

17 October 2024

Mr Alan Zhao
Adviser, Listings Compliance (Sydney)
ASX Compliance Pty Ltd
20 Bridge Street
SYDNEY NSW 2000

By email to: ListingsComplianceSydney@asx.com.au

Dear Mr Zhao

Citigold Corporation Limited ('CTO'): Full-year report (audited financial report) - Query

Citigold Corporation Limited (the "Company", "Citigold" or "CTO") refers to ASX letter dated 8 October 2024 with reference 100651 entitled "Citigold Corporation Limited ('CTO'): Full-year report (audited financial report) - Query". *The Company's responses are in 'italics'.*

For the purpose of the ASX Listing Rules, CTO is classified and assessed as a "Mining Exploration Entity".

1. Is CTO able to confirm that in the Directors' Opinion the Full-Year Report:
 - a. comply with the relevant Accounting Standards; and
 - b. give a true and fair view of CTO's financial performance and position?

Yes, CTO is able to confirm that, in the Directors' opinion, the Company's full year report as at 30 June 2024 complies with the relevant accounting standards and gives a true and fair view of CTO's financial performance and position.

2. Please explain the relevant factors considered and relied on by the Directors to satisfy themselves that, the value of CTO's capitalised Exploration, Evaluation and Development expenditure was accurately reported.

In assessing whether there is any indication that an asset may be impaired, CTO considered the guidance of the Australian Accounting Standards Board's standard number 136 (AASB136) Impairment of Assets which "prescribes the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount". In accordance with AASB136, Directors are required to make an assessment for impairment. The management prepared an "Asset Impairment Review of the Charters Towers Gold Project", its main asset. This included considering the most recent Independent Valuation Report prepared by Global Resources & Infrastructure Pty Ltd.

Based upon those considerations, among other things, the Directors are satisfied that no observable indicators existed as of 30 September 2024 for which impairment write-down was required. The Financial Report adheres to the current Australian Accounting Standards.

The Financial Report indicates net assets of CTO of \$96.5 million. The main asset of the Entity is the Charters Towers Gold Project comprising the defined 14 million ounces gold deposit, with an Inferred Mineral Resources of 32 million tonnes at 14 grams per tonne of gold and 620,000 ounces of gold in the Probable Ore Reserve (2.5 Mt @7.7 g/t Au at a 4 g/t cut-off) ¹ and the major developed infrastructure. This infrastructure includes granted Mining Leases, two underground mine accesses to over 200 vertical metres depth and other works. Carrying values have not changed in any material manner from those recorded in the Financial Report.

¹ See ASX announcement dated 9 December 2020 Mineral Resources and Ore Reserves 2020. Mineral Resources and Ore Reserves remained unchanged during the period. The material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

The Directors further considered the cash flows and assumptions used in calculations prepared by management and experts for material assets, bearing in mind their respective knowledge of the business, the assets, the industry and environment in which CTO operates, and the future prospects of the business. The Directors and officers of CTO have a deep and informed knowledge of the assets which was taken into account in such review.

In addition to the above matter, the Directors opinion in respect of the carrying value of the Property, Plant and Equipment includes the Exploration, Evaluation and Development expenditure in the Financial Report is based upon a number of factors including (without limitation):

- a. *The Directors reasonably believe based upon past experience, the state of the gold mining industry and current discussions with funding partners (as previously disclosed, including in the Financial Report) that CTO continues to be well placed to successfully develop and exploit the areas of interest;*
- b. *Based upon current information, the life of the mine is expected to be between 20 to 30 years.*
 - I. *There has been no significant or material change to the infrastructure in respect of the Project.*
 - II. *CTO continues to be the holder of the mining leases which are required in respect of the Project.*
 - III. *The discount cash-flow model as at 30 June 2024 has taken into account lower gold prices.*
- c. *The Entity has not moved from the relevant Accounting Standards from prior periods or changed its interpretation of any of its relevant accounting policies during the current period.*

3. Please explain what steps CTO has already taken and / or now intends to take in order to obtain an unmodified audit opinion with regards to its future financial statements?

CTO is committed to obtaining an unqualified audit opinion in future financial statements. We intend to engage with the Auditor regarding this matter prior to the next audit.

4. In the Full-Year Report, ASX notes that the attached Directors' Declaration stated:

"The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2024 pursuant to Section 295A of the Corporations Act."

Noting that CTO does not appear, on the information currently available, to have a CEO or CFO, please identify who performed each of these functions and made the relevant declarations to the Board of CTO.

As per CTO's ASX listing page, Mr Gregory Harding serves as the Chief Financial Officer. Mr Mark Lynch as Executive Chairman is the CEO.

5. What enquiries did the Board make of the management team in order to satisfy itself that the financial records underpinning the Full-Year Accounts comply with the appropriate accounting standards, and give a true and fair view of the financial position and performance of CTO?

CTO employs experienced accounting personnel to maintain its financial records. These financial records are reviewed by the auditors at the end of each half-year period and audited by them at the end of each financial year. At the end of each reporting period, the Board is given an opportunity to review and query the accounting personnel, CFO, or where applicable, the auditor.

