



## Quarterly Report

For the period ending 30 June 2019

### HIGHLIGHTS

- The upcoming quarter will see a focus on moving closer to a major funding deal being in place. The Company has seen an increase in interest by potential funding partners with the gold price above US\$1,400 and AU\$2,000 per ounce.
- Major project funding discussions actively continued with potentially interested strategic partners to expand Citigold's production-ready Charters Towers Gold Project.
- The Company continues to review its business plans, schedules and strategies in readiness for moving back into gold mining and production with operational and capital cost efficiencies an ongoing focus.
- Mineral Resources and Ore Reserves remain unchanged during the period.
- The Quarter saw a particular focus on the upside potential for exploration areas held by the Company that surrounds our production leases that have along strike potential for extensions of existing mineral resources.
- Planning continued for the move into gold production at the Charters Towers project as an ultra-low-cost gold producer.
- The Company has substantial inherent value in its large high-grade Charters Towers gold assets.
- Our aim is to be a 300,000 plus ounces per annum ultra-low-cost gold producer in five years using state of the art technologies and efficiencies, all with the aim of returning substantial profits to shareholders in harmony with the local environment.

## **OPERATIONS**

### **Planned Resumption of Mining**

Corporate plans for the resumption of mining remain unchanged with the main 'Central Mine' underground to be the first area planned to be reopened.

The underground mining operations at the Company's Charters Towers 'Central' and 'Imperial' mining areas remained on care and maintenance during the quarter, with no gold production.

Designs and strategies for the Central Mine continued to be refined during the quarter.

The 'Central' underground mine is to be the focus of future mining operations and is the area planned to be reopened. It is expected to be a major contributor to our aim of being a 300,000 plus ounces gold producer within 5 years.

Resumption of mining at Charters Towers is contingent on a sufficient level of capital financing, with active planning continuing during the quarter.

The Charters Towers Gold Project is the Company's prime focus.

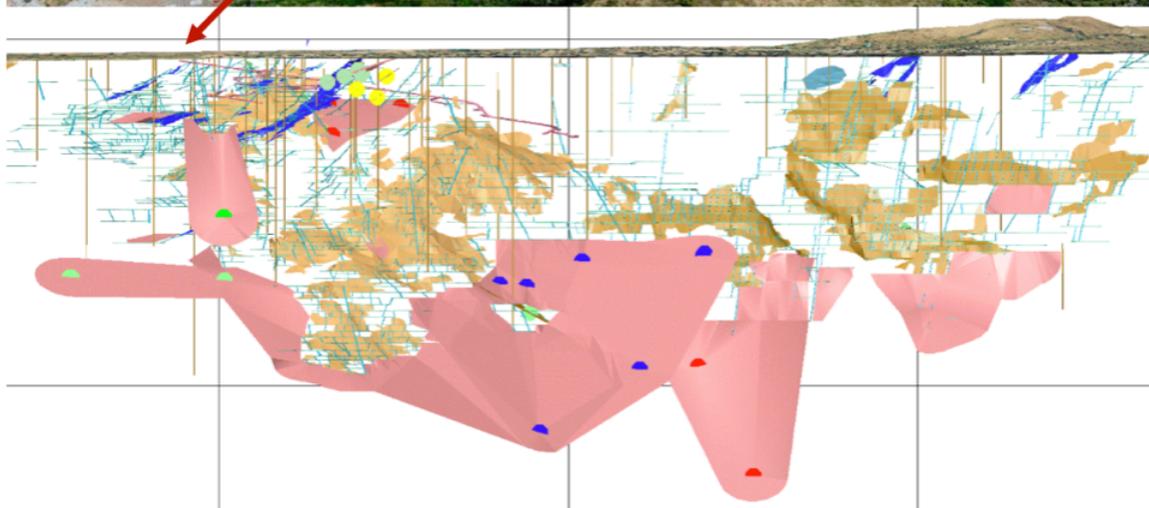
Citigold's go-forward business plan is an outsourced model. This approach can bridge the usual 'growing pains' involved in expanding by internally building a staffing team. There is a core team at Citigold with a clear plan to develop the mine, and they can engage external consultants and contractors to undertake all of the relevant tasks. An outline of the mining plan for the Central mining area has been given in previous reports. The early development plan is, in summary:

