



## ANNOUNCEMENT

### Half Yearly Report 31 December 2015

Citigold Corporation Limited  
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**18 March 2016: Brisbane, Australia** – Citigold Corporation Limited (“Citigold” or “Company”) (ASX:CTO) is pleased to provide the Half Year Financial Report for period ending 31 December 2015.

Citigold Corporation Limited is an Australian based gold mining, development and exploration company developing and operating Australia’s highest grade major goldfield at Charters Towers, Queensland.

- Loss after tax for the Group during the half-year was \$5,666,590 (2014 \$98,575,379 loss).
- Activities during the period were directed toward securing a strategic partner to assist in developing the Group’s Charters Towers Gold Project and advancing that project. Based on current discussions Citigold aims to finalise a transaction in the coming period.
- A strategic mining review during the period resulted in the lead time to gold production from re-commencement of Charters Towers operations being shortened to 10 months.
- A capital raising of \$2 million occurred during the 6 months for working capital, which confirms the continued support of investors and shareholders of the Company.
- The business plan review was able to draw on over 5 years of analysis of how to automate an underground gold reef mine. Citigold is now in a unique position of having a clear view of how this will be implemented in parallel with the re-commencement of gold mining.
- Citigold continued to restructure management to reduce costs and to have in place a skilled core team for driving planned growth.
- Mineral Resources and Ore Reserves remain unchanged during the period with Inferred Mineral Resources of 11 million ounces of gold (25 million tonnes at 14 grams of gold per tonne) and Probable Ore Reserves of 620,000 ounces of gold (2.5 million tonnes at 7.7 grams per tonne gold). For full details see Technical Report 2012.

For full details please read the following Half Year report.

*Mark Lynch*  
*Executive Chairman*  
brisbane@citigold.com

For additional information visit: [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 subject 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.

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## **HALF YEARLY REPORT 31 DECEMBER 2015**

## Table of Contents

Directors' report	2 – 5
Summary of Tenements	5
Auditors' independence declaration	13
Consolidated statement of profit or loss and comprehensive income	14
Consolidated statement of financial position	15
Consolidated statement of changes in equity	16
Consolidated statement of cash flow	17
Notes to the financial statements	18-21
Directors' declaration	22
Independent review report	23

## Corporate Directory

### CORPORATE & REGISTERED OFFICE

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Brisbane, 4000 QLD, Australia  
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Charters Towers, QLD, 4820, Australia  
T: +61 7 4787 8300 F: +61 7 4787 8600  
Web: [www.citigold.com](http://www.citigold.com)

### DIRECTORS

Mark Lynch (Executive Chairman)  
John Foley (Non-Executive Director)  
Arun Panchariya (Non-Executive Director)  
Chris Towsey (Executive Director)

### COMPANY SECRETARY

Niall Nand

### EXCHANGE LISTING

Australia (ASX) Code 'CTO'

### SHARE REGISTRY

Computershare Investor Services  
117 Victoria Street,  
West End, QLD 4000  
Telephone: 1300 850 505

### AUDITOR

KS Black & Co  
ABN 48 117 620 556  
6 / 350 Kent Street  
Sydney NSW 2000

### BANK

Westpac Banking Corporation Limited

## DIRECTORS' REPORT

The Directors of Citigold Corporation Limited submit herewith the financial report for the half year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the half year are:

*Mr M Lynch (Executive Chairman)*

*Mr J Foley (Non-Executive Director)*

*Ms A Panchariya (Non-Executive Director)*

*Mr C Towsey (Executive Director)*

Company Secretary:

*Mr Niall Nand*

## REVIEW OF OPERATIONS

Citigold Corporation Limited is an Australian based gold mining, development and exploration company developing and operating Australia's highest grade major goldfield at Charters Towers, Queensland.

- The loss after tax for the Group during the half-year was \$5,666,590 (2014 \$98,575,379 loss).
- Activities during the period were directed toward finding a strategic partner to assist developing the Group's Charters Towers Gold Project and advancing that project.
- A strategic mining review during the period resulted in the lead time to gold production from re-commencement of Charters Towers operations being shortened to 10 months.
- A capital raising of \$2 million occurred during the 6 months for working capital, which confirms the continued support of investors and shareholders of the Company.
- The business plan review was able to draw on over 5 years of analysis of how to automate an underground gold reef mine and Citigold is now in a unique position of having a clear view of how this will be implemented in parallel with the re-commencement of gold mining.
- The commercial negotiations between Citigold and Fortune Gems and Jewellery DMCC were finalised resulting in an extension of the redemption date of the redeemable notes and our long term relationship.
- Citigold continued to restructure management to reduce costs and to have in place a skilled core team for driving planned growth. The Company's contract accountant Greg Harding assumed the role of CFO and post period end Niall Nand was appointed Company Secretary.

