reefs).
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	The last peer review of the Mineral Resources was by Snowden Associates in June 2012. Snowden concluded that the 2012 Technical Report is written in accordance with the 2004 JORC Code. In addition, Snowden considers that CitiGold's approach to estimating Mineral Resources at Charters Towers are reasonable based on the nature of the mineralisation, the methodology adopted in preparing the estimate and the history of operations in the goldfield. There have been no material changes to Resources or Reserves since the 2012 report.
Discussion of relative accuracy/ confidence	Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	The confidence level is $\pm 30\%$ for the contained ounces in the Inferred Mineral Resource, because two mining factors have been included (a minimum mining width of one metre, and a substantial discount of the tonnes (70%) based on known mine payability on the reefs).

JORC CHECKLIST (CONT.)

SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES

(Criteria listed in Section 1, and where relevant in Sections 2 and 3, also apply to this section)

Criteria	JORC Code explanation	Commentary																								
Mineral Resource estimate for conversion to Ore Reserves	<p>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</p> <p>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</p>	<p>The Indicated Mineral Resource is 3,200,000 tonnes at 7.6 grams per tonne gold and 5.1 grams per tonne silver, containing 780,000 ounces of gold and 520,000 ounces of silver.</p> <p>The Probable Ore Reserve is derived from, and not additional to, the Indicated Mineral Resource.</p> <p>There are 16 separate mineralised bodies in the Indicated Mineral Resource, and of these 16, fourteen met the criteria to be classified as ore bodies in the Probable Ore Reserve.</p>																								
Site visits	<p>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</p> <p>If no site visits have been undertaken indicate why this is the case.</p>	<p>The Competent Person (under the JORC Code) responsible for this report, Mr Christopher Alan John Towsey MSc BSc(Hons), DipEd, FAusIMM, CPGeo, MMICA, MAIG, has been associated with the Project for 15 years from 1999 as a consultant geologist and employee. He joined the Company on full-time staff as General Manager Mining in July 2002, was promoted to Chief Operating Officer ('COO') in January 2004 and lived on-site at Charters Towers as COO and Site Senior Executive, managing the day-to-day operations of the underground mining operations of the Imperial Mine from October 2009 to January 2011. He remained as a consultant geologist to the Company from January 2011. On 21 February 2014 he was appointed as a Non-Executive Director of Citigold Corporation Limited. He inspected the operations in April and September 2011, and again the 19th and 20th December 2011, inspecting the Central Decline underground down to the Brilliant Block Shaft 180m vertically below the city, and inspecting the 830 and 840 production levels in the Sons of Freedom ore body in the Imperial Mine 5 km southeast of the city. He visited the site on 19 January 2012 and again on 29-30 April 2014. In April 2014 he was appointed as Executive Director & Chief Scientist. He was abreast of daily operations up until April 2011 and since 21 Feb 2014. His last site visit was November 2014 and he is in daily communication with the site.</p>																								
Study status	<p>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</p> <p>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</p>	<p>The project has been mining since 1993 and has produced over 100,000 ounces of gold and 45,000 ounces of silver in trial mining, which constitutes a full Feasibility Study, even though there is no single document with that title. Mining Leases have been granted, a two million tonne capacity tailings storage facility constructed and a processing plant built and operated since 1994. Actual mining costs have been obtained, together with purchased mining equipment and over \$200 million already invested. Material Modifying Factors have been tested under actual production conditions and validated.</p>																								
Cut-off parameters	<p>The basis of the cut-off grade(s) or quality parameters applied.</p>	<p>See Chapter 14 of the 2012 Mineral Resources and Ore Reserves report , which can be found at: http://www.citigold.com/mining/technical-reports. A lower cut-off grade of three grams of gold per tonne of mineralized material (grams per tonne Au) over a minimum sample true width of one metre (expressed as 3 metre-gram per tonne Au). No Top Cut was applied to Inferred Resources as there is no statistical basis to do so, as explained in Chapter 14.</p> <p>For conversion of Indicated Mineral Resources to Probable Reserves, a lower cut-off grade of 4 g/t gold was used to allow for physical losses and dilution during mining. An arbitrary Top Cut of 50 grams per tonne Au was applied to high assays in Ore Reserve estimation to reduce any potential biasing effect of the high-grades. This is a conservative approach, as there is no statistical basis for cutting high grades, as discussed in the Inferred Mineral Resources section, and several of the Central ore bodies averaged recovered grades of over 50 grams per tonne for tens of years when mined previously.</p>																								
Mining factors or assumptions	<p>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</p> <p>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</p> <p>The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling.</p> <p>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</p> <p>The mining dilution factors used.</p> <p>The mining recovery factors used.</p> <p>Any minimum mining widths used.</p> <p>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</p> <p>The infrastructure requirements of the selected mining methods.</p>	<table><tr><td>Mining method –</td><td>Underground. Long-hole open stoping,10m sub-levels</td></tr><tr><td>Minimum mining width –</td><td>1metre</td></tr><tr><td>Dilution –</td><td>10%</td></tr><tr><td>Gold losses –</td><td>5%</td></tr><tr><td>Payability –</td><td>Variable - 30% to 52%</td></tr><tr><td>Pillars left –</td><td>0% due to payability factor</td></tr><tr><td>US Gold Price –</td><td>USD \$1,300</td></tr><tr><td>Exchange Rate –</td><td>0.91</td></tr><tr><td>Aus Gold Price –</td><td>AUD \$1,429</td></tr><tr><td>Driving cost –</td><td>AUD \$3,000 per metre, 3.5m square</td></tr><tr><td>Driving cost equivalent –</td><td>2.1 Ounces per metre, 3.5m square</td></tr><tr><td>Mill recovery –</td><td>95% of mill feed</td></tr></table> <p>All necessary infrastructure has already been built and some 100,000 ounces of gold already produced. For details of the Mining factors and assumptions, see Chapter 15 of the 2012 Mineral Resources and Ore Reserves report, which can be found at: http://www.citigold.com/mining/technical-reports.</p>	Mining method –	Underground. Long-hole open stoping,10m sub-levels	Minimum mining width –	1metre	Dilution –	10%	Gold losses –	5%	Payability –	Variable - 30% to 52%	Pillars left –	0% due to payability factor	US Gold Price –	USD \$1,300	Exchange Rate –	0.91	Aus Gold Price –	AUD \$1,429	Driving cost –	AUD \$3,000 per metre, 3.5m square	Driving cost equivalent –	2.1 Ounces per metre, 3.5m square	Mill recovery –	95% of mill feed
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Driving cost equivalent –	2.1 Ounces per metre, 3.5m square																									
Mill recovery –	95% of mill feed																									
Metallurgical factors or assumptions	<p>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</p> <p>Whether the metallurgical process is well-tested technology or novel in nature.</p> <p>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factor s applied.</p> <p>Any assumptions or allowances made for deleterious elements.</p> <p>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the ore body as a whole.</p> <p>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</p>	<p>Metallurgical characteristics are well-understood, having operated the processing plant since 1993 and recovered over 100,000 ounces of gold and 45,000 ounces of silver. Actual mill recoveries varied from 95% to 98% of mill feed. Mill recovery used for future projections is 95% of mill feed. See Chapter 13 of the 2012 Mineral Resources and Ore Reserves report , which can be found at: http://www.citigold.com/mining/technical-reports.</p>																								

Criteria JORC Code explanation

Commentary

Environmental	<p>The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</p>	<p>This risk is assessed as Low Risk. Waste rock is benign granodiorite and classed as Non-Acid Forming. The main ore sulphides are galena and sphalerite which are acid-consuming, and the weathering of feldspars in the host rock is also acid-consuming, forming a self-neutralising system. Tailings deposited are made alkaline with added lime, which prevents the dissolution of heavy metals or any acid formation.</p> <p>The Company has an approved Environmental Management Overview Strategy (EMOS) and Environmental Authority (EA) in place and has been conducting mining and processing operation since 1993, and expects to be able to continue to do so. In addition a Plan of Operations, in compliance with the EMOS, has also been lodged with the DRNM. These operating documents are in compliance with Queensland's stringent Environmental Protection Act and Regulation.</p> <p>The Tailings Storage Facility has already been built and used since 1997. Adjacent land alongside has been acquired for any future expansion. Dry stacking of tailing above ground is being evaluated.</p> <p>The Company is continuing discussion with the Department of Environment, Heritage and Protection in regards to the adequacy of financial assurance provided for the purpose of mine rehabilitation. The potential liability can be up to a maximum of \$8.5 million.</p>
Infrastructure	<p>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</p>	<p>Most of the infrastructure is in place, paid for and operational, having produced over 100,000 ounces of gold. Power is drawn from the State grid. The Project is mostly self-sufficient in water but could draw on local municipal supplies if necessary. There is major town in the Project area that supplies all accommodation, services, transport, emergency services and medical backup that may be required. There is a major port, international airport and city to the east, 1.5 hours drive by sealed highway, at Townsville with a population of 189,238 (30 June 2013). The major Mt Isa to Townsville rail line runs through the project area, as does the sealed Flinders Highway (east-west) and Gregory Developmental Road (north-south).</p>
Costs	<p>The derivation of, or assumptions made, regarding projected capital costs in the study.</p> <p>The methodology used to estimate operating costs.</p> <p>Allowances made for the content of deleterious elements.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.</p> <p>The source of exchange rates used in the study.</p> <p>Derivation of transportation charges.</p> <p>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</p> <p>The allowances made for royalties payable, both Government and private.</p>	<p>Operating, transport, treatment, refining and capital costs are based on actual costs since 2006. A gold price of US\$1300, an exchange rate of 0.91 and an Australian dollar gold price of \$1430 were used, based on analysis of the supply and demand by the World Gold Council, and actual prices and exchange rates over the last 5 years.</p> <p>The deposit has low arsenic, selenium and mercury levels, and gold doré bars produced by the Company have met the refiner's specifications since 1994 without penalty.</p> <p>Royalties are currently at 5% of the gross revenue received from precious metal sales. This set by the Queensland State Government and is subject to periodic change outside the Company's control. The Government has not announced any plans to change the gold royalty. Transport costs of the final product are minimal – the maximum projected output is 330,000 ounces per year weighing 10.3 tonnes, or 197 kg per week. Raw doré gold is air-freighted to the Perth Mint refinery in Perth, Western Australia. Actual cash cost for the September 2013 Quarter was A\$569, down from A\$588 the previous Quarter (June 2013).</p>
Revenue factors	<p>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</p>	<p>These are covered in Chapters 14-16, 19, 21 and 22 of the 2012 Mineral Resources and Ore Reserves report , which can be found at: http://www.citigold.com/mining/technical-reports.</p> <p>Future metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns are simply unknown. Assumptions have been made based on the best available actual data and trends estimated by professional bodies and investment groups. Exchange rate variations combined with the USD gold price over the last 3 years has maintained the AUD gold price around A\$1500 per ounce. Silver revenue is about 1.5% of the gold revenue and is immaterial to the Project, being less than the weekly variation in gold price, but the silver revenue covers the cost of secure transport, insurance and refining of the doré bars, with a small profit.</p>
Market assessment	<p>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</p> <p>A customer and competitor analysis along with the identification of likely market windows for the product.</p> <p>Price and volume forecasts and the basis for these forecasts.</p> <p>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</p>	<p>Refined gold and silver are directly exchangeable for cash. There are no sale contracts, hedging contracts, forward sales or royalty contracts currently in place that lock the Company into any fixed sales arrangements. The Company has an agreement to refine its doré bullion at the Perth Mint precious metals refinery in Western Australia at market refining prices. There is an opportunity, but no obligation, for the Perth Mint to sell the gold and silver on the Company's behalf if instructed by the Company. The Company retains full flexibility to choose if, when and where it sells its gold and silver, and whether or not to enter into hedging or royalty agreements. See Chapters 19,21 and 22 of the 2012 Mineral Resources and Ore Reserves report , which can be found at: http://www.citigold.com/mining/technical-reports. Hedging is seen a prudent strategy by locking in a future sale price, removing the risk of an unknown sale price or exchange rate, provided that certain conditions are adhered to. Citigold believes it is not prudent to hedge more than 50% of projected annual production or more than 50% of the ore reserve, and because delivery is dependent on production, the buyer cannot bring forward the delivery date.</p>
Economic	<p>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</p> <p>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</p>	<p>The NPV in the 2012 report based upon Citigold's financial model, was estimated at A\$742 million based on a Discounted Cash Flow Rate of 20%. See Chapter 22 of the 2012 Mineral Resources and Ore Reserves report , which can be found at: http://www.citigold.com/mining/technical-reports.</p> <p>The Project NPV is sensitive to exchange rates and gold price (and therefore head grade & tonnes processed). However, recent analysis shows that as the USD gold price varies, the AUD exchange rate moves in the reverse, maintaining a reasonably steady AUD gold price around A\$1500 per ounce. Most of the Project's costs are in AUD, and therefore the project is robust to these changes. A 10% change in the exchange rate changes the NPV by 19%, and a 10% change in the gold price changes the NPV by 17%, but when the changes are simultaneous, the NPV is relatively unchanged (1.9%) as the effects are opposite. A 10% change in the operating cost only changes the NPV by 4%.</p>
Social	<p>The status of agreements with key stakeholders and matters leading to social licence to operate.</p>	<p>This risk is assessed as Low Risk. There are no known social or heritage matters that are seen as having the potential to stop the Project proceeding. Any proposed government changes to royalties, mining legislation, environmental protection or transport regulations would apply to the whole of either Queensland's or Australia's mining sector, and would therefore not proceed without timely discussion and time to implement.</p>

