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## ASX ANNOUNCEMENT

12 March 2020

### Half Yearly Report 31 December 2019

Citigold Corporation Limited (“Citigold” or “Company”) (ASX:CTO) hereby announces the Half Year Financial Report for the period ending 31 December 2019.

- The net assets for the Group at 31 December 2019 was \$99.5 million (30 June 2019 was \$100 million). The loss after tax for the Group during the half-year was \$1.6 million (31 December 2018 was \$1 million).
- Citigold is an Australian based gold mining and exploration company developing Australia’s highest-grade major goldfield at Charters Towers, Queensland.
- During half-year period the Company completed a broad shareholder \$1.21 million capital raising, confirming the continued strong support of shareholders.
- Post period end, the sustained gold price increase has assisted advancing the major project funding discussions to move into commercial scale gold production. Additionally, a 'Central' mine design optimization review commenced to assess the potential to reduce the time to first gold production, once the major funding is in place.

For full details please read the following Half Yearly Report.

Authorised for release by Mark Lynch, Chairman.

For further information contact:

**Niall Nand**

Company Secretary

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Fortitude Valley, QLD, 4006

Australia

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**Cautionary Note:** This release may contain forward-looking statements that are based upon management’s expectations and beliefs in regard 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.

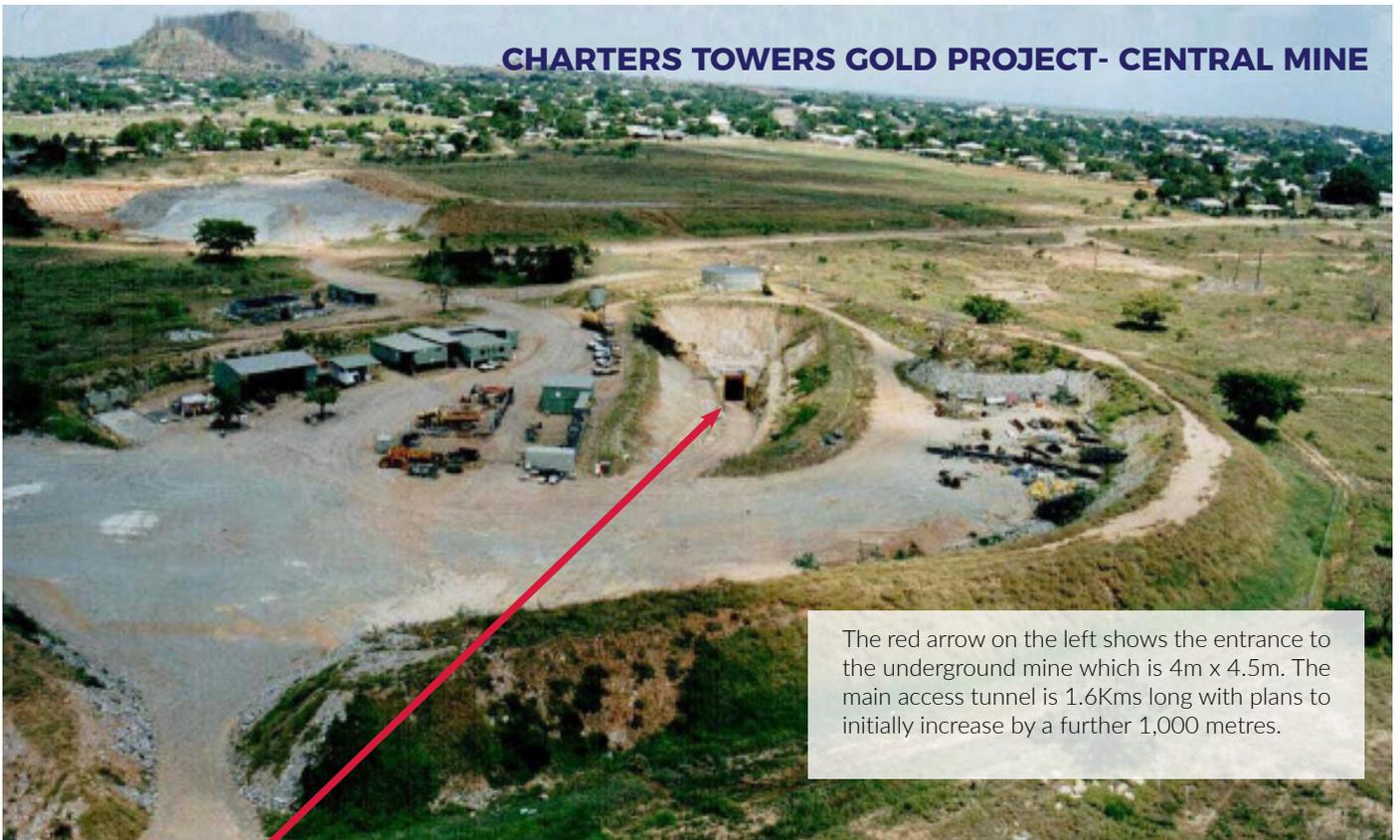


# 2019 HALF YEARLY REPORT

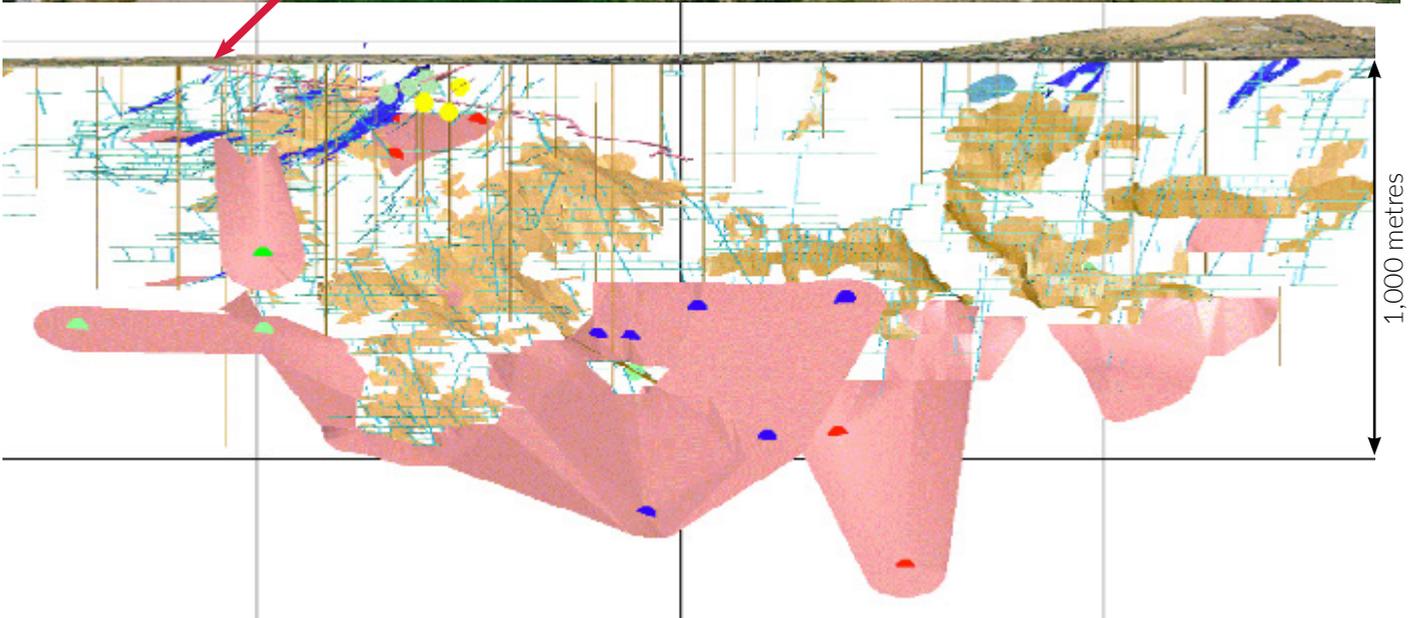
31 DECEMBER 2019



## CHARTERS TOWERS GOLD PROJECT- CENTRAL MINE



The red arrow on the left shows the entrance to the underground mine which is 4m x 4.5m. The main access tunnel is 1.6Kms long with plans to initially increase by a further 1,000 metres.



**ABOVE TOP:** Photo of Citigold's Central mine site and the entrance to the underground ramp portal.

**ABOVE:** Shows the gold areas to be mined in **PINK** and, the **BROWN** areas were previously mined.

**GREY** lines are 1 kilometer grid spacing, large gold deposit is in **PINK** and mining gold starts at relatively shallow 300 metres deep.

Long section looking south, showing the drill pierce points through the Central Area Indicated Mineral Resource structures. Above diagram, see Technical Report page 107, ASX announcement dated 21 May 2012 Mineral Resources & Reserves Report.