- Mineral Resources and Ore Reserves remain unchanged during the period with Inferred Mineral Resources of 11 million ounces of gold (25 million tonnes at 14 grams of gold per tonne) and Probable Ore Reserves of 620,000 ounces of gold (2.5 million tonnes at 7.7 grams per tonne gold). For full details see Technical Report 2012\*

## **Mine Development, Production and Geology**

No production mining operations were undertaken during the period.

The underground operations and processing plant continue to be on active care and maintenance. The team at the mine and processing plant sites continues to keep the sites in readiness to move back in to gold production once the required funding is secured. This includes underground inspections, preparation and planning for the dewatering, minor site works, general maintenance of the infrastructure and environmental monitoring.

Citigold's geologists have continued to develop the new data capture and interrogation system in anticipation of the initiation of drilling in 2016. The team has been focused on several key projects including a major undertaking to re-define its mineral targeting criteria. These advances were driven by the need to consolidate and strategically fine-tune the company's data acquisition and data query methodologies. Emphasis has been placed on re-defining the lithological and mineralogical associations observed in drill core and on surface exposures. This comprehensive review is ongoing but has so far resulted in the generation of a more efficient and more effective system of capturing geological data.

These new data interrogation techniques have already proven successful in allowing Citigold to prioritise targets on its exploration permits surrounding Charters Towers.

This process has been aided by the 3D Mine™ software in use for the last 3 years. Its powerful and efficient 3D graphical capabilities and ease of use, due to a smarter approach to the problem, are in our experience way ahead of cumbersome old world industry packages.

This same open minded efficiency driven approach is also producing results through work by Adrok with innovative geophysics techniques that have been tailored and proven very suitable to our particular gold mineralized system at Charters Towers.

Citigold geologists found that eight trial scans in three selected target areas all successfully "imaged" the presence of gold and sulfides in recent analysis. This analysis of past collected ADR data, proving the technique to be 100% successful in the identification of mineralisation, returned no false anomalies giving confidence to use this technique as a pre-drilling target definition tool. This will aid the move to early gold production.

The deepest intercept imaged by the ADR method and proven by high grade gold in drill core is at 695.51m. The results show no more than 5% difference between the geophysics-defined depth of the mineralisation and the actual depth of the structure as confirmed by structural interpretation between underground level drives or by post-geophysics drilling. Targeted drilling in Central identified a high-grade area early on in the initial phases of exploration on a previously unknown structure - referred to as C38 (not yet named).

Overall, our innovation program in mining and exploration is driven by finding what is useful and works at Charters Towers, rather than what is applicable across the industry.

## **Financial Result**

During the period, Citigold incurred a net loss of \$5.67 million, compared to \$98.6 million for the same period last year (including an impairment). A major cost for the period was financing costs of \$2.25 million.

There was no revenue from gold sales in the period.

Net assets are \$94.76 million. The main asset of the Company is the Charters Towers Gold Project comprising the defined 11 million ounce gold deposit and the major developed infrastructure. This

infrastructure includes granted Mining Leases, two underground mine accesses to over 200 vertical metres depth, 340,000 tonne per year gold processing plant, power, water, roads etc. The infrastructure owned by the Company is represented in the \$111.5 million capitalised Exploration, Evaluation and Development expenditure including the Development Property, Land and Buildings and Plant and Equipment. Carrying values remain essentially unchanged from 30 June 2015.

In preparing the financial report for this half year the Board reviewed the values of assets (carrying amount) and in particular the Property, Plant and Equipment (PPE) comprised principally of the Charters Towers Gold project assets. This review considered the value of assets by discounting estimated future cash flows using appropriate discount rates and other industry value measures. The Board considered the cash flows and assumptions used in calculations prepared by management and experts for material assets, bearing in mind our knowledge of the business, the assets, the environment in which the Company operates, and the future prospects of the business. Citigold and the Board have deep and informed knowledge of the assets.

In the half year ended December 2014 the Board impaired the PPE asset by \$96 million, reducing the carrying value from \$208.5 million to \$111.8 million, based on a low value deal signed with a third party to develop the mine. The Company had the opportunity during the period to terminate the deal before it came into operation. Therefore the Board considered whether the impairment should be removed and decided to conservatively hold the value at \$111.5 million.

The Board conducted a review of the fair value of its assets and had the expertise internally of its Chief Scientist and of independent expert valuations that had previously valued the project assets. All of these values were substantially above the current carrying value. In addition the Board reviewed the assumptions underlying the various assessments and found that they were all valid and there had been no material negative changes. In all the material data used in the assessment only the timing of the capital injection to advance the project needs to be completed. This does not materially alter the value and with current knowledge we expect that to be fulfilled in the coming period. In conclusion, Citigold's Chief Scientist confirms "there is nothing that has happened in the six months from 30 June 2015 to date that would warrant a decrease in the Market Value of the Mineral Asset (as defined on Page 28 of the VALMIN Code 2015, by which I am bound as an AusIMM and AIG member)".