JORC CHECKLIST (CONT.)

Criteria	JORC Code explanation	Commentary
Other	<p>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</p> <p>Any identified material naturally occurring risks.</p> <p>The status of material legal agreements and marketing arrangements.</p> <p>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</p>	<p>The Company holds all the necessary land and permits it requires, all necessary infrastructure has been built and is operational. It has been mining since 1994 and has produced over 100,000 ounces of gold and 45,000 ounces of silver.</p> <p>There are no legal matters in hand that appear likely to interfere with expanding the Project.</p> <p>Refined gold and silver are directly exchangeable for cash and do not require specialist marketing.</p>
Classification	<p>The basis for the classification of the Ore Reserves into varying confidence categories.</p> <p>Whether the result appropriately reflects the Competent Person's view of the deposit.</p> <p>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</p>	<p>Probable Ore Reserves are derived from Indicated Mineral Resources, which in turn are based on drill and face sample data at intervals of 25 to 80 metres. The Probable Ore Reserves are derived from, contained within, and not additional to, the Indicated Mineral Resources. There are 16 separate mineralised bodies in the Indicated Mineral Resource, and of these 16, fourteen met the criteria to be classified as ore bodies in the Probable Ore Reserve.</p>
Audits or reviews	<p>The results of any audits or reviews of Ore Reserve estimates.</p>	<p>The last peer review of the Ore Reserves was by Snowden Associates in June 2012. Snowden concluded that the 2012 Technical Report is written in accordance with the 2004 JORC Code. In addition, Snowden considers that Citigold's approach to estimating Ore Reserves at Charters Towers are reasonable based on the nature of the mineralisation, the methodology adopted in preparing the estimate and the history of operations in the goldfield.</p>
Discussion of relative accuracy/confidence	<p>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</p> <p>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</p> <p>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</p> <p>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p>	<p>The confidence level is ± 10 to 15% for the contained ounces in the Probable Ore Reserve.</p> <p>Assay duplicate precision has been audited and found to be within $\pm 10\%$ of the mean value, which is within acceptable limits for commercial assays. Selective re-assay of samples was undertaken following inspection of results where particularly high or anomalous assays were noted. Assay results were reviewed statistically, by cumulative frequency plots and histograms, and log normality of data sets was established for the mineralised zones. See the Company 2012 Mineral Resources and Ore Reserves Report, available on the Company's web site at http://www.citigold.com/mining/technical-reports, pages 45 to 64. The normal range of precision from commercial laboratories (as used by the Company) is 10% to 15% [Bumstead, 1984 – see the 2012 Report], meaning that repeat samples vary from the average of the samples by up to 10% to 15%. Given that this precision of the most accurate starting number, the laboratory assay, is already $\pm 10\%$ to 15%, it is not possible to estimate contained ounces or confidence limits to a higher accuracy.</p>

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

DIRECTORS' REPORT

The directors present their report together with the financial report of Citigold Corporation Limited and the consolidated financial report of the consolidated entity for the year ended 30 June 2016 and the auditor's report therein.

1. DIRECTORS

The names and the relevant details of Directors of the Company in office during or since the end of the financial year are as follows.

Current Directors



M J Lynch FAICD, MAusIMM
Appointed 02/07/1993

Actively involved in gold exploration and mining for over 30 years. Mr Lynch has extensive hands-on experience in mine operations and management from the pegging of mining leases through to pouring gold bars. During corporate career he has maintained a competitive focus on business efficiency centred on strategic planning and innovation. He was Director of Queensland Resources Council for six years and is currently a Fellow of the Australian Institute of Company Directors and Member of the Australasian Institute of Mining and Metallurgy.

Executive Chairman, Member of Nomination, Remuneration and Health, Safety, Environment and Risk Committees.



S Acharya PhD, MSc, MTech, MBA, FIAET, FAIM
Appointed 21/06/2016

Dr. Acharya's qualifications include PhD(Metallurgical Engineering), MSc(Chemistry), MTech(Material Science), MBA and an active technical consultant with over 15 years experience in metallurgy, material science and mineral processing across several countries. His strengths include extraction of metals, data analytics, process improvement, operations design and implementation. He brings big picture thinking, while attending to the detail of operational process, to drive managing for results focused innovation. Technical advisor on the Board.

Non-Executive Director, Member of Audit and Finance and Health, Safety, Environment and Risk Committees



J J Foley BD, LLB, BL (Dub)
Appointed 02/07/1993

Graduating in law from the University of Sydney in 1969, Mr Foley was admitted to practise as a barrister in New South Wales in 1971. He was called to the Irish Bar in 1989 and admitted as a Member of the Honourable Society of Kings' Inns in Dublin. Mr Foley has over 30 years' experience in the gold mining industry, has been a guest speaker at the World Gold Council in New York and is a past Director of the Australian Gold Council.

Non-Executive Director, Chair of Audit and Finance, Nomination, Remuneration and Health, Safety, Environment and Risk Committees.

Other ASX listed company directorships – Hudson Investment Group Ltd (appointed August 2014)



A Panchariya
Appointed 22/9/2013

Mr Panchariya is active in private and investment banking fields. He was President of Euram Bank Asia Limited and has since taken his experience to emerging markets worldwide with a focus on Africa. This includes providing formal advice to Governments on infrastructure development, finance, mining and agriculture. He is currently the Consul General of Liberia to Dubai, UAE, the principal of Global Finance & Capital Limited, and a director of Al Brooge Securities LLC, Global Capital Advisors and Cardinal Capital Partners Limited.

Non-Executive Director, Member of Audit and Finance, Nomination, Remuneration Committees

Company Secretary



N Nand CPA, B.Bus(Accy)
Appointed 11/03/2016

Certified Practising Accountant (CPA), Bachelor of Business with extended major in professional accounting.

In small to large firms past 7 years he played an integral role in development of systems and processes to manage the corporate, statutory compliance and financial reporting. He has been associated with Citigold for a number of years in a corporate accounting role and has strong knowledge of the operations and business.

DIRECTORS' REPORT (CONT.)

Retired Directors

C Towsey BSc(Hons), MSc, Dip Ed, FAusIMM, CP(Geo), MAIG – Appointed 21/02/2014, Resigned 21/06/2016

Worked in 26 countries in mining, exploration and OHSE auditing. He specialises in gold and base metals underground mining and exploration, with recent coal mining development and operational experience. Executive Director, Member of Audit and Finance and Health, Safety, Environment and Risk Committees

F Rigby – Retired Company Secretary – Appointed 21/08/2015, Resigned 11/03/2016

Meetings of Directors

The number of directors' meetings (including board committees) held and the number of meetings attended by each director during the year ended 30 June 2016 was:

	Board Meeting		Audit and Finance		Health, Safety, Environment and Risk		Remuneration		Nomination	
	A	B	A	B	A	B	A	B	A	B
M J Lynch	15	15	*	*	3	3	1	1	1	1
J J Foley	15	15	2	2	3	3	1	1	1	1
C Towsey	15	15	2	2	3	3	1	1	*	*
A Panchariya	15	9	2	0	*	*	1	0	1	0
S Acharya	0	0	0	0	0	0	*	*	*	*

* Not a member of the relevant committee

Column A- Number of meetings held during the time the director held office or was a member of the relevant committee

Column B- Number of meetings attended

Directors' interests

The relevant interest of each director in the shares and options issued by the companies within the consolidated entity and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with s205G (1) of the Corporations Act, at the date of this report is detailed in the following table.