The above diagram is based on estimates of mineral resources. The material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

## BUSINESS OVERVIEW

Citigold Corporation Limited (Citigold) is an Australian gold mining and exploration company, operating on the high-grade Charters Towers Goldfield in north-east Australia, 1,000 kilometres north of Brisbane, Queensland, and 130 kilometres by interstate highway south-west from the major coastal port of Townsville.

The Company's prime focus is the Charters Towers Gold Project. The Project comprises of the 11 million ounce gold deposit, with an Inferred Mineral Resource of 25 million tonnes at 14 grams per tonne gold and 620,000 ounces of gold in the Probable Ore Reserve (2.5 Mt @ 7.7 g/t Au at a 4 g/t cut-off) (See ASX announcement dated 21 May 2012 Mineral Resources and Reserves Report).

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

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

Our aim is to be a 300,000 plus ounces per annum ultra-low-cost gold producer in five years using state of the art technologies and efficiencies, all with the aim of returning substantial profits to shareholders in harmony with the local environment.

The Company is seeking to raise the required capital funding to complete the underground capital works to move to commercial and sustained gold revenues.

The business plan and capital expenditure program show gold production revenues to commence within 12 months of the injection of the required capital.



## CORPORATE DIRECTORY

### REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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 [PO Box 1133]  
 Fortitude Valley, QLD, 4006, Australia  
 Telephone: +61 7 38 39 40 41  
 Email: info@citigold.com  
 Website: www.citigold.com

### CHARTERS TOWERS MINE SITE

10 Nagle Street,  
 [PO Box 10]  
 Charters Towers, QLD, 4820, Australia

### DIRECTORS

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

### COMPANY SECRETARY

Mr Niall Nand

### STOCK EXCHANGE LISTING

Australia (ASX) Code 'CTO'

### SHARE REGISTRY

Link Market Services Limited  
 ABN 54 083 214 537  
 Level 21 / 10 Eagle Street  
 Brisbane QLD 4000  
 Telephone: 1300 554 474

### AUDITOR

KS Black & Co  
 ABN 48 117 620 556  
 Level 1 / 251 Elizabeth Street  
 Sydney NSW 2000

### BANK

Westpac Banking Corporation Limited  
 ABN 33 007 457 141  
 260 Queen Street  
 Brisbane QLD 4000

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The Charters Towers Goldfield is Australia's all time largest high grade gold producer with 6,600,000 ounces of gold from 1872 to 1920, at a supreme average mining ore grade of 38 g/t (~1¼ ozs/tonne). Gold production was over 200,000 ozs/year for 20 consecutive years, from this orogenic style gold mineralisation characteristically having great lateral and vertical extent. The extent is proven by drilling to 2,000 metres deep and is expected to continue. The top centre picture is of the then Queen Cross Mine Directors holding 16 of 480 oz gold bars for total 7,680 ozs from the May 1903 production, that if today would be valued at circa \$17 million. Citigold's plan is for initial ore mining to be relatively shallow commencing only 300 metres depth from surface.

## DIRECTORS' REPORT

The Directors of Citigold Corporation Limited submit herewith the financial report for the half year ended 31 December 2019. 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) |
| Mr A Panchariya | (Non-Executive Director) |
| Dr S Acharya    | (Non-Executive Director) |

Company Secretary:

Mr N Nand

## REVIEW OF OPERATIONS

- The period saw a focus on the upside potential for exploration areas held by the Company that surrounds our production leases that have along strike potential for extensions of existing mineral resources. Mineral Resources and Ore Reserves remain unchanged during the period.
- In January 2020, project design activity increased with an optimisation review underway for the Central underground layout, to potentially bring forward first gold production and efficiently ramp up production.

Our aim is to be a 300,000 plus ounces per annum ultra-low-cost gold producer in five years using state of the art technologies and efficiencies, all with the aim of returning substantial profits to shareholders in harmony with the local environment.

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

The Company continues to review its business plans, schedules and strategies in readiness for moving back into gold mining and production.