- Central Decline (access tunnel) is to be extended by about 1,100 metres roadway length, at an 8 degree downslope, junctioning with the King Shaft, an existing shaft that is being re-purposed as a ventilation intake.
- Initial mining is expected to commence partway along with the new Central access extension at a relatively shallow 300 metre depth from the surface.
- The first gold reefs (lodes) scheduled to be opened are the C03W, C38 and C39 and then move on to C05E. Access tunnels (ramps and crosscuts) to the C03W, C38 and C39 will come off the Central access tunnel extension, and gold reef access tunnels (drives) will be driven at nominal 20 metre vertical levels along the length of the reefs to provide closely-spaced grade control samples.
- Gold ore extraction (stopping) will commence once these levels are developed and the King Shaft ventilation and emergency second exit (egress) are established.

With this solid data foundation to build on, the remaining project funding will be mainly used for the underground development, tunnelling and materials handling systems for the 'Central' mining areas.

The Charters Towers project can provide a long and profitable mine life for the Company, shareholders and the local community. We are focused and will work conscientiously, to make the 2019 year a strong year.

We continue to plan for the resumption of underground mining at the Central mine. We will be focused on beginning to deliver on our announced strategy. Your Company has substantial inherent value in its large high-grade Charters Towers gold assets.



ABOVE TOP: Photo of Citigold's Central mine site and the entrance to the underground ramp portal.  
 ABOVE: Shows the gold areas available for mining in PINK, and the BROWN areas were previously mined.  
 GREY lines are 1 kilometer grid spacing, large gold deposit is in PINK and mining gold starts at shallow 300 metres deep.  
 Long section looking south, showing the drill pierce points through the Central Area Indicated Mineral Resource structures.  
 Above diagram, See Technical Report page 107, ASX announcement dated 21 May 2012 Mineral Resources & Reserves Report

## GEOLOGY AND EXPLORATION

The Quarter saw a particular focus on the upside potential for exploration areas held by the Company that surround our production leases that have along strike potential for extensions of existing mineral resources.

Also during the Quarter assessment of the frequency of the payable sections of past mining and reassessment of geological information collected by the Company have lead to the geological conclusion that the payable sections of the reefs may be more frequent and/or closer spaced than previously thought. This new assessment means that there will be an ongoing reassessment of much of the surface and underground data collected with this new assessment in mind.

This is coupled with the ongoing efforts to consolidate the numerous databases into one database so that all geological information can be more easily interrogated. The Company's knowledge on Charters Towers reef systems is unique in the world due to the large investment to date in all facets of exploration, including underground test mining data collection.

During the Quarter, no new exploration drilling was undertaken.