Director	Ordinary shares	Share Options
J J Foley	7,307,879	-
M J Lynch	88,347,084	-
C Towsey	1,032,880	-
A Panchariya	-	-
S Acharya	-	-
TOTAL	96,687,843	-

Remuneration of directors and senior management

Information about the remuneration of the directors and senior management is set out in the Remuneration Report of the Directors' Report.

2. PRINCIPAL ACTIVITIES

During the year the principal activities of the consolidated entity consisted of exploration, development and mining of the Charters Towers goldfield. There has been no significant change in the nature of these activities during the year.

3. DIVIDENDS – CITIGOLD CORPORATION LIMITED

No amount has been paid or declared by way of dividend by the Company during the year. The directors do not recommend a dividend at this time.

4. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs on the consolidated entity during the financial year were as follows:

(a) An increase in ordinary shares in the Company from 1,613,950,553 to 1,772,588,053 as a result of:

Type of Issue	Issue Price	Number of shares Issued
Share placement	\$0.015	112,000,000
Share placement	\$0.02	15,000,000
Share placement	\$0.02	25,075,000
Share placement	\$0.016	6,562,500

Net cash received was used to continue the exploration, development and general activities of the Company. See Note 17 of the Financial Statements.

5. SHARE OPTIONS

Details of unissued shares or interest under options as at the date of this report are:

Issuing Entity	Number of options	Exercise Price	Expiry date of Option
Citigold Corporation Limited	5,000,000	\$0.05	30 November 2017

6. POST BALANCE DATE EVENTS

Since the end of the financial year the Company issued 13,333,333 shares to raise working capital.

7. REVIEW OF OPERATIONS

During the 2016 Financial Year, the Charters Towers Gold Project remained the Company's prime focus. The Project comprises 100% control 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 (2.5 Mt @ 7.7 g/t Au at a 3 g/t cut-off). There was no gold production during the year with all the project sites and assets being maintained in active care and maintenance ready for recommencement of mining operations.

The Company does not require additional mine acquisitions to sustain long term gold production. Citigold has already invested over \$200 million in acquiring the gold deposit, developing the infrastructure and mines at Charters Towers. Trial mining operations have produced over 100,000 ounces of gold.

The past year has seen the Company further refine its development strategy, and innovation plans, that aim to optimise the assets at Charters Towers and become an ultra low cost gold producer. Additionally, these savings will include reducing the environmental surface footprint of the mine as it moves back into larger scale gold production.

The Charters Towers Project still remains one of Australia's largest high grade pure gold deposits.

8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the consolidated entity are:

- the continuation of exploration activity aimed at increasing resources and reserves,
- the continuation of mining activity at Charters Towers.

Additional comments on expected results are included in the Review of Operations.

9. INDEMNIFICATION AND INSURANCE

During or since the end of the financial year, the company has not given an indemnity or entered into an agreement to indemnify the directors, officers and auditors of the consolidated entity against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity of a director, officer and/or auditor of the consolidated entity, other than conduct involving a wilful breach of duty in relations to the consolidated entity.

The consolidated entity has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify a director, officer and/or auditor of the consolidated entity or any related body corporate against a liability incurred.

10. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

11. ENVIRONMENTAL REGULATIONS

Entities in the consolidated entity are subject to significant environmental regulation in respect to its exploration and mining activities in gold.

The organisation has developed criteria to determine areas of 'particular' or 'significant' importance, with regard to environmental performance. These are graded 1 to 4 in terms of priority.

Level 1 incident – major non compliance with regulatory requirements resulting in potential political outcry and significant environmental damage of both a long and short term nature.

Level 2 incident – significant non compliance resulting in regulatory action, however, environmental damage is only of a short term nature.

Level 3 incident – minor non compliance, however, regulatory authority may be notified.

Level 4 incident – non-compliance with internal policies and procedures. The incident is contained on site.

DIRECTORS' REPORT (CONT.)

In the last year the following incidents have occurred.

	Level 1	Level 2	Level 3	Level 4
Incidents	-	-	2	-

The Company has an internal reporting and monitoring system with regard to environmental management on the site. The Company employs an environmental officer to monitor all water quality, noise and air quality issues as well as liaise with the community on activities that may impact on the local area.

12. AUDIT/NON-AUDIT SERVICES AND AUDITOR INDEPENDENCE

The fees paid or payable for services provided by the auditor of the Company are set out in Note 5 of the Financial Statements. The Auditor's independence declaration is included on page 21.

13. REMUNERATION REPORT - AUDITED

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Additional information

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/alignment of executive compensation
- transparency

While the Board has overall responsibility for the executive structure and outcomes, it has appointed a Nomination and Remuneration Committee for advice and makes recommendations on remuneration matters.

The performance of the consolidated entity and company depends on the quality and dedication of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance, dedicated and high quality personnel.

The Remuneration Committee annually considers the appropriate levels and structure of remuneration for Directors and Key Management Personnel relative to the Company's circumstances, size and nature of business, as well as company performance. This is done by reference to independent data and advice.

The Company competes for labour in the broader resources industry. In selecting, retaining and remunerating directors and executives the committee considers the appropriateness taking into account the corporate and operational regulatory environment that a mining enterprise operates in these days in Australia that places substantial and ever increasing burdens of responsibility upon these officers of the Company in addition to the usual business performance.

Reward structures are transparent and are aligned with shareholders' interests by:

- being market competitive to attract and retain high calibre individuals motivated and skilled in the business of the Company;
- recognising the contribution of each senior executive to the continued growth and success of the Company;
- encouraging, recognising and rewarding high individual performance; and
- ensuring that long term incentives are based on total shareholder return outperformance over a period of three years.

In accordance with best practice corporate governance, the structures of non-executive directors and executive remunerations are separate.

Non-Executive Directors Remuneration

Non-executive directors are paid fixed fees. In addition, Non-Executive directors may also be remunerated for additional service, for example, if they take consulting work on behalf of the company outside the scope of their normal Directors duties. Fees and payments to non-executive directors are set to attract individuals of appropriate calibre and reflect the demands which are made on, and the responsibilities of, the directors. Non-Executive directors' fees and payments are reviewed annually by the Remuneration Committee and determined based on comparative roles in the external market.

In order to maintain their independence and impartiality, the fees paid to Non-Executive Directors are not linked to the performance of the Company. Non-Executive Directors have no involvement in the day to day management of the Company.

ASX listing rules requires that the aggregate Non-Executive Directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 17 November 2010, where the shareholders approved an aggregate remuneration of \$400,000.

Executive Remuneration

The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward may consist of the following

- Fixed remuneration
- Variable performance incentives
 - Short term incentives
 - Long term incentives

The combination of these comprises the executive's total remuneration.

Fixed Remuneration

Fixed remuneration consists of base salary, superannuation, long service leave and non-monetary benefits and these are reviewed annually by the Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

Variable Performance Incentives

Short-Term Incentives

The short-term incentives program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets and to improve the company's short term and long term performance. These incentives are meant to reward the executive only when performance targets are met to increase shareholders value. They are granted to executives based on individual contribution to profit, production costs, leadership contribution and safety outcomes. Short-term incentives are currently paid in cash. No short-term incentives were paid during the reporting period.

Long-Term Incentives

The long-term incentives include performance rights or share-based payments. No options were issued or exercised by any executive during the reporting period. No long-term incentives were paid during the reporting period. The Remuneration Committee may revisit the long-term equity-linked performance incentives specifically for executives during the year ending 30 June 2017.

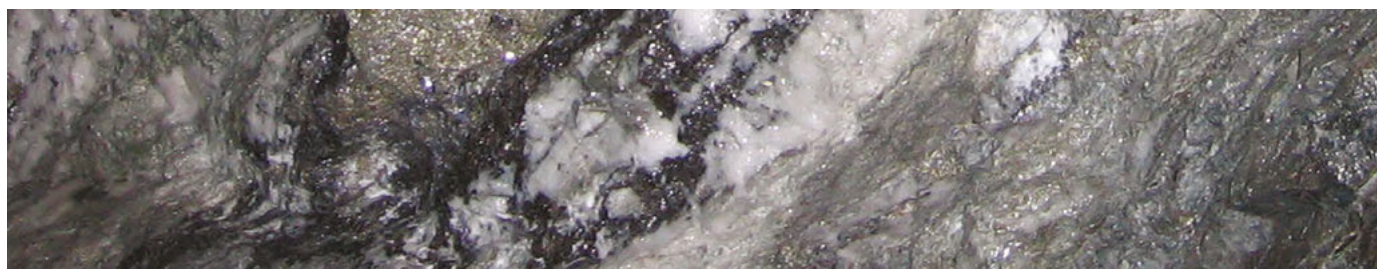
The majority of bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee.

B. DETAILS OF REMUNERATION

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Citigold Corporation Limited are set out in the following tables.

The following persons were Directors and/or key management personnel of the Group during the year:

M.J. Lynch	(Executive Chairman)
J.J. Foley	(Non Executive Director)
A. Panchariya	(Non Executive Director)
C. Towsey	(Executive Director, Resigned 21 June 2016)
S. Acharya	(Non Executive Director, Appointed 21 June 2016)



DIRECTORS' REPORT (CONT.)

3 PAYMENTS TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

	Cash salary and fees \$	Cash Bonus \$	Short-term employee benefits Non-monetary benefits \$	Related party Payments ¹ \$	Post- employment benefits Superannuation \$	Share- based payments Options \$	Total \$
2016							
Directors							
J J Foley	82,380	-	-	-	7,826	-	90,206
M J Lynch	-	-	-	492,264	-	-	492,264
C Towsey	291,419	-	-	30,142	27,685	-	349,246
	373,799	-	-	522,406	35,511	-	931,716
2015							
Directors							
J J Foley	82,380	-	-	-	7,826	-	90,206
M J Lynch	-	-	-	460,428	-	-	460,428
C Towsey	291,419	-	-	30,142	27,685	-	349,246
Other Key Management Personnel							
M B Martin*	323,838	-	-	-	14,996	-	338,834
	697,637	-	-	490,570	50,507	-	1,238,714

* Resigned 20 March 2015

¹ The related party payments are payments to entities related to the Directors and/or Key Management Personnel for work carried out by that entity or the hire of equipment owned by that entity.

C. SERVICE CONTRACTS

Executive Chairman

Contract Term: 5 years, Commenced December 2015
 Base Salary: \$492,264, inclusive of superannuation, may be reviewed annually by the Remuneration
 Termination Payments: Payment on early termination by the Group, other than for gross misconduct, equal to 1 years of employment.