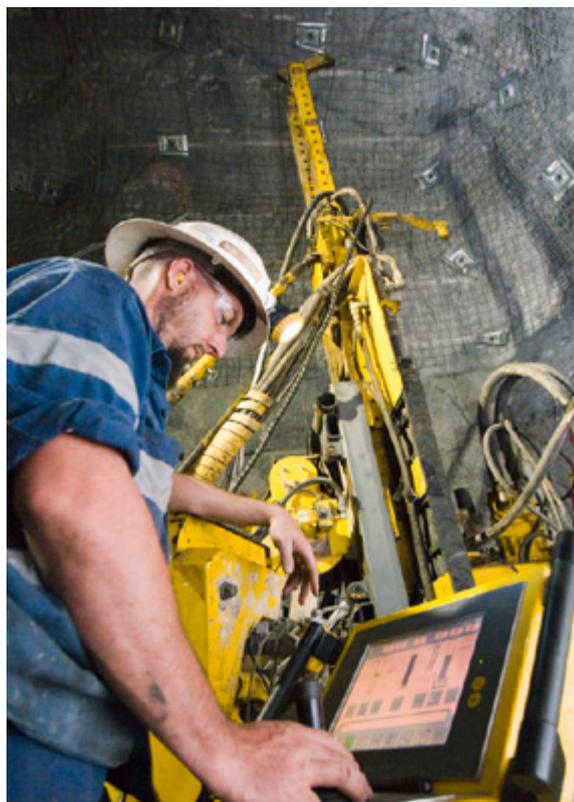
The Charters Towers Gold Project still remains one of Australia's largest high-grade pure gold deposits.

### FINANCIAL RESULT

The loss after tax for the Group during the half-year to 31 December 2019 was \$1,637,372 (2018: Net loss was \$972,240). The net assets for the Group at the 31 December 2019 was \$99,543,584 (30 June 2019: Net assets was \$99,973,268).

There was no revenue from gold mining sales in the period.

Net assets are \$99.5 million. The main asset of the Company is the Charters Towers Gold Project comprising the gold deposit and the major developed surface and underground infrastructure for the Central and Warrior/Imperial Mines. This infrastructure includes granted Mining Leases, two underground mine accesses to over



Underground core drilling used to assist detailed definition of future ore extraction areas (top), and a mined area from Citigold's test mining (above) showing the floor of the level drive, and the stope voids (ore extracted area) above and below the level. The ore has been cleanly extracted, showing how the mining method minimizes dilution by maintaining a narrow stoping 'slot' width.

200 vertical metres depth, buildings, power, water and roads etc. The infrastructure owned by the Company is represented in the \$109 million capitalised Exploration, Evaluation and Development expenditure including the Development Property, Land, Buildings and Equipment.

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 their knowledge of the business, the assets, the environment in which the Company operates, previous transactions and the future prospects of the business. 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.

Citigold and the Board have deep and informed knowledge of the assets. Therefore the Board considered whether the impairment should be removed and decided to conservatively hold the value at \$109 million.

As previously advised, major project funding discussions actively continued with potentially interested strategic partners to expand Citigold's production-ready Charters Towers Gold Project. The Company has seen an increase in interest by potential funding partners with the gold price strengthening in 2019.

During the period, Citigold completed the shareholder only Share Purchase Plan capital raising with applications totalling \$871,500 from shareholders subscribing a total of 174,300,000 ordinary shares and in addition, the private placement application on the same terms was received for \$336,188 for 67,237,612 ordinary shares.



Underground truck loading of Citigold's previous test mining operations.

Furthermore, the existing partly drawn loan facility was increased to A\$1 million. The loan facility also included security over two mining leases. The interest rate of 12% per annum and maturity of 7 June 2021 remained unchanged.

Additionally, if required, 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 million depending on the share price. The Company further has the ability to raise funds from the sale of gold in the ground and loan facilities as previously announced.

There was no dividend declared for the period.

## HEALTH, SAFETY, COMMUNITY AND ENVIRONMENT

Citigold is committed to creating and maintaining both a safe environment at the workplace and in the local community. There were no Lost Time Injuries or significant health issues during the period. The Company's Lost Time and Disabling Injury Frequency Rates (LTIFR and DIFR) remain at zero. During the half year, the sites were maintained. The Company's mine sites have been established so as to have the minimal land surface area thereby minimizing surface impact.



## MINE DEVELOPMENT, PRODUCTION AND GEOLOGY

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 year, 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 year in readiness.

The Charters Towers Gold Project is the Company's sole and therefore 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 contributing to our aim of being a 300,000 ounces annual producer of gold in five years. 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) extension is to be extended by about 1,000 metres roadway length down to 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 metre vertical levels along the length of the reefs to provide closely-spaced grade control samples.
- Gold ore extraction (stopping) will commence once these levels are developed and the second ventilation and emergency 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.