Major development funding negotiations continue with interested parties and the recent strengthening of the US\$ gold price is assisting. The Company is working towards finalising the major development funding to take the production ready Charters Towers Project to a projected 230,000 ounces a year gold output, from the Central mining area, with ultra low all-in gold production costs.

The commercial negotiations between Citigold and Fortune Gems and Jewellery DMCC were finalised resulting in an extension of the redemption date of the redeemable notes, and our long term relationship, with further commercial negotiations underway.

During the period, capital raising of \$2 million occurred for working capital, which confirms the continued support of investors and shareholders of the Company. The Company proposes to, and has taken, steps to raise further funds for working capital in keeping with previous practice. In addition, short term loans (both unsecured and secured) have been used by Citigold in the past year and further short term loans are also under negotiation and consideration.

There was no dividend declared for the period.

## **Health, Safety and Environment**

There were no Lost Time Injuries or significant health issues during the half-year.

There was one minor reportable environmental incident during the half year. It is a minor non-compliance and unlikely to cause any damage to the environment in either the short term or long term.



During the period the sites were actively maintained. The Company's mine sites have been established so as to have the minimal land surface area thereby minimizing surface impact.

With the planned underground expansion there will be a shift from an internal owner operator workforce model to an outsourced multi contractor operated model. This will more fully generate benefit to and from the already substantial local industry infrastructure.

Citigold's systems will be used to ensure that the ongoing good health, safety and environmental performance are maintained.

## Outlook

Whilst it was preferred to have already finalised the requisite funding to complete the necessary expansion to the mine and move back into gold production, it is important to make sure that Citigold secures the appropriate partner that shares similar values and common goals towards the Charters Towers gold asset.

Based on current discussions the Company expects to finalise a transaction with a strategic partner to assist in developing the Group's high-grade underground Charters Towers Gold Project in the coming Period.

Citigold has a strong gold asset foundation and over many years has been building on this towards becoming a large and profitable gold producer. We believe that once the major funding is finalised, the realisation of becoming a large ultra-low cost gold producer is realistic and reachable.

With the continued strong support from its shareholders, the Board and management are looking forward to the period ahead and the ability to report on Citigold's successes.

\* The Technical Report 2012 see <http://www.citigold.com/mining/technical-reports>

## SUMMARY OF MINING TENEMENTS & AREAS OF INTEREST as at 29 February 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 / EMP 18820

### Minerals Development License

MDL 116 / MDL 118 / MDL 119 / MDL 251 / MDL 252

### Mining Lease

ML 1343 / ML 1344 / ML 1347 / ML 1348 / ML 1385 / ML 1387 / ML 1398 / ML 1407  
ML 1408 / ML 1409 / ML 1424 / ML 1428 / ML 1429 / ML 1430 / ML 1431 / ML 1432  
ML 1433 / ML 1472 / ML 1488 / ML 1490 / ML 1491 / ML 1499 / ML 1521 / ML 1545  
ML 1548 / ML 1549 / ML 1585 / ML 1586 / ML 1587 / ML 1735 / ML 10005 / ML 10032  
ML 10042 / ML 10048 / ML 10050 / ML 10091 / ML 10093 / ML 10193 / ML 10196 / ML 10208  
ML 10222 / ML 10281 / ML 10282 / ML 10283 / ML 10284 / ML 10285 / ML 10335

*The Financial Report for the Half Year Ended 31 December 2015 does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it is recommended that this report be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by Citigold Corporation Limited during the half-year to 31 December 2015 in accordance with the continuous disclosure requirements of the Listing Rules of the ASX.*

**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

In accordance with ASX Listing Rules and the JORC Code 2012 Edition, 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 and a member of the Australian Institute of Geoscientists. Mr Towsey is a consultant geologist and was appointed as an Executive Director of Citigold in April 2014. He has the relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the 2012 Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. 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. The Pathfinder Exploration Pty Ltd Report on the Mineral Resources and Ore Reserves of the Charters Towers Gold Project dated May 2012, which can be found at <http://www.citigold.com/mining/technical-reports> and is referenced by Citigold in its public statements was compiled in compliance with the 2004 JORC Code that was current at that time. This May 2012 report has not yet been updated to the 2012 JORC Code as there have been no material changes.

The following Appendix 1 is inserted in accordance with ASX Listing Rules and the JORC Code 2012 Edition.

## APPENDIX 1

No new drilling was done in the Quarter or reported here. Below are the notes to accompany the discussion of exploration.