6. Does CTO consider that the financial condition of CTO is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please explain the basis for this conclusion, commenting specifically on CTO's negative working capital position of \$1.5 million.

Yes. CTO considers that the financial condition of CTO is sufficient to warrant continued quotation of its securities on ASX as required under Listing Rule 12.2 and will continue to be, compliant with Listing Rule 12.2 based on the below:

- a. *CTO is the holder of very substantial assets with net assets of \$96.5 million as disclosed in the Full Yearly Report as at 30 June 2024;*
- b. *CTO has a long trading history;*

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- c. On 19 January 2024, CTO raised \$695,000 in capital, confirming the support of investors and shareholders.
 - d. CTO regularly monitors its cash flow requirements in order to meet its planned ongoing activities by arranging capital raisings including through the issue of equity securities, raising of finance via debt funding, and/or the sale of gold in situ, as may be required;
 - e. CTO has previously conducted income-generating mining activities at the site of its Charters Towers Gold Project;
 - f. The Directors currently consider that CTO will be in a position to secure investments from a funding partner in order that CTO may undertake significant mining activities;
 - g. The proven ability of CTO to raise further funds for working capital over a very long period is consistent with previous practice and experience in respect of the Entity;
 - h. CTO has loan facilities available with unused financing facilities available of \$886,000 as at 30 June 2024 Quarterly Report released 30th July 2024.
 - i. In addition to the above, loans (both unsecured and secured) have been used by CTO in the past year and further loans could be considered, or facility balances increased or extended by CTO.
 - j. CTO has share placement capacity under Listing Rule 7.1 and 7.1A and would raise circa \$1 – \$1.5 million depending on the share prices.
 - k. There is interest by entities to partner with Citigold in the development of the gold mine.
 - l. In common with Mining Exploration Entities and development companies, the Company expects that it will continue to have negative working capital until such time it brings its gold mine into production.
 - m. CTO has and continues to fulfil its requirements as an Explorer under the ASX Listing Rules, 12.2.

7. Noting the auditor’s comment:

“Although management has represented that the Group is in advanced discussions with several external funding parties, we have not received sufficient and appropriate audit evidence to confirm that there is substantial committed or planned expenditure.

Please outline what evidence was provided by CTO to the auditor to support CTO’s representations in this regard. If CTO is of the view that this should have been sufficient for CTO to have obtained an unqualified opinion, please explain the basis for that view.

The Auditor has erroneously merged two distinct matters: funding for ongoing exploration programs and major project funding for the mine development:

- a. *The funding of our ongoing exploration programs was set out in a detailed budget and provided to the auditor.*
- b. *Separate, is the matter of when is Citigold going to have funds to develop its Charters Towers Gold Mine. We provided evidence of productive discussions in relation to the matter. We are of the view that these funding discussions indicatively to develop the mine into a large gold producer is irrelevant to the independent funding of our ongoing exploration programs.*

CTO remains confident that its approach and evidence were sufficient and appropriate without the need for a Qualified Opinion.

8. Please confirm that CTO is complying with the Listing Rules and, in particular, Listing Rule 3.1.

CTO confirms that it is complying with the Listing Rules and, in particular, Listing Rule 3.1.

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9. Please confirm that CTO's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of CTO with delegated authority from the board to respond to ASX on disclosure matters.

CTO confirms that CTO's response to the questions above has been authorised and approved by an officer of CTO with delegated authority from the Board to respond to ASX on disclosure matters.

We trust that the above addresses all the ASX's questions.

Yours sincerely

Niall Nand

Company Secretary

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Fortitude Valley, QLD, 4006 Australia

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Authorised for release: by Mark Lynch, Chairman, Citigold Corporation Limited.

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.



8 October 2024

Reference: 100651

Mr Niall Nand
Company Secretary
Citigroup Corporation Limited
Level 1, 1024 Ann Street
Fortitude Valley QLD 4006

By email only.

Dear Mr Nand

Citigroup Corporation Limited ('CTO'): Full-year report (audited financial report) - Query

ASX refers to the following:

- A. CTO's full-year report for the year ended 30 June 2024 lodged with ASX Market Announcements Platform and released on 30 September 2024 ('Full-Year Report').
- B. ASX notes that the Independent Auditor's Report attached to the Full-Year Report ('Auditor's Report') contains:
 - i. A qualified opinion with a material uncertainty related to a going concern.
 - ii. The basis for the qualified opinion:

"We refer to Note 11 of the financial statements, which details the Group's capitalised Exploration, Evaluation, and Development expenditure of \$131.5 million as of the year-end.

In accordance with AASB6(20)(b), we have sought sufficient and appropriate audit evidence regarding the Group's ability to fund substantive budgeted or planned expenditure for the exploration and evaluation of gold resources.

Although management has represented that the Group is in advanced discussions with several external funding parties, we have not received sufficient and appropriate audit evidence to confirm that there is substantial committed or planned expenditure.

Consequently we have requested that management record an impairment of \$25 million until such time as these discussions are concluded and funding is secured for the Group to exploit its resources. However, management has chosen not to book this impairment.

Given management's choice not to record the impairment due to these advanced discussions with external investors, and the limited documentary evidence provided, we believe a qualification is warranted due to the risk of overstating the net assets in the financial report."