## GEOLOGY AND EXPLORATION

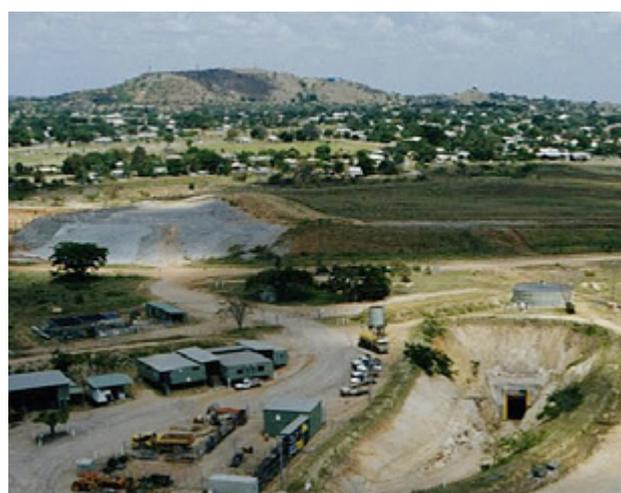
The half year continued to see an ongoing focus on the upside potential of our exploration areas for extensions of resources adjacent to production leases.

During the half year, assessment continued on the frequency of the payable sections of past mining. Reassessment of geological information collected by the Company has led to the geological conclusion that the payable sections of the reefs may be more frequent and/or closer spaced than previously thought. This new assessment means that there will be an ongoing reassessment of much of the surface and underground data collected.

A field trip looked at accessing future drilling areas, with a substantial budget for drilling in the Company's forward financial plan. The Company's knowledge base of the Charters Towers reef systems is unique in the world due to the very large investment to date in all facets of exploration, including data collection, drilling and underground test mining data.

The Charters Towers region is moving into the winter and usually dry season. This will be advantageous for sampling and drilling programs

During the period, no new exploration drilling was undertaken.



Aerial overview of Citigold's Central mine site showing the tunnel (decline) entrance to the Charters Towers underground during previous test mining operations by Citigold. On page 3 of this report, the widescreen panorama historic image shows the same Towers Hill in the background as above here. When operations resume the surface footprint at Central mine site is not expected to materially change.

The Company has been optimising its mineral land holdings at Charters Towers with the aim of focusing on the core gold mining operations, and the exploration of the surrounds both along strike and down dip of the defined and yet to be defined reef systems. The fullest exploration of the Charters Towers goldfield is planned. Substantial exploration funds are budgeted for in our overall go-forward budgets. Regulatory reporting and compliance continued during the period.

## INDIGENOUS ENGAGEMENT

Citigold has a long history of contributing to the recognition of indigenous achievements, after all it was the young indigenous Australian 'Jupiter' who in 1871 as part of a group of gold seekers is credited with discovering gold that led to the building of Charters Towers.

Citigold's recognition of Jupiter included commissioning two paintings in 1997 and 1999 depicting Jupiter as an elderly statesman of Charters Towers, and the second is an artists impression of the discovery of gold in Mosman Creek by Jupiter and the prospecting team.

The first painting hangs in Charters Towers at 'The World Theatre' foyer, once being the original banking chamber for the Bank of NSW, and the second 'discovery' painting until recent times hung in the reception of the Jupiter's Casino in Townsville.



## OUTLOOK

Our corporate mission: "Our aim is to be a 300,000 plus ounces per annum ultra-low-cost gold producer in five years using state of the art technologies and efficiencies, all with the aim of returning substantial profits to shareholders in harmony with the local environment".

The project continues to remain an attractive gold investment option for strategic funding partners in conjunction with positive gold price & sentiment.

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.



Gold 'dore' bars from Citigold's previous mining operations at Charters Towers.

## CORPORATE GOVERNANCE

Please refer to the Company's website <https://www.citigold.com/corporategovernance/> for the 2019 Corporate Governance Statement and Policies.

### SUMMARY OF MINING TENEMENTS & AREAS OF INTEREST AS AT 10 MARCH 2020

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

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

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

The Financial Report for the Half Year Ended 31 December 2019 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 2019 and any public announcements made by Citigold Corporation Limited for the half-year to 31 December 2019 in accordance with the continuous disclosure requirements of the Listing Rules of the ASX.



## 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. Mr Towsey is currently a Chartered Professional (Geology) and was an Executive Director of the Company from April 2014 to June 2016. He has the relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the 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 Report on the Mineral Resources and Ore Reserves of the Charters Towers Gold Project dated May 2012 can be found at <http://www.citigold.com/mining/technical-reports> and is referenced by Citigold in its public statements.

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



'Charters Towers Gold' (CTG) is a subsidiary of Citigold Corporation that operates locally.