Section 1 Sampling Techniques And Data		
Criteria	Explanation	Accompanying statement
Sampling techniques	<ul style="list-style-type: none"> <li>• Nature and quality of sampling (eg 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.</li> <li>• Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>• Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m 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 (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>• The Charters Towers area has been sampled by a mixture of diamond (HQ and NQ2) and 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.</li> <li>• HQ / NQ core is typically cut in half (50%) using a diamond saw (100% of core recovered) and half or in some instances 1/4 (25%) of the core is submitted for analysis. Only HQ-size drill core is used for quarter core samples.</li> <li>• RC drilling was sampled on 1m intervals or through sections where mineralisation was known to occur. RC results are not reported here.</li> <li>• Due to the "narrow vein" style of mineralisation found at Charters Towers, the maximum HQ / NQ sample interval is 1m &amp; minimum sample interval 0.1m.</li> <li>• Zones of mineralisation are defined by sericite, chlorite and epidote alteration of granite surrounding narrow, but high grade quartz veins containing sulfides, other gangue minerals and gold. Samples are taken from the mineralised zone and on either side of the mineralisation into unaltered granite.</li> <li>• 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 (<a href="http://www.citigold.com">www.citigold.com</a> click Mining &gt;Technical Reports &gt;Mineral Resources and Reserves 2012).</li> </ul>



Drilling techniques	<ul style="list-style-type: none"> <li>• <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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).</i></li> </ul>	<ul style="list-style-type: none"> <li>• Most diamond drilling has been 63.5mm diameter HQ core, although some NQ2 core 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.</li> <li>• Downhole surveys have been taken at a minimum of every 50m down hole.</li> <li>• 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.</li> <li>• Contractors used for drilling previously include Eagle Drilling, Dominion Drilling, WAR NQ and Weller Drilling. All drilling was completed under contract to Citigold.</li> <li>• Core orientation was only carried out on drilling taking place in the central area (CT9000).</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed. •Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• 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 shift record) and a 'core recovery' percentage is calculated; <math>CR/MD \times 100 = \% \text{ recovered}</math>. All data is recorded within the Citigold database where it is checked by senior geologists.</li> <li>• Drilling is mostly within competent granitic rock 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.</li> </ul>
Logging	<ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>• 100% of core was logged. Samples were collected from intercepts where alteration or alteration and mineralisation were clearly seen. The nature of the orebody is such that mineralisation or potentially mineralised structures are easily identified. Selected RC samples were geologically logged and sampled.</li> <li>• The logging describes the dominant and minor rock types, colour, mineralisation, oxidation, degree of alteration, alteration type, vein type, core recovery, basic structure.</li> <li>• Rock Quality Designation or RQD % has been noted in the core drill logs (also number of fractures per interval has been noted).</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>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</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Core is sawn in half and one half (50%) is submitted for analysis at SGS labs in Townsville (QLD, Australia).</li> <li>• Selected core (as listed in associated tables) is cut for 1/4 core (25%) and submitted for analysis at SGS labs in Townsville (QLD, Australia).</li> <li>• The 25%-50% sampling of the HQ core is considered appropriate for the mineralisation type. NQ core is sampled for 50% only.</li> <li>• Samples are couriered to SGS where they are dried at 105C; weighed; crushed to – 6mm; and pulverised to 90% passing 75um where a 200 g sub-sample is taken. 5% of samples are dual sub-sampled (second split) for sizing and analytical quality control purposes.</li> <li>Fire assay: 50 g 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 950C to produce a gold/silver prill; the prill is digested in aqua regia and read on an AAS.</li> <li>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.</li> <li>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</li> </ul>

Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>• 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.</li> <li>• Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>	<ul style="list-style-type: none"> <li>• Citigold uses standards sourced from Gannett Holdings Pty Ltd, Perth, Australia. Certificate number 13U20C-22-04-13.</li> <li>• A blank sample and/or a standard sample and/or a duplicate sample are randomly inserted approximately every 30 samples that are submitted.</li> <li>• SGS Townsville have their own rigorous 'in lab' QAQC procedures and are accredited for precious metal and base metal analyses.</li> <li>• 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.</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>• The verification of significant intersections by either independent or alternative company personnel.</li> <li>• The use of twinned holes.</li> <li>• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>• Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>• 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 result.</li> <li>• Some strongly anomalous holes have been resubmitted for assay.</li> <li>• No twinned holes were completed by Citigold in 2015, however, prior exploration has engaged diamond drilling as a means of checking anomalous RC drilling and to confirm the precise depth of the mineralised structure.</li> <li>• 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.</li> <li>• 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.</li> <li>• All significant intercepts are checked against the remaining core, checked for corresponding base metal grades and assessed for geological consistency.</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Specification of the grid system used. -Quality and adequacy of topographic control.</li> <li>• Data spacing and distribution-Data spacing for reporting of Exploration Results.</li> <li>• 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.</li> <li>• Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>• Citigold uses a combination of grids including a local mine grid and AMG AGD66 Zone 55 which closely approximates the local mine grid.</li> <li>• 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 three dimensions at an accuracy of +/-25mm over baselines within 5km radius of the base station.</li> <li>• All coordinates are provided in AMG AGD66 unless otherwise stated.</li> <li>• 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.</li> <li>• Down-hole (DH) surveys are obtained using either a Ranger or Camteq 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 Camteq Proshot acting as a secondary check of the original survey.</li> </ul>
Data spacing and Distribution	<ul style="list-style-type: none"> <li>• Data spacing for reporting of exploration results</li> <li>• 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.</li> <li>• Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Drill hole spacing in the E05 area is aimed at intercepts no further than 50m apart. No Resources or Reserves are presented here. A full description of Citigold's Mineral Resources and Reserves can be found in the 2012 Mineral Resources and Reserves Report (<a href="http://www.citigold.com">www.citigold.com</a> - click Mining &gt;Technical Reports &gt;Mineral Resources and</li> </ul>