Executive Director

Contract Term: Ongoing, Commenced April 2014, Resigned 21 June 2016
 Base Salary: \$350,000, inclusive of superannuation, may be reviewed annually by the Remuneration
 Termination Payments: Payment on early termination by the Group, other than for gross misconduct, equal to 3 month's base salary.

This concludes the remuneration report, which has been audited.

Share options exercised during the current year

No options were exercised during the year by Key Management Personnel or Executives of the consolidated entities.

This report is made in accordance with a resolution of Directors.

For and on behalf of the Board

Dated at Brisbane this 30 day of September 2016



Mark Lynch
Chairman

AUDITORS INDEPENDENCE DECLARATION

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SYDNEY NSW 2000

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DRUMMOYNE NSW 2047

K.S. Black & Co.

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CITIGOLD CORPORATION LIMITED AND SUBSIDIARIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there has been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

The entities is in respect of Citigold Corporation Limited and the entities it controlled during the period.

KS Black & Co
Chartered Accountants



Scott Bennison
Partner

Dated in Sydney on this 30 day of September 2016

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CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
Revenue		-	1,383,518
Cost of Sales		-	(948,046)
Gross Profit		-	435,472
Other Income	2	243,221	913,339
Employee benefits expense		(1,976,641)	(2,359,081)
Depreciation and amortisation expense	3	(584,615)	(645,894)
Finance costs	4	(3,014,736)	(2,322,436)
Consulting expense		(207,608)	(687,922)
Other expenses	3	(2,737,929)	(2,345,582)
Impairment of Assets	12	-	(96,000,000)
(Loss)/Profit before income tax expense		(8,278,308)	(103,012,104)
Income tax	6	-	-
(Loss)/Profit after tax from continuing operations		(8,278,308)	(103,012,104)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Share of other comprehensive income of associate		-	-
Total comprehensive income		(8,278,308)	(103,012,104)
Profit attributable to:			
(Loss)/Profit attributable to non controlling interest		-	-
(Loss)/Profit attributable to members of the company		(8,278,308)	(103,012,104)
		(8,278,308)	(103,012,104)
Total comprehensive income attributable			
(Loss)/Profit attributable to non controlling interest		-	-
(Loss)/Profit attributable to members of the company		(8,278,308)	(103,012,104)
		(8,278,308)	(103,012,104)
Basic and diluted EPS (Cents per share)	7	(0.477)	(6.66)

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	9	21,707	1,263,903
Trade and other receivables	10	374,734	216,552
Inventories	11	227,831	251,053
Total current assets		624,272	1,731,508
Non-current assets			
Property, plant and equipment	12	111,046,934	111,775,670
Other financial assets	13	2,004,096	1,060,900
Total non-current assets		113,051,030	112,836,570
Total assets		113,675,302	114,568,078
Current liabilities			
Trade and other payables	14	7,174,516	6,086,017
Borrowings	15	10,897,258	8,129,067
Provisions	16	1,378,307	1,237,185
Total current liabilities		19,450,081	15,452,269
Non-current liabilities			
Borrowings	15	-	73,157
Provisions	16	1,497,785	603,408
Total non-current liabilities		1,497,785	676,565
Total liabilities		20,947,866	16,128,834
Net assets		92,727,436	98,439,244
Equity			
Issued capital	17	212,170,319	209,603,819
Reserves	18	39,257,541	39,257,542
Accumulated losses	19	(158,769,507)	(150,491,200)
Total equity attributable to shareholders of the company		92,658,353	98,370,161
Non Controlling Interest		69,083	69,083
Total equity		92,727,436	98,439,244

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital \$	Asset Revaluation Reserve \$	Capital Reserve \$	Share based payments reserve \$	Retaining Earning \$	Attributable to Owners of parent \$	Non controlling interest \$	Total \$
CONSOLIDATED								
Balance as at 1 July 2015	209,603,819	37,851,949	571,430	834,163	(150,491,200)	98,370,161	69,083	98,439,244
Profit for period					(8,278,308)	(8,278,308)		(8,278,308)
Total comprehensive income	-	-	-	-	(8,278,308)	(8,278,308)	-	(8,278,308)
Owners contribution, net of transaction cost	2,566,500	-	-	-	-	2,566,500	-	2,566,500
Balance as at 30 June 2016	212,170,319	37,851,949	571,430	834,163	(158,769,508)	92,658,353	69,083	92,727,436
Balance as at 1 July 2014								
Balance as at 1 July 2014	207,868,247	37,851,949	571,430	834,163	(47,479,096)	199,646,693	69,083	199,715,775
Profit for period					(103,012,104)	(103,012,104)		(103,012,104)
Total comprehensive income	-	-	-	-	(103,012,104)	(103,012,104)	-	(103,012,104)
Issue of Convertible Bonds	-	-	-	-	-	-	-	-
Owners contribution, net of transaction cost	1,735,572	-	-	-	-	1,735,572	-	1,735,572
Balance as at 30 June 2015	209,603,819	37,851,949	571,430	834,163	(150,491,200)	98,370,161	69,083	98,439,244

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		245,212	3,222,285
Payments to suppliers and employees		(3,361,033)	(8,266,804)
Interest and other costs of finance paid		(3,014,737)	(2,178,544)
Net cash (used in)/provided by operating activities	8	(6,130,558)	(7,223,063)
Cash flows from investing activities			
Interest received		307	5,223
Proceeds for property, plant and equipment		21,980	1,127,296
Development costs paid		-	(454,539)
Net cash provided by/(used in) investing activities		22,286	677,980
Cash flows from financing activities			
Proceeds from issues of equity securities		2,066,500	1,735,572
Proceeds from borrowings		2,872,732	10,271,075
Repayment of borrowings		(73,157)	(4,384,632)
Net cash provided by/(used in) financing activities		4,866,075	7,622,015
Net (Decrease)/Increase in cash and cash equivalents		(1,242,196)	1,076,932
Cash and cash equivalents at the beginning of the financial year		1,263,903	186,971
Cash and cash equivalents at end of the financial year	9	21,707	1,263,903

The above statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

The financial report of Citigold Corporation Limited for the year ended 30 June 2016 covers Citigold Corporation Limited as an individual entity as well as the consolidated entity consisting of Citigold Corporation Limited and its subsidiaries as required by the Corporations Act 2001.

Citigold Corporation Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the ASX Limited.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation and presentation of the year's financial report. The financial reports include separate financial statements for Citigold Corporation Limited as an individual entity and the consolidated entity consisting of Citigold Corporation Limited and its subsidiaries.

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

a. Basis of consolidation

The financial report of the Citigold Corporation Group ("the consolidated entity") includes the consolidation of Citigold Corporation Limited and its respective subsidiaries. Subsidiaries are entities controlled by the parent entity. Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial report from the date control commences until the date control ceases. The effects of all transactions between entities within the Citigold Corporation Group have been eliminated.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where the Citigold Corporation Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interests. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and statement of financial position respectively.

b. Foreign Currency Translation

The results and financial position of each entity are expressed in Australian dollars, which are the functional currency of Citigold Corporation Limited and the presentation currency for the consolidated financial statements.

In preparing the financial statements of individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At balance date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at rates prevailing on the date when fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

c. Loan and Borrowings

Loan and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, less any impairment. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the loans and borrowings using the effective interest method.

d. Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

e. Trade and other receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 2 and 90 days. Collectibility of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off.

f. Employee benefits

1. Provision for wages and salaries, annual leave and long service leave

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.

2. Share-based payment transactions

The fair value of any options granted under any share option plan are recognised as an employee benefit expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined by using the Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of the Company ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the director's best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet production targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

No employee share option plan currently exists.

g. Exploration, evaluation and development expenditure

Exploration and evaluation costs are written off in the year they are incurred, apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and the expenditure is expected to be recouped through sale or successful development and exploration of the area of interest or where exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Development expenditure is capitalised in the year it is incurred.

h. Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

i. Taxation

Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the assets and liability give rise to them are realised or settled, based on tax rates and tax laws that have been enacted by the reporting date.

Current and deferred tax for the period is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is recognised directly in equity.

Tax consolidation

The parent entity company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Citigold Corporation Limited is the head entity in the tax-consolidated group.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flow on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

j. Inventories

Gold in solution form and ore is physically measured or estimated and valued at the lower of cost and net realisable value. Costs include direct costs and appropriate portion of fixed and variable production costs.

Consumables are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand using the first in first out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

k. Leased assets

Assets held under leases which result in entities in the consolidated entity receiving substantially all the risks and rewards of ownership of the asset (finance leases) are capitalised at the lower of the fair value of the property, plant and equipment or the estimated present value of the minimum lease payments. The corresponding finance lease obligation is included within interest bearing liabilities. The interest element is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period. Finance lease assets are amortised at a straight line method over the estimated useful life of the asset. Operating lease assets are not capitalised and rental payments are included in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

l. Financial Assets

The group classifies its financial assets as available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in unlisted entities and any non-derivatives that are not classified as any other category, and are classified as non-current assets. After initial recognition, these investments are measured at fair value with gains or losses recognised as a separate component of equity (available-for-sale investments revaluation reserve). Where losses have been recognised in equity and there is objective evidence that the asset is impaired, the cumulative loss, being the difference between the acquisition cost and current fair value less any impairment loss previously recognised in the statement of profit or loss and other comprehensive income, is removed from equity and recognised in the statement of profit or loss and other comprehensive income.

Reversals of impairment losses on equity instruments classified as available-for-sale cannot be reversed through statement of profit or loss and other comprehensive income. Reversals of impairment losses on debt instruments classified as available-for-sale can be reversed through the statement of profit or loss and other comprehensive income where the reversal relates to an increase in the fair value of the debt instrument occurring after the impairment loss was recognised in the statement of profit or loss and other comprehensive income.



The fair value of quoted investments are determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flow of the investment has been impacted.

For equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously charged to equity, is recognised in the statement of profit or loss and other comprehensive income

In respect of available for sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

m. Trade and other payables

Trade payables and other accounts payable are recognised when entities in the consolidated entity become obliged to make future payments resulting from the purchase of goods and services. These amounts are unsecured and have 30-60 day payment terms.

n. Property, plant and equipment

Development Properties are measured at cost less accumulated amortisation.

Freehold land is not depreciated.