The heart of the City of Charters Towers township (above) was developed by the original miners and has continued as a thriving community. The Post Office clock tower is clearly visible. The City is joined to the coast (less than 2 hours drive) and inland by the all weather interstate Flinders Highway. At the top of the image can be seen the Charters Towers airstrip.



**“Operating in harmony with the local town”**

# JORC CHECKLIST

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

## SECTION 1 SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all succeeding sections)

| CRITERIA                                       | JORC CODE EXPLANATION   | COMMENTARY  |
|--|---|---|
| Sampling techniques                            | <p>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</p> <p>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</p> <p>Aspects of the determination of mineralisation that are Material to the Public Report.</p> <p>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 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 (e.g. submarine nodules) may warrant disclosure of detailed information.</p> | <ul style="list-style-type: none"> <li>The Charters Towers area has been sampled by a mixture of diamond (HQ and NQ2) and Reverse Circulation percussion ('RC') drill holes for the purpose of identifying the location of mineralised structures and for identifying potential for mineralisation on these structures and for down-hole ('DH') geophysics.</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 ¼ (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.</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 sulphides, 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/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>)</li> </ul> |
| Drilling techniques                            | <p>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</p>  | <ul style="list-style-type: none"> <li>Most diamond drilling has been 63.5mm diameter HQ core, although some NQ2 core (50.5mm diameter) has been drilled. RC pre-collars have been used for some drill holes where drilling was aimed at defining the location for the fracture. NQ2 drill core was typically used for the diamond tails on RC pre-collars.</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>In 2013-15, all drilling was completed under contract to Citigold.</li> <li>Core orientation is carried out on all drill holes CT9000 and above in order to constrain the geometry of load bearing fractures. Core orientation measurements are taken at 6m intervals by contracted drillers.</li> </ul>  |
| Drill sample recovery                          | <p>Method of recording and assessing core and chip sample recoveries and results assessed.</p> <p>Measures taken to maximise sample recovery and ensure representative nature of the samples.</p> <p>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</p>   | <ul style="list-style-type: none"> <li>Core is recovered by wireline drilling, where core is collected inside a core barrel winched back to surface inside the drill rods. The core is marked up and measured by senior field assistants and geologists under the guidance of the senior geologist. Core recovered (CR) is compared with the meters drilled (MD, recorded by the drillers in their daily log-sheets) and a 'core recovery' percentage is calculated: <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 granites where core loss is minimal. However, in areas where high degrees of alteration and associated mineralisation occur, some core loss is expected and subsequently recorded. Accordingly, it is possible that some fine gold within clay could have been lost during drilling.</li> </ul>   |
| Logging  | <p>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p> <p>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photo-graphy.</p> <p>The total length and percentage of the relevant intersections logged.</p>   | <ul style="list-style-type: none"> <li>100% of core was logged. Samples were collected from intercepts where alteration or alteration and mineralisation were clearly seen. The nature of the ore-body is such that mineralisation or potentially mineralised structures are easily identified. Selected RC samples were geologically logged and sampled.</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 | <p>If core, whether cut or sawn and whether quarter, half or all core taken.</p> <p>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</p> <p>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</p> <p>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</p> <p>Whether sample sizes are appropriate to the grain size of the material being sampled.</p>  | <ul style="list-style-type: none"> <li>Core is sawn in half and one half (50%) is submitted for analysis at NATA accredited laboratories in Townsville (Qld, Australia).</li> <li>Selected core is cut for ¼ core (25%) and submitted for analysis at NATA accredited 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 NATA accredited laboratories where they are dried at 105°C; weighed; crushed to -6mm; and pulverised to 90% passing 75um where a 200g sub-sample is taken. 5% of samples are dual sub-sampled (second split) for sizing and analytical quality control purposes.</li> <li>Fire assay: 50g of sample is added to a combustion flux and fired at 1000°C; the resultant lead button is separated from the slag and muffled at 950°C to produce a gold/silver prill; the prill is digested in aqua regia and the liquid read on an AAS.</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>  |