		Reserves 2012).
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drill holes are planned to intercept the mineralised structures (average 45 degree dip) at high angles. The presence of infrastructure 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.</li> <li>• Holes intercepting at angles of less than an estimated 60 degrees are reported as such.</li> <li>• Lode-parallel drill holes have been completed by Citigold. However, these holes are specifically designed for geophysics and are not reported.</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>• All drill core is stored within locked yard guarded by contracted security.</li> <li>• Samples are delivered by Citigold staff to SGS and/or by registered courier.</li> <li>• Standards are retained within the office of the chief geologist and only released under strict control.</li> <li>• The chain of sample custody is managed and closely monitored by Citigold (management and senior staff).</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• A Mineral Resources and Reserves report was completed in May 2012. 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 <a href="http://www.citigold.com">www.citigold.com</a> - click Mining &gt; Technical Reports &gt; Mineral Resources and Reserves 2012).</li> <li>• Citigold's database has been audited by several independent consultants since 1998 and most recently by Snowden in 2011.</li> </ul>

Section 2 Reporting of Exploration Results		
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Citigold currently holds six (6) EPM's, Five (5) MDL's and forty seven (47) ML's. EPM15964, EPM15966, EPM116979, 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</li> </ul>
Exploration done by other parties	<ul style="list-style-type: none"> <li>• <i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Charters Towers is one of Australia's richest gold deposits. A plethora of historical data from the Charters Towers area has been collected, collated and is included within the Citigold geological database.</li> <li>• Citigold's drill hole database includes historical drilling including 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.</li> <li>• Citigold retains all diamond core and a collection of core drilled by other companies is its on-site coreyard.</li> </ul>

Geology	<ul style="list-style-type: none"> <li>• <i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Mineralisation at Charters Towers is referred to as "orogenic" style narrow vein mesothermal gold deposit.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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".</li> <li>• 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.</li> </ul>
Drill hole Information	<ul style="list-style-type: none"> <li>• <i>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:</i> <ul style="list-style-type: none"> <li>• <i>easting and northing of the drill hole collar</i></li> <li>• <i>elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar</i></li> <li>• <i>dip and azimuth of the hole</i></li> <li>• <i>down hole length and interception depth</i></li> <li>• <i>hole length.</i></li> </ul> </li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable to this report – no new drill assay results included.</li> </ul>
Data aggregation methods	<ul style="list-style-type: none"> <li>• <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li>• <i>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.</i></li> <li>• <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<ul style="list-style-type: none"> <li>• No drill assays are reported here.</li> <li>• No aggregation of sections have been used.</li> <li>• Metal equivalents are not used.</li> </ul>

Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>• <i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li>• <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li>• <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></li> </ul>	<ul style="list-style-type: none"> <li>• 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 are reported as intercept widths and may not necessarily represent true widths in some cases.</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable to this report – no new drill assay results included.</li> </ul>
Balanced reporting	<ul style="list-style-type: none"> <li>• <i>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</i></li> </ul>	<ul style="list-style-type: none"> <li>• No new drilling was undertaken</li> <li>• Drill holes not included (regardless of intercepts and grade) are those that were drilled specifically for DH 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.</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable to this report</li> </ul>
Further work	<ul style="list-style-type: none"> <li>• <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li>• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Future work will concentrate on drilling between drill hole intercepts in the Central area.</li> </ul>
<b>Section 3 Estimation and Reporting of Mineral Resources</b> <b>Section 4 Estimation and reporting of Ore Reserves</b>		<b>Section 3 and Section 4 do not pertain to this report.</b>

## AUDITOR'S INDEPENDENCE DECLARATION

K S Black & Co are the auditors of Citigold Corporation Limited. A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

Signed in accordance with a resolution of the directors



M Lynch  
Chairman



J Foley  
Director

18 March 2015



Level 6, 350 Kent Street  
Sydney NSW 2000

75 Lyons Road  
Drumoyne NSW 2047

**K.S. Black & Co.**

**Chartered Accountants**

ABN 49 117 620 666

20 Grace Street  
North Parramatta NSW 2151

PO Box 2210  
North Parramatta NSW 1750

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

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2015 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.