All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset only when it is probable that a future economic benefit associated with the item will flow to the Company and the cost can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Depreciation of property, plant and equipment

The carrying amounts of property, plant and equipment (including the original capital expenditure and any subsequent capital expenditure) is depreciated to its residual value over the useful economic life of the specific assets concerned or the life of the mine or lease, if shorter. The rates vary between 4% and 40%

Depreciation is calculated on a straight line basis so as to write off the net cost or other re-valued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

o. Provision for restoration and rehabilitation

Entities in the consolidated entity are generally required to decommission and rehabilitate mine and processing sites at the end of their producing lives to a condition consistent with its Plan of Operations, environmental policies and acceptable to the relevant authorities. The expected cost of any approved decommissioning or rehabilitation programme is provided when the related environmental disturbance occurs, based on the interpretation of environmental and regulatory requirements.

Where there is a change in the expected decommissioning and restoration costs, an adjustment is recorded against the carrying value of the provision and any related asset, and the effect is then recognised in the statement of profit or loss and other comprehensive income in the year incurred.

The provisions referred to above do not include any amounts related to remediation costs associated with unforeseen circumstances. Such costs are recognised when environmental contamination as a result of oil and chemical spills or other unforeseen events gives rise to a loss which is probable and reliably estimable. The cost of other activities to prevent and control pollution is charged to the statement of profit or loss and other comprehensive income as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT.)

p. Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

q. Earnings per share

1. Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to members of the Group, adjusted for the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year. The weighted average number of issued shares outstanding during the financial year does not include shares issued as part of any Employee Share Option Plan that are treated as in-substance options.

2. Diluted Earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

r. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Other income

Other income is recognised on a receivable basis.

s. Government grants

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them that the grants will be received.

Government grants are recognised in profit and loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate.

t. Borrowing Costs

Borrowing costs are expensed in the statement of profit or loss and other comprehensive income unless capitalised to qualifying assets.

u. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. The Company's and consolidated entity's assessment of the impact of these new standards and interpretations is that the application of the standards and interpretation will have no material impact on the Company's or Consolidated Entity's financial reports.

v. Going Concern

The ability of the Company and consolidated entity to continue as a going concern is dependent upon future successful raising of funding through equity and/or exploitation of tenements.



2. REVENUE AND OTHER INCOME

	Consolidated	
	2016 \$	2015 \$
Interest received	307	5,223
Research & Development Tax Offset	-	861,010
Sundry Income	242,914	47,106
Total	243,221	913,339

3. EXPENSES

Other Expenses		
Insurance	19,856	121,833
Office administration costs	818,685	572,560
Royalty Payments	-	106,109
Corporate administration	135,329	150,477
Tenement charges and costs	676,132	630,773
Travel expenses	91,010	197,791
Professional fees	874,776	259,467
Loss on sale of asset	122,141	306,572
Total	2,737,929	2,345,582

Depreciation and Amortisation Expense

Plant and Equipment	584,615	645,894
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Operating Lease Expense

Operating Lease Expenses	4,480	6,720
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Superannuation Expense

Superannuation Expense	133,003	217,400
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4. FINANCE COSTS

Other Interest	2,981,700	1,394,298
Interest on Leases	-	13,467
Other Funding Costs	33,036	914,671
Total	3,014,736	2,322,436

5. AUDITORS REMUNERATION

Audit and review of financial reports- KS Black & Co	36,067	37,220
Other services	9,955	15,430
Total	46,022	52,650

6. INCOME TAX EXPENSE

Prima facie income tax benefit calculated at 30% (2015: 30%) on the (loss)/profit from continuing operations	(2,483,492)	(30,903,631)
Deferred tax benefit accrued/(utilised):	2,483,492	30,903,631
Income tax attributable to net loss for year	-	-

At 30 June 2016 consolidated deferred tax assets of \$51,481,336 (\$48,997,844 at 30 June 2015) arising from carried forward income tax losses calculated at a tax rate of 30% (30 June 2015, 30%) have not been recognised as an asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT.)

The benefit of these losses will only be obtained if:

- the company and/or the consolidated entity derive future assessable income which is derived of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;
- the company and/or the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- future changes in tax legislation do not adversely impact on the utilisation of the carried forward tax losses.

7. EARNINGS PER SHARE (EPS)

A. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of \$8,278,308 (loss of \$103,012,103 in 2015) and weighted average number of ordinary shares outstanding during the financial year ended 30 June 2016 of 1,735,076,512 (1,547,181,462 in 2015), calculation as follows:

	Consolidated	
	2016 \$	2015 \$
Profit (loss) for the period*	[8,278,308]	[103,012,103]
Weighted average number of ordinary shares		
Opening Balance	1,613,950,553	1,495,764,906
Effect of shares issued during the year	121,125,959	51,416,556
Total weighted average number of ordinary shares used in calculating basic and diluted earnings per share	1,735,076,512	1,547,181,462
Profit/(Loss) per share – cents	[0.477]	[6.66]

* all attributable to ordinary shareholders

There were 5,000,000 options outstanding at the end of the year (20,000,000 in 2015) that have not been taken in to account in calculating diluted EPS as their effect would be antidilutive.

8. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Net (Loss) for the year	[8,278,308]	[103,012,103]
Adjustments for:		
Impairment, Depreciation and Amortisation net after write back of assets sold	584,615	96,117,871
Interest Received	(307)	(5,223)
(Increase)/decrease in Trade and other receivables	[36,041]	1,016,369
(Increase)/decrease in inventories	23,222	75,368
(Decrease)/increase in trade and other payables	1,483,958	[1,277,959]
Increase/(decrease) in Employee provisions	92,303	[137,386]
Net Cash (used in)/provided by operating activities	[6,130,558]	[7,223,063]

9. CASH AND CASH EQUIVALENTS

Bank Balances	21,707	1,263,903
Cash and cash equivalents	21,707	1,263,903

10. TRADE AND OTHER RECEIVABLES

CURRENT

Security Bonds	17,574	18,674
Other Receivables and Accrued Income	20,386	20,512
Prepayments	153,474	164,924
GST paid on acquisitions	183,300	12,442
Total	374,734	216,552

All of the above receivables are held by a credit worthy party. Recoverability of the receivables is highly probable.

11. INVENTORIES

	Consolidated	
	2016 \$	2015 \$
Current		
Consumables	227,831	251,053
Total	227,831	251,053

12. PLANT, PROPERTY AND EQUIPMENT

Plant, Property and Equipment

Exploration, Evaluation and Development expenditure		
Costs brought forward in respect of areas of interest:	131,464,236	131,009,698
Costs incurred in period	-	454,539
Less: Accumulated amortisation	(1,142,988)	(1,142,988)
Total exploration, evaluation and development expenditure	130,321,248	130,321,249
Development Property		
Costs brought forward	74,439,914	74,439,914
Less: Accumulated amortisation	-	-
Total development property	74,439,914	74,439,914
Freehold Land and Buildings		
- at cost		
Carrying amount at beginning of year	151,048	151,048
Less: Sale of land during year	-	-
Carrying amount at end of year	151,048	151,048
Plant and Equipment		
At Cost	13,778,125	14,156,384
Less: accumulated depreciation	(11,643,401)	(11,292,925)
Carrying amount at end of year	2,134,724	2,863,459
Less Impairment of Property, Plant and Equipment	(96,000,000)	(96,000,000)
Total Carrying Value of Property, Plant and Equipment	111,046,934	111,775,670

Reconciliation of Plant and Equipment:

Plant and Equipment		
Carrying amount at beginning of year	2,863,459	4,108,625
Net additions/(sale) during year	(144,120)	(599,501)
Less: depreciation charged in year	(584,615)	(645,665)
Transfer/Reclassification	-	-
Carrying amount at end of year	2,134,724	2,863,459

Leased Plant and Machinery

At reporting date, the consolidated entity did not have any motor vehicle or other equipment under hire purchase or finance lease.

Exploration, Evaluation and Development expenditure

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Impairment of Assets

The carrying values of property, plant and equipment are reviewed for impairment, and adjusted if appropriate, at each reporting date. The Directors have considered internal and external factors and believe that the net present value of the group's projects remains well above the carrying value of its Capitalised Exploration, Evaluation and Development Expenditure.

During the prior year the consolidated entity recognised an impairment loss on some of its Capitalised Exploration, Evaluation and Development Expenditure.

The Company acknowledges an indicator of impairment has occurred in that the market capitalisation as at the date of this report was \$25M. However, the Company has determined in accordance with the Accounting Standard that the recoverable amount of the assets based on the future discounted cash flows significantly exceeds the carrying amount of the assets and therefore no impairment is required.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT.)

13. OTHER FINANCIAL ASSETS

	Consolidated	
	2016	2015
	\$	\$
Security deposit against restoration costs lodged with the Department of Natural Resources and Mines	2,004,096	1,060,900

14. TRADE AND OTHER PAYABLES

Current

Trade creditors	4,971,203	4,064,037
Sundry creditors and accrued expenses	2,203,313	2,021,980
Total	7,174,516	6,086,017

15. BORROWINGS

Current

Unsecured Liabilities

Loan from unrelated parties	802,058	874,484
Insurance funding	-	17,980

Secured Liabilities

Loan from unrelated parties	10,095,200	7,174,445
Finance lease liabilities	-	62,158

Total	10,897,258	8,129,067
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Non-Current

Finance lease liabilities	-	73,157
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Total	-	73,157
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Loans from unrelated parties

The loans are all fixed interest and are callable at any time. Interest is calculated at rate of 5% to 12% per annum.

16. PROVISIONS

Current Provisions

Employee benefits	1,378,308	1,237,185
Total	1,378,308	1,237,185

Non Current Provisions

Employee benefits	46,785	95,604
Restoration and rehabilitation	1,451,000	507,804
Total	1,497,785	603,408

Restoration, rehabilitation and environmental

The provision for restoration, rehabilitation and environmental work has been classified as a non-current provision as the obligation to perform such work will only arise on the cessation of mining. The provision, which has not been discounted to present value, is fully funded by a cash deposit of an equal or greater amount held by the Department of Natural Resources and Mines. The provision is based on the calculated cost of restoration, rehabilitation and environmental work required in accordance with the Plan of Operations 2014-2016 accepted by Department of Environment and Heritage Protection.