## SECTION 1 SAMPLING TECHNIQUES AND DATA (CONT)

| CRITERIA  | JORC CODE EXPLANATION   | COMMENTARY  |
|---|---|---|
| Quality of assay data and laboratory tests              | The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.<br>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.<br>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. | <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 in approximately every 30 samples that are submitted.</li> <li>NATA accredited laboratories in Townsville have their own rigorous 'in lab' QA/QC 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 at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a></li> </ul>   |
| Verification of sampling and assaying                   | The verification of significant intersections by either independent or alternative company personnel.<br>The use of twinned holes.<br>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.<br>Discuss any adjustment to assay data.   | <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 comparison result.</li> <li>Anomalous holes or unusually high grade samples are resubmitted for assay.</li> <li>No twinned holes were completed by Citigold since 2014. Prior exploration has engaged diamond drilling or geophysics as a means of checking anomalous RC drilling and to confirm the precise depth of the mineralised structure.</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                                 | 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.<br>Specification of the grid system used.<br>Quality and adequacy of topographic control.   | <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 3 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 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                           | Data spacing for reporting of Exploration Results.<br>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.<br>Whether sample compositing has been applied.  | <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>A full description of Citigold's Mineral Resources and Reserves can be found in the 2012 Mineral Resources and Reserves Report at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a></li> </ul>  |
| Orientation of data in relation to geological structure | Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.<br>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.  | <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 landholders and other features on the landscape prevent all holes from intercepting perpendicular to the structure. Typically, holes will be drilled in a fanning pattern with intercepts at no less than 60 degrees to the mineralised structure. True widths are determined only after the exact geometry of the structure is known from multiple drill holes.</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, specifically designed for geophysics, and are not reported.</li> </ul>   |
| Sample security   | The measures taken to ensure sample security.   | <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 NATA accredited laboratories and/or by registered courier.</li> <li>Standards are retained within the office of the chief geologist and only released under strict control.</li> </ul> <p>The chain of sample custody is managed and closely monitored by Citigold (management and senior staff).</p>  |
| Audits or reviews                                       | The results of any audits or reviews of sampling techniques and data.   | <ul style="list-style-type: none"> <li>A full Mineral Resources and Ore Reserves report was completed in May 2012, written in compliance with the then-current 2004 JORC Code. The report contains a comprehensive review and assessment of all sampling techniques and methodologies, sub-sampling techniques, data acquisition and storage, and reporting of results. Statements on QA and QC can be found on page 48 of the report. The report can be found on Citigold's website at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>.</li> <li>Citigold's database has been audited by several independent consultants since 1998 and most recently by Snowden in 2011.</li> </ul> <p>There have been no material changes to this report since May 2012.</p>  |

## SECTION 2 REPORTING OF EXPLORATION RESULTS

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

| CRITERIA                                | JORC CODE EXPLANATION  | COMMENTARY  |
|---|--|---|
| Mineral tenement and land tenure status | 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.<br>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.   | <ul style="list-style-type: none"> <li>Citigold holds a number of different types of mineral tenements including Exploration Permit Minerals (EPM's), Mineral Development Licenses (MDL) and Mining Leases (ML's). Citigold currently holds five (5) EPM's, three (3) MDL's and thirty one (30) ML's:-<br/>EPM15964, EPM15966, EPM18465, EPM18813 &amp; EPMa27287<br/>MDL118, MDL119, MDL252,<br/>ML1343, ML1344, ML1347, ML1348, ML1385, ML1398, ML1424, ML1430, ML1472, ML1488, ML1490, ML1491, ML1499, ML1521, ML1545, ML1585, ML10005, ML10032, ML10042, ML10091, ML10093, ML10193, ML10196, ML10208, ML10222, ML10281, ML10282, ML10283, ML10284, ML10335<br/>Citigold holds current Environmental Authorities over the tenements, and has already produced over 100,000 ounces of gold. There are no known impediments to continuing operations in the area.</li> </ul>   |
| Exploration done by other parties       | Deposit type, geological setting and style of mineralisation.  | <ul style="list-style-type: none"> <li>Charters Towers is one of Australia's richest gold deposits that was discovered in 1871. A plethora of historical data from the Charters Towers area has been collected, collated and is included within the Citigold geological database. Previous exploration was summarised in the 2012 Mineral Resources and Reserves Report which can be found at:<br/>( <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a> ).</li> <li>Citigold's drill hole database includes historical drilling including:<br/>1993 - Mt Leyshon Gold Mines Ltd extensions to CRA diamond drill holes in the areas.<br/>1991 - Diamond and RC drilling by PosGold in a joint venture with Charters Towers Mines NL that covered parts of the Central area areas.<br/>1981-84 - Diamond-drilling by the Homestake/BHP joint venture in the Central area.<br/>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 core-yard.</li> </ul>  |
| Geology                                 | Deposit type, geological setting and style of mineralisation.  | <ul style="list-style-type: none"> <li>Mineralisation at Charters Towers is referred to as "orogenic" style vein mesothermal gold deposit. See the 2012 Mineral Resources and Reserves Report which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a></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 metres 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                  | A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.. | <ul style="list-style-type: none"> <li>There are over 3,300 drill holes in the project area, and it is impracticable to list them all in this report. Drilling since 2004 has been tabulated on the Company's web site and significant results listed in the Quarterly reports. Summary information on and statistical analysis of the drilling is contained in the Company's 2012 Mineral Resources and Ore Reserves report at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a></li> </ul>   |
| Data aggregation methods                | In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.<br>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.<br>The assumptions used for any reporting of metal equivalent values should be clearly stated.  | <ul style="list-style-type: none"> <li>The intercepts reported on in any public release are described in sufficient detail, including gold maxima and subintervals, to allow the reader to make an assessment of the balance of high and low grades in the intercept.</li> <li>All sample interval lengths are presented as "Depth from" and "Depth to" and intercept length.</li> <li>Assay results for Ag, Pb and Au are presented as ppm (equivalent to grams of metal per tonne of rock, written as g/t). In addition, Au (gold) is presented as metal accumulations (grade x width), in metre-grams per tonne (m.g/t), particularly where intervals are less than one metre, to put the results into perspective as the minimum mining width is one metre.</li> <li>No aggregation of sections have been used.</li> <li>Metal equivalents are not used.</li> </ul>   |