**Name of Firm:** KS Black & Co

**Name of Partner:** Scott Bennison

Dated in Sydney on this 18 day of March 2016



Scott Bennison  
Partner



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scheme approved  
under Professional  
Standards Legislation

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CHARTERED ACCOUNTANTS

## Consolidated statement of profit or loss and comprehensive income for the half-year ended 31 December 2015

		Consolidated	
		Half-year ended 31 December 2015	Half-year ended 31 December 2014
		\$	\$
Revenue			1,383,518
Cost of Sales		-	(981,939)
<b>Gross Profit</b>			<b>401,579</b>
Other income	3	28,879	808,105
Employee benefits expense		(1,088,153)	(1,320,756)
Depreciation and amortisation expense		(302,295)	(338,091)
Finance costs	5	(2,244,372)	(413,197)
Consulting expense		(125,554)	(318,128)
Other expenses	4	(1,935,095)	(1,394,891)
Loss recognised on disposal of interest in associate		-	-
Impairment of assets	6	-	(96,000,000)
<b>(Loss)/Profit before income tax expense</b>		<b>(5,666,590)</b>	<b>(98,575,379)</b>
Income tax expense			-
<b>(Loss)/Profit after tax from continuing operations</b>		<b>(5,666,590)</b>	<b>(98,575,379)</b>
<b>Other comprehensive income</b>			
<b>Total comprehensive loss</b>		<b>(5,666,590)</b>	<b>(98,575,379)</b>
Profit attributable to:			
(Loss)/Profit attributable to minority interest		0	0
(Loss)/Profit attributable to members of the company		(5,666,590)	(98,575,379)
		<b>(5,666,590)</b>	<b>(98,575,379)</b>
Total comprehensive income attributable			
(Loss)/Profit attributable to minority interest		-	-
(Loss)/Profit attributable to members of the company		(5,666,590)	(98,575,379)
		<b>(5,666,590)</b>	<b>(98,575,379)</b>
Basic and diluted EPS (cents per share)		(0.35)	(18.65)

Notes to the financial statements are included on pages 18-21

## Consolidated statement of financial position as at 31 December 2015

	Consolidated	
	Half year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	19,043	1,263,903
Receivables	103,490	216,552
Other		
Inventories	251,053	251,053
<b>Total current assets</b>	<b>373,586</b>	<b>1,731,508</b>
<b>Non-current assets</b>		
Property, plant and equipment	111,473,375	111,775,670
Other financial assets	1,060,900	1,060,900
<b>Total non-current assets</b>	<b>112,534,275</b>	<b>112,836,570</b>
<b>Total assets</b>	<b>112,907,861</b>	<b>114,568,078</b>
<b>Current liabilities</b>		
Payables and accrued liabilities	6,002,885	6,086,017
Borrowings	10,469,592	8,129,067
Provisions	1,085,107	1,237,185
<b>Total current liabilities</b>	<b>17,557,584</b>	<b>15,452,269</b>
<b>Non-current liabilities</b>		
Borrowings	45,763	73,157
Provisions	551,859	603,408
<b>Total non-current liabilities</b>	<b>597,622</b>	<b>676,565</b>
<b>Total liabilities</b>	<b>18,155,206</b>	<b>16,128,834</b>
<b>Net assets</b>	<b>94,752,655</b>	<b>98,439,244</b>
<b>Equity</b>		
Issued capital	211,583,819	209,603,819
Reserves	39,257,542	39,257,542
Accumulated losses	(156,157,789)	(150,491,200)
Total equity attributable to shareholders of the company	94,683,572	98,370,161
Non-Controlling interest	69,083	69,083
<b>Total equity</b>	<b>94,752,655</b>	<b>98,439,244</b>