17. ISSUED CAPITAL

Reconciliation of movement in issued capital of the parent entity

Date	Details	Number of Shares	Issue Price	\$
Movements in Issued Capital 2016:				
Balance as at 1 July 2015		1,613,950,553		209,603,819
19-Aug-15	Share Placement	112,000,000	0.015	1,680,000
09-Oct-15	Share Placement	15,000,000	0.02	300,000
04-Jan-16	Share Placement	25,075,000	0.02	501,500
03-May-16	Share Placement	6,562,500	0.016	105,000
Total movement during the year		158,637,500		2,566,500
Balance for the year		1,772,588,053		212,170,319
Movements in Issued Capital 2015:				
Balance as at 1 July 2014		1,495,764,906		207,868,247
23-Nov-14	Share Placement	20,000,000	0.015	300,000
10-Dec-14	Share Placement	48,142,861	0.0175	842,500
17-Mar-15	Share Placement	7,735,094	0.0135	101,072
31-Mar-15	Share Placement	42,307,692	0.013	492,000
Total movement during the year		118,185,647		1,735,572
Balance for the year		1,613,950,553		209,603,819

Share Options

The terms, amount and number of options are as follows:

Issuing Entity	Number of options	Exercise Price	Expiry date of Option
Number of options outstanding as at 30 June 2016:			
Citigold Corporation Limited	5,000,000	\$0.05	30 November 2017
Balance as at 30 June 2016	5,000,000		
Number of options outstanding as at 30 June 2015:			
Citigold Corporation Limited	20,000,000	\$0.03	20 June 2016
Balance as at 30 June 2014	20,000,000		

Movement in share options

Date	Details	Number of options	Issue Price \$	\$
The movement in the company's share options during the year ended 30 June 2016 were as follows:				
20-Jun-16	Expiry of options	(20,000,000)	-	-
Total Movement		(20,000,000)	-	-
The movement in the company's share options during the year ended 30 June 2015 were as follows:				
28-Jun-15	Expiry of options	(7,997,917)	-	-
Total Movement		(7,997,917)	-	-

Ordinary shares

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

Capital Risk Management

The Group considers its capital to comprise its ordinary share capital plus reserves.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through its new share issues, or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT.)

It is the Group's practice to maintain its gearing ratio within the range of 0 – 15% (2015: 0 – 15%). The Group's gearing ratio at the balance date is shown below

	Consolidated	
	2016 \$	2015 \$
Gearing Ratio:		
Net debt	10,897,258	8,202,224
Total equity	92,658,353	98,439,244
Total capital	102,955,611	106,641,468
Gearing Ratio	10.58%	7.69%

18. RESERVES

Composition:

Asset Revaluation Reserve	37,851,949	37,851,949
Capital Profits Reserve	571,430	571,430
Conversion Rights	-	-
Share Based Remuneration Reserve	834,163	834,163
Total	39,257,542	39,257,542

Asset Revaluation Reserve

Balance at beginning of the year	37,851,949	37,851,949
Revaluation (decrease)/increase during the year	-	-
Balance at end of Year	37,851,949	37,851,949

Capital Profits Reserve

Balance at beginning of the year	571,430	571,430
Revaluation (decrease)/increase during the year	-	-
Balance at end of Year	571,430	571,430

Conversion Rights

Balance at beginning of the year	-	-
Option (decrease)/increase during the year	-	-
Balance at end of Year	-	-

Share Based Remuneration Reserve

Balance at beginning of the year	834,163	834,163
Revaluation (decrease)/increase during the year	-	-
Balance at end of Year	834,163	834,163

Asset Revaluation

The asset revaluation reserve contains net revaluation increments and decrements arising on the revaluation of non-current assets.

Capital Profits

Upon disposal of re-valued assets, and increments standing to the credit of the asset revaluation reserve is transferred to the capital profits reserve.

Share-based payment reserve

Comprises the fair value of options and performance share rights recognised as an expense.

19. ACCUMULATED LOSSES

Accumulated losses at beginning of the year	(150,491,200)	(47,479,096)
Net Profit/(loss) attributable to members of the parent entity for the year	[8,278,308]	[103,012,104]
Total	(158,769,508)	(150,491,200)

a. General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

20. FINANCIAL RISK MANAGEMENT

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

These are the principal financial instruments from which financial instrument risk arises:

- Trade receivables
- Cash at bank
- Trade and other payables

Financial Instruments

	Note	Consolidated	
		2016 \$	2015 \$
Cash	9	21,707	1,263,903
Security bonds	10	17,574	18,674
Prepayments (if these are refundable)	10	153,474	164,924
Receivables	10	203,686	32,954
Deposits (if refundable)	13	2,004,096	1,060,900
Loans and Receivables (Cash and Cash equivalents)		2,400,537	2,541,355
Trade creditors	14	4,971,202	4,064,037
Sundry creditors and accrued expenses (exclude accrued expenses and any statutory amounts such as PAYG/Superannuation)		283,741	470,788
Loans from unrelated party	15	10,897,258	8,048,929
Loan-Insurance	15	-	17,980
Finance lease liability	15	-	135,315
Financial liabilities at amortised cost		16,152,201	12,737,049
Categories of financial Instruments			
Loans and Receivables (Including cash and cash equivalents)		394,441	1,480,455
Financial liabilities at amortised cost		(16,152,201)	(12,737,049)
Total		(15,757,760)	(11,256,594)

a. Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group.

The maximum exposure to credit risk at balance date is as follows:

Loans and receivables	374,734	216,552
Cash and Cash Equivalents	21,707	1,263,903
	396,441	1,480,455

The maximum exposure to credit risk at balance date by country is as follows:

Australia	396,441	1,480,455
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b. Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. It is the policy of the Board of Directors that the Treasury maintains adequate committed credit facilities and the ability to close-out market positions. In addition, the entity carefully monitors its actual and forecast cash flow and matches them to current obligations.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT.)

c. Financing arrangements

	Carrying Amount \$	Contractual Cash flows \$	< 6 mths \$	6-12 mths \$	1-3 years \$	> 3 years \$
Maturity Analysis – Group 2016						
Financial Liabilities						
Trade Creditors	4,971,202	4,971,202	4,971,202	-	-	-
Finance Lease	-	-	-	-	-	-
Term Loans	10,897,258	10,897,258	10,897,258	-	-	-
Loans others	-	-	-	-	-	-
TOTAL	15,868,460	15,868,460	15,868,460	-	-	-

Financial Assets

Trade debtors	32,285	32,285	32,285	-	-	-
Other receivables	18,674	18,674	18,674	-	-	-
TOTAL	50,959	50,959	50,959	-	-	-

Maturity Analysis – Group 2015

Financial Liabilities

Trade Creditors	4,064,037	4,064,037	4,064,037	-	-	-
Finance Lease	135,315	135,315	31,079	31,079	73,157	-
Term Loans	8,048,929	8,048,929	8,048,929	-	-	-
Loans others	17,980	17,980	17,980	-	-	-
TOTAL	12,266,261	12,266,261	12,162,025	31,079	73,157	-

Financial Assets

Trade debtors	18,214	18,214	18,214	-	-	-
Other receivables	20,972	20,972	20,972	-	-	-
TOTAL	39,186	39,186	39,186	-	-	-

d. Market Risk

Market risk arises from the use of foreign currency financial instruments. It is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk).

e. Interest rate risk

All loans have fixed interest rates. Cash and cash equivalents are invested at variable interest rates subjecting the interest amount received to interest rate risk. The balance in cash and cash equivalents will not drop regardless of the interest rate therefore there is no down side interest rate risk.

	Carrying Amount AUD \$	+1% Profit \$	-1% Profit \$
Sensitivity Analysis			
Consolidated – 2016			
Cash and cash equivalents	21,707	217	(217)
Tax charge of 30%	-	(65)	65
After tax increase/(decrease)	-	152	(152)

The above analysis assumes all other variables remain constant.

Consolidated – 2015

Cash and cash equivalents	1,263,903	12,639	(12,639)
Tax charge of 30%	-	(3,792)	3,792
After tax increase/(decrease)	-	8,847	(8,847)

21. COMMITMENTS

Finance Lease Liabilities

	Consolidated	
	2016	2015
	\$	\$
Finance Lease Commitments Payable		
– not later than one year	-	70,714
– later than one year but not later than five years	-	76,606
Minimum lease payments	-	147,320
Less future finance charges	-	(12,005)
Total lease liability	-	135,315

The finance leases commitments are for finance leases over mining machinery, office equipment, motor vehicles and portable items of plant. At the end of each lease, the entity has the option to purchase the equipment at a beneficial price. The leases are on normal commercial terms and conditions and are for terms of between one and five years. The group's obligations under the leases are secured by the lessor's title to the leased assets.

Exploration expenditure commitments

The consolidated entity and the Company have the following discretionary exploration expenditure commitments in respect of exploration to maintain current mineral rights of tenure. These commitments may be reduced by renegotiation upon renewal of the tenements, or by relinquishment of tenure.

Exploration expenditure commitments payable:		
– not later than one year	957,960	389,200
– later than one year but not later than five years	2,037,320	1,463,844
Total	2,995,280	1,853,044

Operating lease commitments

Operating Lease Commitments in respect of non-cancellable operating leases contracted for but not capitalised in the financial statements

Operating lease commitments payable		
– not later than one year	12,818	88,209
– later than one year but not later than five years	-	48,660
Total	12,818	136,869

The general terms of the operating lease commitments disclosed above are: Non-cancellable leases for rental of office equipment and/or rental of office for remaining term of less than six months. Rentals are payable monthly. The agreements do not contain escalation clauses.

22. CONSOLIDATED ENTITIES

	Country Of Incorporation	Ownership Interest 2016	Ownership Interest 2015	Date of Incorporation
Charters Towers Gold Pty Ltd	Australia	100	100	5 Oct 1995
Charters Towers Mines Pty Ltd	Australia	91.5	91.5	14 Mar 1984
Charters Technology Pty Ltd	Australia	100	100	13 Jan 2000
Gold Management Pty Ltd	Australia	100	100	28 Jan 2000
Gold Projects Pty Ltd	Australia	100	100	25 Jan 2000
Great Mines Pty Ltd	Australia	100	100	19 Mar 1984
Deeprack Mining Pty Ltd	Australia	81.2	81.2	18 Jun 1984
Queensland Gold Mines Pty Ltd	Australia	100	100	27 Feb 2006
Indo Citigold Pte Ltd	Singapore	51	51	21 May 2013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT.)

23. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate risk and currency risk arise in the normal course of the consolidated entity's business. No hedging of this risk is undertaken by the consolidated entity.

Fair Values

	2016		2015	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Trade and other receivables	374,734	365,594	216,552	211,270
Cash and cash equivalents	21,707	21,707	1,263,903	1,263,903
Trade and other payables	7,174,516	6,832,872	6,086,017	5,794,302
Non-current assets (note 13)	2,004,096	1,955,214	1,060,900	1,035,024
Non-current interest bearing liabilities (note 15)	-	-	73,157	69,673

Securities

Fair value is based on quoted market prices at the balance date without any deduction for transaction costs.