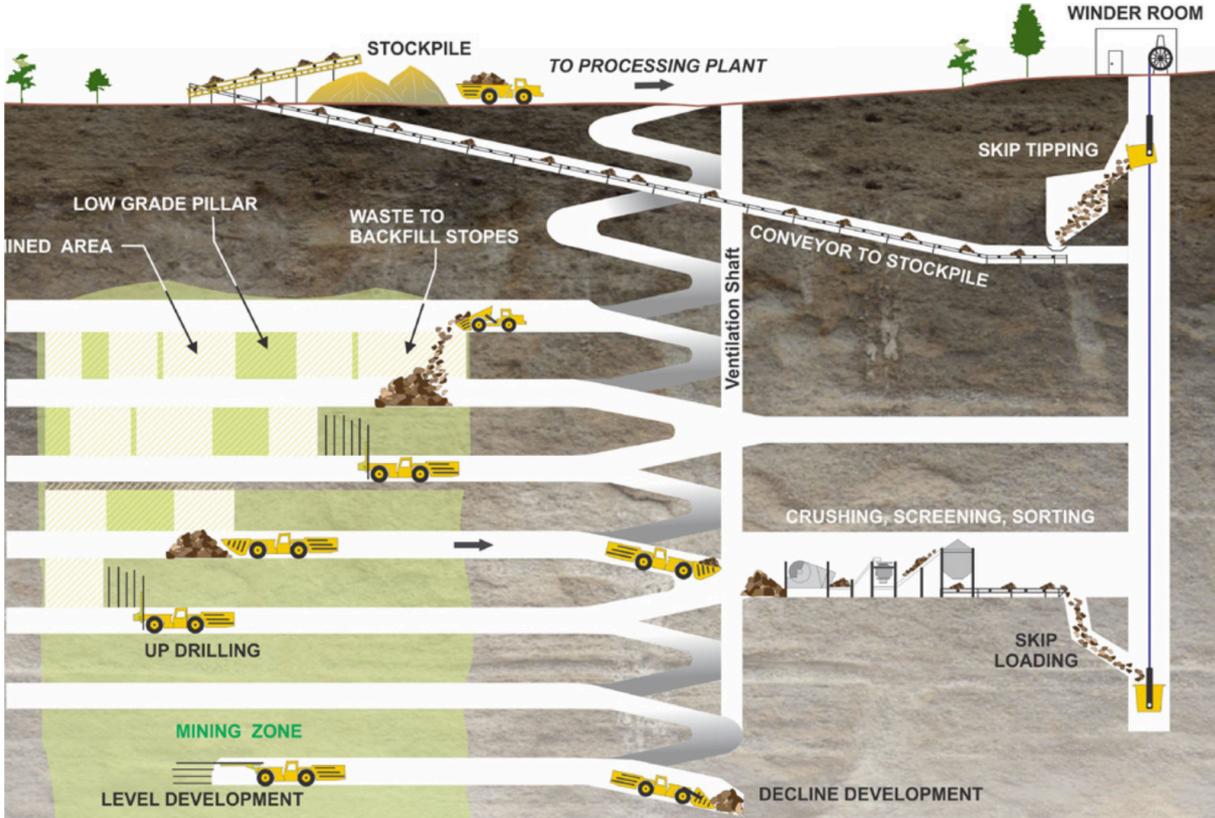
During the Quarter, there was an application for an additional small exploration area, EPM27287, that is within the overall project area. The Company has been optimising its mineral land holdings at Charters Towers with the aim of focusing on the core gold mining operations, and the exploration of the surrounds both along strike and down dip of the defined and yet to be defined reef systems. The fullest exploration of the Charters Towers goldfield is planned. Substantial exploration funds are budgeted for in our overall go-forward budgets.

Regulatory reporting and compliance continued during the Quarter.

**Mineral Resources 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.

The Company's prime focus is the Charters Towers Gold Project. The Project comprises 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 @



Diagrammatic representation of the underground mining method proposed for the Central area of the Charters Towers gold mine. It is a fully mechanised narrow width open stopeing method, that was successfully used previously. Initially haulage to surface will be by truck then by vertical shaft as the ore tonnes increase.

7.7 g/t Au at a 3 g/t cut-off) (see ASX announcement dated 21 May 2012 Mineral Resources and Reserves report).

See full report: <https://www.citigold.com/technical-reports/>

## **Research and Development**

Overall, Citigold's innovation program in mining and exploration is driven by finding what is useful and works at Charters Towers, rather than what is applicable to the general industry.

Renewable energy is planned, over time, to become the primary energy source. Modern renewable energy and battery storage systems provide benefits not available a decade ago.

Interest is being explored with external parties about the potential supply of renewable energy to the mining operations. There is the potential for a captive energy for the mining operations only and or the ability to export larger quantities above the mines own needs.

The Company is currently considering further developing previously trialled technologies for wider application with the Company's forward exploration program at Charters Towers.

Citigold's innovation efforts and achievements will assist the faster definition of the high-grade gold areas, and the formation of our automation and development plans is still continuing.

The Company plans to become a net-zero emissions underground mine over time. The underground is planned to optimise the use of electricity underground, eventually eliminating diesel engine power and its associated pollution.

This will make for a safer and cleaner air working environment. Furthermore, this then results in reduced energy use for powering the ventilation fans that are used to counter the effect of diesel engines that pollute the same air humans need to breathe. Diesel consumes oxygen and generates substantial excessive heat and airborne particulates.

## **HEALTH, SAFETY, COMMUNITY AND ENVIRONMENT**

There were no Lost Time Injuries, significant environmental, health or safety issues during the quarter.

There were no reportable environmental incidents during the quarter. The Company's project strives for good environmental operations and continues its pleasing record. These favourable achievements, on the ground, are assisted by the relatively benign chemical properties of the local rocks and the operational care taken at the sites.