Notes to the financial statements are included on pages 18-21

## Consolidated statement of changes in equity for the half-year ended 31 December 2015

Consolidated	Issued Capital \$	Asset Revaluation Reserve \$	Capital Reserve \$	Share based payments reserve \$	Convertible Bonds \$	Retaining Earning \$	Attributable to Owners of parent \$	Non controlling interest \$	Total \$
<b>Balance as at 1 July 2015</b>	<b>209,603,819</b>	<b>37,851,950</b>	<b>571,430</b>	<b>834,163</b>	<b>0</b>	<b>(150,491,199)</b>	<b>98,370,162</b>	<b>69,083</b>	<b>98,439,245</b>
Profit for period						(5,666,590)	(5,666,590)	-	(5,666,590)
Share of other comprehensive income of associates									
Total comprehensive income						(5,666,590)	(5,666,590)	-	(5,666,590)
Convertible Bonds									
Owners contribution, net of transaction cost	1,980,000						1,980,000	-	1,980,000
<b>Balance as at 31 December 2015</b>	<b>211,583,819</b>	<b>37,851,950</b>	<b>571,430</b>	<b>834,163</b>	<b>0</b>	<b>(156,157,789)</b>	<b>94,683,572</b>	<b>69,083</b>	<b>94,752,655</b>
<b>Balance as at 1 July 2014</b>	<b>207,868,247</b>	<b>37,851,950</b>	<b>571,430</b>	<b>834,163</b>	<b>0</b>	<b>(47,479,096)</b>	<b>199,646,693</b>	<b>69,083</b>	<b>199,715,776</b>
Profit for period						(98,575,379)	(98,575,379)		(98,575,379)
Share of other comprehensive income of associates									
Total comprehensive income						(98,575,379)	(98,575,379)		(98,575,379)
Owners contribution, net of transaction cost	842,500						842,500		842,500
<b>Balance as at 31 December 2014</b>	<b>208,710,747</b>	<b>37,851,950</b>	<b>571,430</b>	<b>834,163</b>	<b>0</b>	<b>(146,054,475)</b>	<b>101,913,814</b>	<b>69,083</b>	<b>101,982,897</b>

Notes to the financial statements are included on pages 18-21

## Consolidated statement of cash flow for the half-year ended 31 December 2015

	Consolidated	
	Half-year ended 31 December 2015 \$	Half-year ended 31 December 2014 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	28,729	1,389,530
Payments to suppliers and employees	(2,927,040)	(2,783,154)
Interest and other costs of finance paid	(2,244,372)	(253,118)
Net cash (used in)/provided by operating activities	<b>(5,142,683)</b>	<b>(1,646,742)</b>
<b>Cash flows from investing activities</b>		
Interest received	150	2,093
Payment for Property, Plant and Equipment	-	-
Proceed from sale of Property, Plant and Equipment	-	607,295
Development costs paid	-	(322,202)
Net cash provided/(used in) by investing activities	<b>150</b>	<b>287,186</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of equity securities	1,480,000	190,000
Proceeds from borrowings	2,445,067	3,000,000
Repayment of borrowings	(27,394)	(764,292)
Net cash provided by/(used in) financing activities	<b>3,897,673</b>	<b>2,425,708</b>
<b>Net Increase (Decrease) in cash and cash equivalents</b>	<b>(1,244,860)</b>	<b>1,066,152</b>
<b>Cash and cash equivalents at the beginning of the half-year</b>	<b>1,263,903</b>	<b>186,970</b>
<b>Cash and cash equivalents at the end of the half-year</b>	<b>19,043</b>	<b>1,253,123</b>

Notes to the financial statements are included on pages 18-21

## **1. Basis of preparation and accounting policies**

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### **a) Basis of Preparation**

The general purpose financial report for the interim half year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year consolidated financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2015 Annual Report.

Furthermore, it is also recommended that this report be considered together with any public announcements made by Citigold Corporation Limited and its controlled entities in accordance with the continuous disclosure obligations of the Corporations Act 2001 and the Australian Stock Exchange Listing Rules.

### **b) Significance Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### **c) Going Concern**

The Group has incurred a net loss after tax of \$5,666,590 (2014: \$98,575,379) for the half-year and net cash outflows from operating activities of \$5,142,683 (2014: \$1,646,742). These conditions give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The ongoing viability of the Group and the recoverability of its non-current assets are dependent on the successful development of its exploration and evaluation assets, and/or sale of assets and future capital raisings.

The financial statements are prepared on a going concern basis as the Group's cash-flow forecast indicates that after meeting all of its commitments, it will remain cash positive until March 2017. This forecast assumes that the Directors will be able to make forward gold sales amounting to \$1,200,000 in March to May 2016 and share placements of \$500,000 in April 2016 with further placements in August through December 2016.

The Directors are confident the due date of the loans from Fortune Gems and Jewellery will be extended beyond 22 March 2016.

The Directors are confident that the above sales and placements will be made and are currently in discussions with interested parties who have indicated a willingness to invest. On this basis the Directors are of the opinion that the financial statements can be prepared on



a going concern basis and the Group will be able to pay its debts as and when they fall due and payable.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

## 2. Segment Reporting

The consolidated entity operates exclusively in one business segment being gold mining and exploration. 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.