- iii. The basis for the material uncertainty related to going concern:

"We draw attention to Note 1(s) in the financial statements, where management describes the basis for preparing the financial statements on a 'going concern' basis, indicating the Group's ability to pay its debts as and when they fall due.

The Group has differentiated between its ability to pay its debts as and when they fall due and the utilization of its resources.

Key financial data extracted from the financial statements indicate the following:

Consolidated Statement of Cash Flows

- The Group's net cash used in/provided by operating activities resulted in a deficit of \$1.1 million.
- The Group raised \$695k from the proceeds of securities issuance
- The Group raised \$635k from the pre-sale of gold.
- The Group's net increase in borrowings was \$72k.

Consolidated Statement of Financial Position

- Trade current and non-current payables increased by \$2.1 million
- Borrowings increased by \$518k
- Net current liabilities exceed current assets by \$1.5 million

The Group is reliant on its ability to refinance its debt obligations through share placements and share purchase plans, which allows it, from an operational perspective, to pay its debts as and when they fall due.

However, as discussed in the 'Basis for Qualified Opinion' section of this report, the Group has not secured substantial external funding to enable it to exploit its resources.

As stated in Note 1(s), these events or conditions, along with other matters discussed above, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Consequently, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, the Group has a successful history of raising funds through share placements and loans.

Our opinion is not modified in respect of this matter."

- C. CTO's Corporate Governance Statement for FY 2024 lodged on the ASX Market Announcements Platform on 30 September 2024 which provides confirmation that CTO complies with recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations which states:

"The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively."

- D. Listing Rule 12.2 which states:

"An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued +quotation of its +securities and its continued listing."

- E. Listing Rule 19.11A which states:

"If a listing rule requires an entity to give ASX +accounts, the following rules apply.

- (a) If the entity controls an entity within the meaning of section 50AA of the Corporations Act or is the holding company of an entity, required by any law, regulation, rule or accounting standard, or if ASX requires, the +accounts must be consolidated +accounts.*
- (b) The +accounts must be prepared to Australian accounting standards. If the entity is a +foreign entity the +accounts may be prepared to other standards agreed by ASX.*

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- (c) *If the listing rule requires audited +accounts, the audit must be conducted in accordance with Australian auditing standards by a registered company auditor. If the entity is a +foreign entity, the audit may be conducted in accordance with other standards agreed by ASX and may be conducted by an overseas equivalent of a registered company auditor.*
- (d) *If the listing rule requires +accounts to be reviewed, the review must be conducted in accordance with Australian auditing standards. If the entity is a +foreign entity, the review may be conducted in accordance with other standards agreed by ASX. Unless the listing rule says an independent accountant may conduct the review, it must be conducted by a registered company auditor (or, if the entity is a +foreign entity, an overseas equivalent of a registered company auditor).*
- (e) *If there is a +directors' declaration that relates to the +accounts, the +directors' declaration must be given to ASX with the +accounts.*
- (f) *If there is a +directors' report that relates to the period covered by the +accounts, the +directors' report must be given to ASX with the +accounts."*

Request for information

In light of the information contained in the Full-Year Report and the Auditor's Report, and the application of the Listing Rules stated above, please respond to each of the following questions:

1. Is CTO able to confirm that in the Directors' Opinion the Full-Year Report:
 - (a) comply with the relevant Accounting Standards; and
 - (b) give a true and fair view of CTO's financial performance and position?
2. Please explain the relevant factors considered and relied on by the Directors to satisfy themselves that, the value of CTO's capitalised Exploration, Evaluation and Development expenditure was accurately reported.
3. Please explain what steps CTO has already taken and / or now intends to take in order to obtain an unmodified audit opinion with regards to its future financial statements?
4. In the Full-Year Report, ASX notes that the attached Directors' Declaration stated:

"The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2024 pursuant to Section 295A of the Corporations Act."

Noting that CTO does not appear, on the information currently available, to have a CEO or CFO, please identify who performed each of these functions and made the relevant declarations to the Board of CTO.

5. What enquiries did the Board make of the management team in order to satisfy itself that the financial records underpinning the Full-Year Accounts comply with the appropriate accounting standards, and give a true and fair view of the financial position and performance of CTO?
6. Does CTO consider that the financial condition of CTO is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please explain the basis for this conclusion, commenting specifically on CTO's negative working capital position of \$1.5 million.
7. Noting the auditor's comment:

"Although management has represented that the Group is in advanced discussions with several external funding parties, we have not received sufficient and appropriate audit evidence to confirm that there is substantial committed or planned expenditure."

Please outline what evidence was provided by CTO to the auditor to support CTO's representations in this regard. If CTO is of the view that this should have been sufficient for CTO to have obtained an unqualified opinion, please explain the basis for that view.

8. Please confirm that CTO is complying with the Listing Rules and, in particular, Listing Rule 3.1.
9. Please confirm that CTO's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of CTO with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **1:00 PM AEDT Tuesday, 15 October 2024**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CTO's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require CTO to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

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

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

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in CTO's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CTO's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that CTO's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance