



## Quarterly Report

For the period ending 30 June 2018

### HIGHLIGHTS

- Planning continued for the development of the Charters Towers project centred on the Central Mine being an ultra-low-cost gold producer.
- As previously announced the process plant was sold and the Company's secured lender has been paid out in full in the previous quarter. As part of the Company's outsourced model, the purchaser has agreed to the key terms of a future Citigold ore treating agreement.
- The Company previously entered into a Gold Purchase Agreement for the sale of gold in-situ to GLD International/Crypto-Gold Coin Inc ("CGCI"). The Company and CGCI are in negotiations to allow the ongoing gold sales past the original 30 June 2018 date.
- Since the engagement of the Charters Towers project manager, substantial capital works savings and overall capital budget for the Central mine has been reduced.
- Major complementary project funding discussions continue with potential interested partners to expand Citigold's production ready Charters Towers Gold Project. This aims to add complementary funds to the already announced transactions when the new deal(s) are finalised.
- The Company continues to review its business plans, schedules and strategies in readiness aimed at moving back into gold production.

### OPERATIONS

The underground mining operations at the Company's Charters Towers 'Central' and 'Imperial' mining areas remained on care and maintenance during the Quarter. No gold production operations were undertaken during the quarter.

## Resumption of Mining

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

Designs and strategies for the Central Mine continued to be refined during the quarter, including the decline development extension and the most efficient sizing and excavation method.

Resumption of mining at Charters Towers is contingent on a sufficient level of capital financing, with active planning and scheduling continuing during the Quarter in readiness.

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

The 'Central' underground mine is to be the focus of future mining operations and is the area planned to be reopened. It is scheduled to grow progressively into a 220,000 ounces annual producer of gold. The works begin once funding is in place.

An outline of the mining plan for the Central mining area has been given in previous reports. The early development plan is, in summary:

- The Central Decline (access tunnel) is to be extended by about 1,100 metres roadway length initially to junction again with the Brilliant Block Shaft (fresh air intake) and then continue downwards to King Shaft, initially intersecting it at a vertical depth of 360 metres. Initial mining is expected to be at a relatively shallow circa 300 metres depth.
- 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 meter 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 of the 'Central' mining area. The plan is to have up to 15 working areas underground ('stopes') that are available for ore extraction, ensuring sufficient tonnage to meet schedule.

Citigold's go forward business plan is an outsourced model and the recent process plant sale is in keeping with this strategy.



Charters Towers 'Central' mine site - Aerial view showing tunnel entrance to underground during previous operations.

## GEOLOGY AND EXPLORATION

No new exploration drilling was undertaken during the Quarter, with work continuing to be focused on consolidating geological data in preparation for the upcoming period of expanded Charters Towers area exploration work and mine planning. No new results are reported.

The Company has been optimising its mineral land holdings at Charters Towers with the aim of focusing on the core gold mining operations of the Charters Towers goldfield surrounding the resources and reserves already defined.

Regulatory reporting continued during the period.

The Charters Towers project can provide a long and profitable mine life for the Company, shareholders and the local community.

### 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.

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 faster definition of the rich gold areas and the foundation for our automation and development plans are still continuing.



The ore in the test tubes is part of a larger very high grade selected hand sample, from previous actual underground trial mining by Citigold, of 1030 g/t (33 ounces per tonne). While this is the exception and not the norm, it does show just how high grades can be, and still the gold is not readily visible to the unassisted eye. *(Was not used in any reserve or resource assessments)*

## HEALTH, SAFETY, COMMUNITY AND ENVIRONMENT

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

As part of the Company's continued community engagement program, the Company recently sponsored a local indigenous football team to assist them to compete in the 2018 NAIDOC Touch Football Carnival held in Charters Towers, QLD.

The Company plans to build upon these successes to date and to work towards solar power as the primary energy source. Modern solar and energy storage systems provide benefits not available a decade ago. This initiative will increasingly complement the move to take electric power underground for all of the mobile equipment thereby aiming to eliminate diesel engines from the underground environment. This will make for a safer and cleaner



air working environment. Furthermore, this then requires reduced energy use for powering the ventilation fans used to counter the effect of diesel engines underground that pollute, the same air humans need to breathe, by consuming oxygen, generating substantial heat and airborne particulates.

## **CORPORATE**

### **Financial Highlights**

With the production ready Charters Towers Gold Project remaining in active care and maintenance, the focus continues to be on cost reduction and efficiency improvement programs. Citigold has a core team in place and complimented with efficiency driven technology that can enable planned growth.

The Chairman's observational view is that there appears to be growing interest in some sectors of the gold space for various and differing reasons.

The Company's short-term goal is to be in a position in 2018 to start underground works towards moving back into gold production. The Company will stay focused on this goal.

### **Major Development Funding**

Several major complementary project funding discussions continue with potential interested partners to add substantial complementary funds to the already announced gold sale agreement.

Since the engagement of the project manager they have found substantial capital works savings and therefore the overall capital budget for the Central mine has been able to be reduced to \$75 million.

The Company previously entered into a Gold Purchase Agreement for the sale of gold in-situ to GLD International/Crypto-Gold Coin Inc ("CGCI"). The Company and CGCI are in negotiations to allow the ongoing sales past the original 30 June 2018 date.



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

Independent of, or in conjunction with the major funding discussions, 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.

### **Small Holding Share Sale Facility**

The Small Holding Share Sale Facility was launched in December 2017 and final payments have been distributed to participating shareholders by the Share Registry.

### **Outlook**

The successful completion of the plant sale and secured lender settlements has materially strengthened the balance sheet by a major reduction in long and short-term commitments.

Citigold has a strong gold asset foundation and over many years has been building on this towards becoming a large and profitable gold producer. With the substantial past investment and the trial mining experience, we believe that once the funding is finalised, the realisation of becoming a large ultra-low-cost gold producer is realistic and reachable.

## 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 2018.

Exploration Permit Minerals	EPM 15964	EPM 15966	EPM 18465	EPM 18813	
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:

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**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.

## CONTACTS:

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### STOCK EXCHANGE LISTING

Australia (ASX) Code 'CTO'

### SHARE REGISTRY

Link Market Services Limited

Postal Address: Locked Bag A14, Sydney South NSW 1235

Telephone: 1300 554 474

## 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 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(92)	(1,398)
(b) development	(45)	(1,146)
(c) production	-	-
(d) staff costs	(113)	(484)
(e) administration and corporate costs	(208)	(838)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	510
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(464)</b>	<b>(3,362)</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	-	-

<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	-	11,804
	(b) tenements (see item 10)	-	265
	(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</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>12,069</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
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	70	330
3.6	Repayment of borrowings	-	(9,120)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	2
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>70</b>	<b>(8,788)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	560	247
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(464)	(3,362)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	12,069
4.4	Net cash from / (used in) financing activities (item 3.10 above)	70	(8,788)

<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	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>166</b>	<b>166</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	166	560
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>166</b>	<b>560</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	10,000
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		
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.		

<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				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

### **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 2018**

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.