The Company's Lost Time and Disabling Injury Frequency Rate (LTIFR and DIRF) remain at zero. Citigold is committed to creating and maintaining a safe environment both at the workplace and in the local community.

## **CORPORATE**

### **Financial Highlights**

With the production ready Charters Towers Gold Project remaining in care and maintenance, the focus is on completing the major funding discussions in the near term and moving to gold production and revenue thereafter.

During the Quarter and since the end of the Quarter, the Company has drawn down on the \$500,000 loan facility put in place in December 2018.

The Company has the share placement flexibility to issue securities up to 15% annual placement capacity and may raise up to, or above, circa \$2.5 million depending on the share price. The Company further has the ability to raise funds from the sale of gold in the ground and loan facilities as previously announced.

**Development Funding**

Activities during the Quarter continued to remain heavily focused on advancing discussions with strategic funding partners. With the recent strength in the US\$ gold price, above \$1,400 per ounce, interest in our production-ready gold project has increased.

**CHARTERS TOWERS PROJECT OVERVIEW**

Citigold is an Australian gold mining and exploration company, operating on the high-grade 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 Charters Towers Gold Project is 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 and developing the infrastructure for mining at Charters Towers. Test mining operations have produced over 100,000 ounces of gold.

The Company is seeking to raise the required capital funding to complete the underground capital works. The business plan and capital expenditure program shows the gold production to commence within 12 months of the injection of the required capital.



ABOVE: Underground during test mining loading rock into truck for haulage to the surface. This was at the 'Imperial mine, located about 5 kilometres from 'Central'. Future mining will be at 'Central' where there are many more reefs.



ABOVE: A mined area from Citigold's test mining showing the floor of the level drive, and the stope voids (ore extracted area) above and below the level. The ore has been cleanly extracted, showing how the mining method minimizes dilution by maintaining a narrow stoping 'slot' width.

## SUMMARY OF MINING TENEMENTS & AREAS OF INTEREST

Citigold reports that the Consolidated Entity has a 100% control of the following mining tenements at Charters Towers as at 30 June 2019.

Exploration Permit Minerals	EPM 15964	EPM 15966	EPM 18465	EPM 18813	EPM 27287
Minerals Development Licences		MDL 118	MDL 119	MDL 252	
Mining Leases	ML 1343	ML 1430	ML 1545	ML 10093	ML 10283
	ML 1344	ML 1472	ML 1549	ML 10193	ML 10284
	ML 1347	ML 1488	ML 1585	ML 10196	ML 10335
	ML 1348	ML 1490	ML 10005	ML 10208	
	ML 1385	ML 1491	ML 10032	ML 10222	
	ML 1398	ML 1499	ML 10042	ML 10281	
	ML 1424	ML 1521	ML 10091	ML 10282	

For further information contact:

**Niall Nand**

**Company Secretary**

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

**Cautionary Note:** This release may contain forward-looking statements that are based upon management's expectations and beliefs in regards to future events. These statements are subjected to risk and uncertainties that might be out of the control of Citigold Corporation Limited and may cause actual results to differ from the release. Citigold Corporation Limited takes no responsibility to make changes to these statements to reflect change of events or circumstances after the release.

### **Competent Person Statement:**

**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](http://www.citigold.com) click Mining > Technical Reports > Mineral Resources and Reserves 2012**

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

CITIGOLD CORPORATION LIMITED

**ABN**

30 060 397 177

**Quarter ended ("current quarter")**

30 June 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(21)	(441)
(b) development	(25)	(108)
(c) production	-	-
(d) staff costs	(2)	(53)
(e) administration and corporate costs	(33)	(484)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(81)</b>	<b>(1,086)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	764
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	85	167
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>85</b>	<b>931</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	7	166
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(81)	(1,086)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	85	931

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>11</b>	<b>11</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	11	7
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>11</b>	<b>7</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	333	167
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

\$500,000 unsecured loan facility obtained from PAL Group Pty Ltd ATF The I and F Trust at 12% per annum interest rate for a period of 18 months.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	10
9.2 Development	25
9.3 Production	-
9.4 Staff costs	30
9.5 Administration and corporate costs	25
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>90</b>

<b>10.</b>	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EPM27129	Relinquished	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EPM27287	Application	0%	100%

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....

  
**Company Secretary**Date: **31 July 2019**Print name: **Niall Nand****Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.