## 3. Other Income

	Consolidated	
	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$	\$
Research and Development Tax Offset receivable	-	800,000
Interest received	150	2,093
Sundry Income	28,729	6,012
<b>Total</b>	<b>28,879</b>	<b>808,105</b>

## 4. Other Expenses

	Consolidated	
	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$	\$
Insurance and other asset costs	16,220	(41,024)
Office administration costs	(922,513)	(302,244)
Royalty Payments		(89,921)
Corporate administration	(100,489)	(61,159)
Tenement charges and costs	(686,487)	(444,190)
Travel expenses	(64,345)	(93,754)
Professional fees	(177,481)	(47,952)
Loss on Sale of asset	-	(314,597)
<b>Total</b>	<b>(1,935,095)</b>	<b>(1,394,841)</b>

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## 5. Finance Costs

	Consolidated	
	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$	\$
Interest Paid and other Finance Charges	(2,244,372)	(413,197)
Total	(2,244,372)	(413,197)

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## 6. Impairment of Assets

	Consolidated	
	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$	\$
Impairment of Property, plant and equipment	-	(96,000,000)
Total	-	(96,000,000)

The Board considered impairment and conducted a review of the fair value of its assets and had the expertise internally of its Chief Scientist and of independent expert valuations that had previously valued the project assets. All of these values were substantially above the current carrying value. In addition the Board reviewed the assumptions underlying the various assessments and found that they were all valid and there had been no material negative changes. In all the material data used in the assessment only the timing of the capital injection to advance the project needs to be completed. This does not materially alter the value and with current knowledge we expect that to be fulfilled the coming period. In conclusion, Citigold's Chief Scientist confirms "there is nothing that has happened in the six months from 30 June 2015 to date that would warrant a decrease in the Market Value of the Mineral Asset (as defined on Page 28 of the VALMIN Code 2015, by which I am bound as an AusIMM and AIG member)".

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## 7. Contingent Liabilities

Citigold are 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 from \$600,000 up to a maximum of \$12.5 million. At this time it is not anticipated that this will be resolved until the second half of calendar year 2016 and in the Company's opinion the outcome will be in the lower half of the range.

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## **8. Issued Capital**

Issued capital as at 31 December 2015 amounted to \$211,583,818 (1,740,950,553 ordinary shares). During the half-year reporting period, Citigold Corporation Limited issued 127,000,000 ordinary shares by way of Placement.

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## **9. Events subsequent to half-year end**

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Directors' Declaration

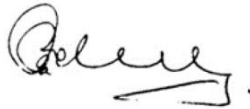
The Directors declare that:

- (a) in the director's opinion, 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
- (b) in the directors' opinion, the attached half year financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001; and give a true and fair view of the financial position and performance of the consolidated entity for the half year ended 31 December 2015.

Signed in accordance with a resolution of the directors.



M J Lynch  
*Chairman*



J Foley  
*Director*

18 March 2016

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Citigold Corporation Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Citigold Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the entity.

### Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on *Review Engagements ASRE 2410 Review of a Financial Performed by Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Citigold Corporation Limited, ASRE 2410 required that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is subsequently less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurances that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Independence**

In conducting our review, 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, would be in the same terms if given to the directors as at the time of this auditor's report.

## **Conclusion**

Our responsibility is to express an opinion on the financial report based on conducting the review in accordance with Australian Auditing Standards. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient audit evidence to provide a basis for a review opinion.

## **Basis for Disclaimer of Opinion**

As disclosed in the consolidated statement of financial position, property plant and equipment is carried at \$111,473,375. This figure includes exploration and evaluation expenditure on mining tenements in respect of areas of interest in exploration and evaluation phases. The ultimate recovery of the Consolidated Entity's capitalised exploration expenditure is dependent upon the discovery, exploration and development of commercially viable mineral deposits, the generation of sufficient future income values there from and/or sale of the interests at an amount at least equal to the carrying values of the interests in mining tenements.

AASB136 Impairment of Assets requires an asset to be carried at no more than their recoverable amount. An asset is carried at no more than its recoverable amount if its carrying amount exceeds the amount to be recovered through the use or sale of the asset. The standard defines recoverable amount as the higher of an asset or cash generating unit's fair value less costs to sell. The management of Citigold have not provided us with sufficient audit evidence to assure ourselves that the company has adhered to current Australian Accounting Standards. The market capitalisation of the company as at the 15 March 2016 is \$30.02 Million.

## **Emphasis of matter**

Without amendment to our conclusion we emphasise the following matter.

## **Going Concern**

The Directors opinion as detailed in the Note 1 to the half-year financial report, which indicates that the ability of the entity to continue as a going concern is dependent upon future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the entity's



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tenements. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast 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.

KS Black & Co  
Chartered Accountants



Scott Bennison  
Partner

Dated: 18/2/16



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