24. RELATED PARTY TRANSACTIONS

a. Parent entity

The ultimate parent entity within the Consolidated Group is Citigold Corporation Limited.

b. Subsidiaries

Interests in subsidiaries are set out in note 22.

c. Key management personnel

Disclosures relating to key management personnel are set out in note 29

d. Loans to related parties

Citigold Corporation Limited has provided unsecured, interest free loans to its wholly owned subsidiaries. An impairment assessment is undertaken each financial year by examining the financial position of the subsidiary and the market in which the subsidiaries operate to determine whether there is objective evidence that the loan to each subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment.

e. Loans from related parties

Citigold Corporation Limited has been provided unsecured, interest free loans from its wholly owned subsidiaries.

25. SUBSEQUENT EVENTS

Since the end of the financial year the Company issued 13,333,333 shares to raise working capital.

26. GOING CONCERN

The financial statements have been prepared on a going concern basis. The group incurred a net loss \$8,278,308 during the period ended 30 June 2016 and as of that date the group had current assets of \$624,272 and current liabilities of \$19,450,081. As in previous financial periods, the ability of the consolidated entity to meet its expenditure commitments and progress with its development and exploration program is dependent upon production and continued capital raising.

27. CONTINGENT LIABILITIES

Citigold is continuing discussion with the Department of Environment, Heritage and Protection in regards to the adequacy of financial assurance provided for the purpose of mine rehabilitation. The potential liability can be up to a maximum of \$4.5 million. At this time it is not anticipated that this will be resolved until some-time in late calendar year 2016.

28. SEGMENT REPORTING

The consolidated entity operates in the mining exploration industry. Details of the mining exploration activities are set out in the review of operations. Each company within the consolidated entity operates within the one geographic area, being Australia.

29. KEY MANAGEMENT PERSONNEL DISCLOSURES

a. Directors

The following persons were Directors of Citigold Corporation Ltd during or since the financial year:

M.J. Lynch	(Executive Chairman)
J.J. Foley	(Non Executive Director)
A. Panchariya	(Non Executive Director)
C. Towsey	(Executive Director, Resigned 21 June 2016)
S. Acharya	(Non Executive Director, Appointed 21 June 2016)

b. Other Key Management Personnel

No Key Management Personnel appointed during the financial year.

c. Key management personnel compensation

	Consolidated	
	2016 \$	2015 \$
Short term employee benefits	-	1,108,207
Post-employment benefits	-	50,506
	-	1,158,713

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report on pages 18 to 20 of this report.

d. Key management personnel equity interest

Shares

The number of shares held in the Company during the financial year by each Director and each of the Key Management Personnel of the Group, including related entities, is set out below:

	Balance at the start of the year	Exercise of options	Other net changes during the year	Balance at the end of the year
2016				
J J Foley	7,307,876	-	-	7,307,876
M J Lynch	88,347,084	-	-	88,347,084
C Towsey	1,032,880	-	-	1,032,880
S Acharya	-	-	-	-
A Panchariya	-	-	-	-
Other Key Management Personnel				
-	-	-	-	-
2015				
Directors				
J J Foley	4,736,450	-	2,571,429	7,307,876
M J Lynch	81,347,083	-	7,000,001	88,347,084
C Towsey	175,737	-	857,143	1,032,880
R Tan	-	-	-	-
A Panchariya	-	-	-	-
Other Key Management Personnel				
M B Martin	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT.)

Options

- Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options can be found in the detailed remuneration disclosures to the Directors Report.
- The number of options held in the Company during the financial year by each Director and each of the Key Management Personnel of the Group, including related entities, are set out below:

	Balance at the start of the year	Exercise of options	Granted during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
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2016

Directors

No Directors held options in the group during the period

Other Key Management Personnel

No Other Key Management Personnel held options in the group during the period

2015

Directors

No Directors held options in the group during the period

Other Key Management Personnel

No Other Key Management Personnel held options in the group during the period

LOANS TO DIRECTORS OR KEY MANAGEMENT PERSONNEL

No loans were granted to any directors or other key management personnel of the Company and the group during the period ending 30 June 2016.

TRANSACTION RELATING TO KEY MANAGEMENT PERSONNEL

A Key Management Personnel has provided a \$246,376 unsecured loan to the company at the interest rate of 12% per year.

30. PARENT ENTITY FINANCIAL INFORMATION

a. Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent Entity	
	2016 \$	2015 \$
Balance Sheet		
Current assets	301,522	1,389,405
Total assets	117,138,580	117,692,239
Current liabilities	13,904,765	10,556,818
Total Liabilities	13,866,763	11,271,290
Shareholders' equity		
Issued Capital	212,170,318	209,603,819
Reserves	38,686,113	38,686,113
Accumulated losses	147,584,615	141,868,983
Profit and Loss		
Loss for the year	5,715,632	99,446,059
Total comprehensive loss	5,715,632	99,446,059

b. Guarantees entered into by the parent entity

Citigold Corporation Limited has provided unsecured guarantees in respect of the provisions of financial assistance to some of the subsidiaries within the Group. No liability was recognised by Citigold Corporation Limited in relation to these guarantees as the likelihood of payment is not probable.

c. Contingent liabilities of the parent entity

Refer to note 27.

d. Contractual commitments by the parent entity for the acquisition of property, plant and equipment.

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment.

DIRECTORS' DECLARATION

In the opinion of the directors of Citigold Corporation Limited

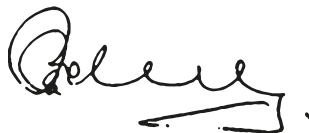
- a. The financial statements and notes set out on pages 22 to 42 are in accordance with the Corporations Act 2001 including:
 - i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2016 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and
- b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- c. The remuneration disclosures included in pages 18 to 20 of the Directors' Report (as part of the Remuneration Report), for the year ended 30 June 2016, comply with section 300A of the Corporations Act 2001; and
- d. there are reasonable grounds to believe that the company and the group entities identified in Note 22 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2016 pursuant to Section 295A of the Corporations Act.

This declaration is made in accordance with a resolution of the directors.

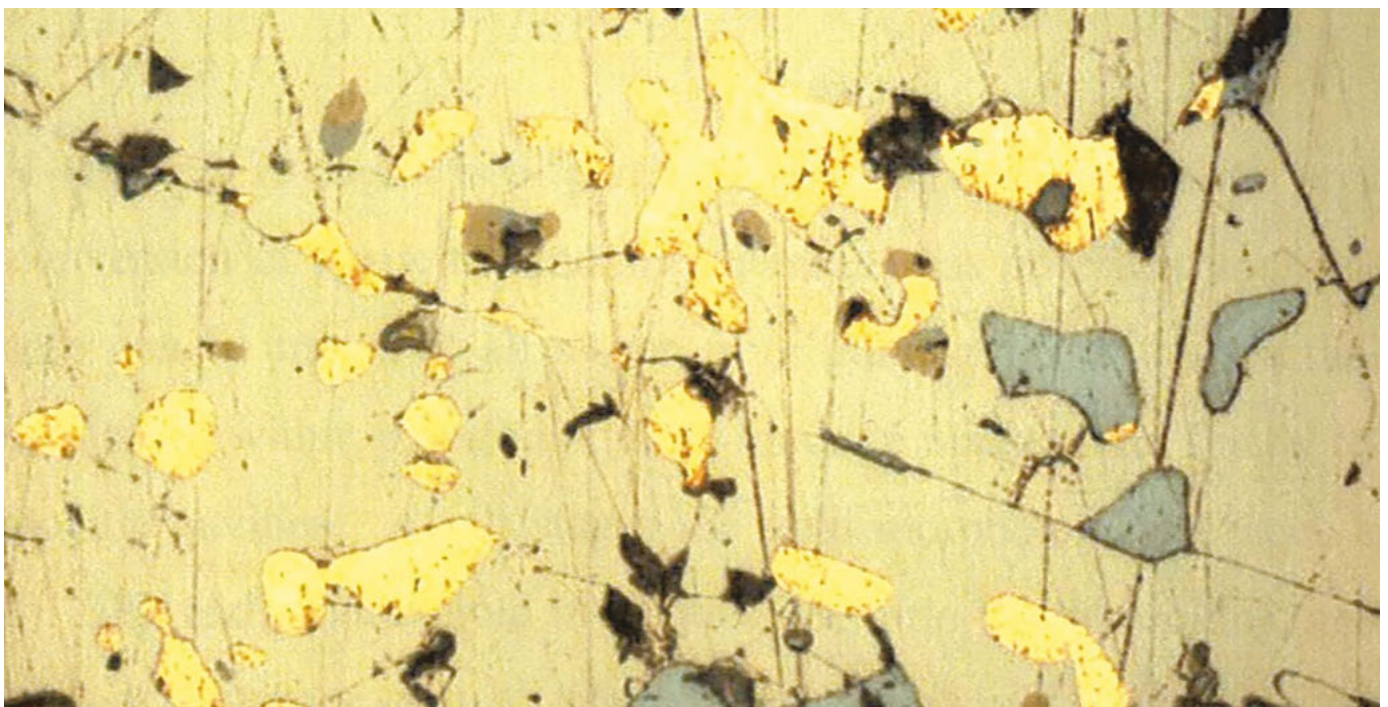


M J Lynch
Chairman



J J Foley
Director

Dated at Brisbane this 30th September 2016



Electron microscope view of Charters Towers gold ore, width of frame view at less than 0.5mm.

AUDITORS REPORT

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SYDNEY NSW 2000

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DRUMMOYNE NSW 2047

K.S. Black & Co.

ABN 48 117 620 556

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PO Box 2210
North Parramatta NSW 1750

INDEPENDENT AUDITOR'S REPORT

To the Members of Citigold Corporation Limited and Subsidiaries

Report on the Year End Financial Report

We have audited the accompanying financial report of Citigold Corporation Limited and Subsidiaries, which comprises the Statements of financial position as at 30 June 2016, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the year end financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the year end financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the

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appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Citigold Corporation Limited and Subsidiaries, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Opinion

In our opinion:

- (a) the financial report of Citigold Corporation Limited and Subsidiaries is in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2016 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the consolidated financial statements and notes or financial report also comply with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

Without amendment to our conclusion we emphasise the following matter.

Other Matters

In our report dated 15 March 2016, we expressed a disclaimer opinion on the basis that we were not provided with sufficient audit evidence relating to the carrying amount of property, plant and equipment of \$111,473,375 to form the basis of an opinion.

With respect to these financial statements the company has provided sufficient audit evidence relating to the carrying amount of property, plant and equipment.

However, we have included an emphasis of matter detailed below. Accordingly, our present opinion on the June 2016 financial statements, as presented herein, is different from that expressed in our previous report.

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AUDITORS REPORT (CONT.)

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Impairment of Assets

Note 1(h) of the accounting policies state that the company reviews the carrying amounts of its tangible and intangible assets to determine where there is any indication that those assets have suffered an impairment loss.

The market capitalisation of the company as at the date of this report is \$25m and pursuant to AASB 136 paragraph 12(d) this is an indicator of impairment as it is below the carrying amount of the tangible and intangible assets of the company.

The company has provided sufficient information and has determined that the recoverable amount is greater than the carrying amount disclosed in the financial statements and as such has determined that no impairment is required to the carrying amounts of the tangible and intangible assets disclosed in the financial statements and therefore complies with AASB 136.

Going Concern

The Directors opinion, as detailed in the Note 1 to the financial report, indicates that the ability of the entity to continue as a going concern is dependent upon future successful raising of necessary funding through equity and exploitation of the entity's tenements. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Included in the trade creditors of the company of \$7,174,516 are taxation liabilities which the company is the process of obtaining a deed of settlement and guarantee with the Australian Taxation Office. As with all liabilities, the ability of the company to repay amounts owed is dependent on raising necessary funding as noted above.

Loan from Fortune Gems and Jewellery DMCC

The company has borrowed \$10,897,258 from Fortune Gems and Jewellery DMCC secured over part of the mining assets of the company.

The loan agreement expired on 21 March 2016 and has not being formally renegotiated, nor has the lender sought as at the date of this report to recover its debt. The loan has continued on an informal basis with monthly interest accruing.

Report on the Remuneration report

We have audited the remuneration report included on pages 5-8 of the attached report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and

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CHARTERED ACCOUNTANTS
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Auditors Opinion

In our opinion the remuneration report of Citigold Corporation Limited and Subsidiaries for the year ended 30 June 2016 complies with s 300A of the Corporations Act 2001.

KS Black & Co
Chartered Accountants



Scott Bennison
Partner

Dated: 30/9/16

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CHARTERED ACCOUNTANTS
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ASX ADDITIONAL INFORMATION

1. SHAREHOLDINGS AS AT 30 SEPTEMBER 2016

Distribution of Members and their Shareholdings

Range	Total holders	Number of Shares
1 - 1,000	1,435	566,943
1,001 - 5,000	1,647	4,837,773
5,001 - 10,000	1,067	8,695,851
10,001 - 100,000	2,998	118,581,433
100,001	1,223	1,653,239,386
Total	8,370	1,785,921,386

5,916 Shareholders have less than marketable parcel of ordinary shares

Voting rights - all shares carry voting rights of one vote per share

Substantial Shareholdings as at 30 September 2016

Name	Number of Shares	% of Issued Share Capital
R G F LAND SDN BHD	188,554,719	10.56
K SERA SERA HOLDINGS PTY LTD	96,485,307	5.40

Twenty Largest Shareholders as at 30 September 2016

Name	Number of Shares	% of Issued Share Capital
R G F LAND SDN BHD	188,554,719	10.56
CITICORP NOMINEES PTY LIMITED	173,009,277	9.69
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	162,345,071	9.09
K SERA SERA HOLDINGS PTY LTD	96,485,307	5.40
AURORA INVESTMENTS LIMITED	81,199,144	4.55
JFO INVESTMENTS PTY LTD	75,318,808	4.22
RHB SECURITIES SINGAPORE PTE LTD <CLIENTS A/C>	43,351,555	2.43
PAL GROUP PTY LTD <KATHLEEN THERESE LYNCH A/C>	38,801,058	2.17
J P MORGAN NOMINEES AUSTRALIA LIMITED	31,690,797	1.77
LIM KOK	25,000,000	1.40
MR CHARLES RAYMOND LARKIN	16,105,947	0.90
MR IAN MCDONALD FRASER + MS JILLIAN BACON <IAN FRASER SUPER FUND A/C>	12,500,000	0.70
MR HARRY SIOROS	12,010,368	0.67
JF APEX SECURITIES BERHAD <CLIENT ACCOUNT>	10,576,410	0.59
BNP PARIBAS NOMS PTY LTD <DRP>	10,017,585	0.56
MR FRANCIS ROGERSON	10,002,230	0.56
MR IAN MCDONALD FRASER	10,000,000	0.56
MR WEITIAN ZHANG	9,899,129	0.55
BNP PARIBAS NOMS PTY LTD <UOB KAY HIAN PRIV LTD DRP>	9,029,905	0.51
MR NICHOLAS KENOS + MRS PAULINE KENOS <NP HOLDINGS SUPER FUND A/C>	8,785,714	0.49
	1,024,683,024	57.38

2. RESTRICTED SECURITIES

At the time of this report there are no ordinary shares classified as restricted securities.

3. ON MARKET BUY BACK

There is no current on-market buy back.

4. SUMMARY OF MINING TENEMENTS & AREAS OF INTEREST AS AT 30 SEPTEMBER 2016

The Consolidated Entity has a 100% control of the following mining tenements at Charters Towers:

Exploration Permit Minerals	EPM 15964	EPM 15966	EPM 16979	EPM 18465	EPM 18813	EPM 18820
Minerals Development Licence	MDL 116	MDL 118	MDL 119	MDL 251	MDL 252	
Mining Lease	ML 1343	ML 1408	ML 1433	ML 1548	ML 10042	ML 10222
	ML 1344	ML 1409	ML 1472	ML 1549	ML 10048	ML 10281
	ML 1347	ML 1424	ML 1488	ML 1585	ML 10050	ML 10282
	ML 1348	ML 1428	ML 1490	ML 1586	ML 10091	ML 10283
	ML 1385	ML 1429	ML 1491	ML 1587	ML 10093	ML 10284
	ML 1387	ML 1430	ML 1499	ML 1735	ML 10193	ML 10285
	ML 1398	ML 1431	ML 1521	ML 10005	ML 10196	ML 10335
	ML 1407	ML 1432	ML 1545	ML 10032	ML 10208	

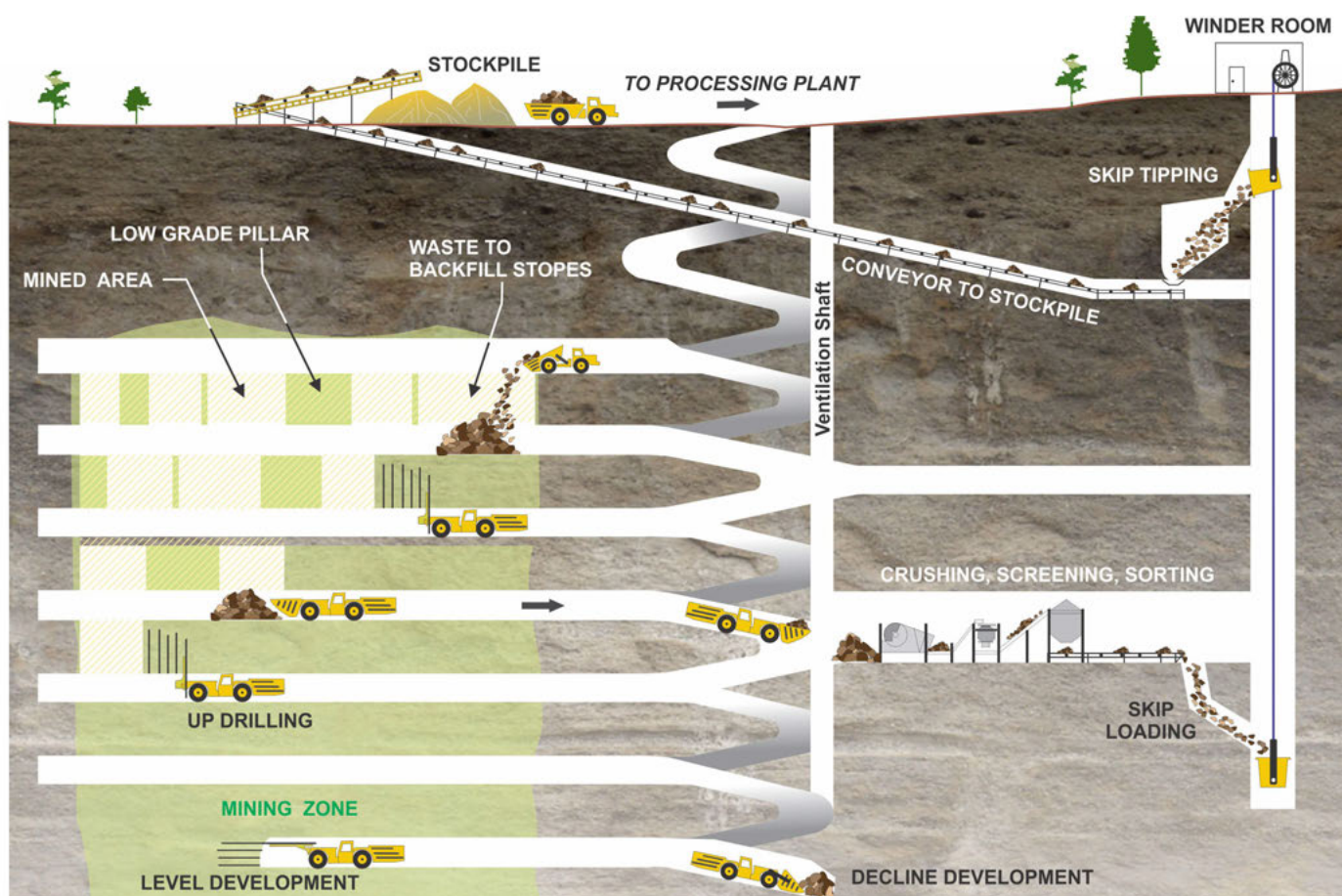


Diagram of underground mining method proposed for the Charters Towers' major central mine.



CORPORATE OFFICE & PRINCIPAL PLACE OF BUSINESS

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Email: mine@citigold.com

DIRECTORS

Mark Lynch (Executive Chairman)
John Foley (Non-Executive Director)
Arun Panchariya (Non-Executive Director)
Dr Sibasis Acharya (Non-Executive Director)

COMPANY SECRETARY

Niall Nand

STOCK EXCHANGE LISTING

Australia (ASX) Code 'CTO'

SHARE REGISTRY

Computershare Investor Services
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AUDITOR

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BANK

Westpac