## SECTION 2 REPORTING OF EXPLORATION RESULTS (CONT)

| CRITERIA   | JORC CODE EXPLANATION   | COMMENTARY  |
|--|---|---|
| Relationship between mineralisation widths and intercept lengths | These relationships are particularly important in the reporting of Exploration Results.<br>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.<br>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').   | <ul style="list-style-type: none"> <li>All intercepts presented in tables in Quarterly Reports are reported as down-hole lengths unless stated as True Widths.</li> <li>Structures within Charters Towers are highly variable in width and can be variable in dip over short distances, however, every attempt is made to drill approximately perpendicular to the dip of the structure. The intercepts reported as intercept widths may not necessarily represent true widths in some cases.</li> <li>All tables clearly indicate "From" and "To" intervals.</li> </ul>  |
| Diagrams   | Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.  | <ul style="list-style-type: none"> <li>There are over 3,300 drill holes in the project area, and it is impracticable to list them all in this report.</li> </ul> <p>Significant drill hole collar locations are shown on Figure 14-11, page 87, of the 2012 Mineral Resources and Ore Reserves Report ( <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a> ).</p>  |
| Balanced reporting   | Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.   | <ul style="list-style-type: none"> <li>Almost every drill hole completed on the property from 2004 to 2011 is available from the Citigold website (<a href="http://www.citigold.com/mining/exploration">http://www.citigold.com/mining/exploration</a>). Drilling was suspended during 2012 and resumed in 2013. There has been no drilling since 2016.</li> <li>Drill holes not included (regardless of intercepts and grade) are those that were drilled specifically for down-hole geophysics which were typically drilled parallel to the mineralised structure. All other drill holes have been reported, regardless of whether it has returned high or low grades.</li> <li>Higher grade drill holes (above 0.5m.g/t) are reported in Quarterly Reports.</li> </ul> |
| Other substantive exploration data                               | Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | <ul style="list-style-type: none"> <li>The Project has produced over 100,000 ounces of gold. Details such as bulk density, metallurgical characteristics, groundwater and geotechnical data are covered in the 2012 Mineral Resources and Ore Reserves Report which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a> . Bulk sampling and geophysical survey results are reported Quarterly as available</li> </ul>  |
| Further work   | The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).<br>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.   | <ul style="list-style-type: none"> <li>Future work will concentrate on in-fill drilling between drill hole intercepts in the Central area to increase the data density required to convert Inferred Resources to Indicated.</li> </ul>  |

## SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

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

| CRITERIA                  | JORC CODE EXPLANATION  | COMMENTARY   |
|---------------------------|--|--|
| Database integrity        | Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.<br>Data validation procedures used.  | Databases were manually audited and checked on three occasions by external consultants since 1998 and most recently by Snowden in 2011. The SURPAC computer program has an automatic error checking procedure that checks for duplication and column errors.   |
| Site visits               | Comment on any site visits undertaken by the Competent Person and the outcome of those visits.<br>If no site visits have been undertaken indicate why this is the case.  | The <i>Competent Person</i> (under the JORC Code) responsible for this report, Mr Christopher Alan John Towsey MSc BSc(Hons), DipEd, FAusIMM, CPGeo, MMICA, has been associated with the Project since 1999 as a consultant geologist and employee. He joined the Company on full-time staff as General Manager Mining in July 2002, was promoted to Chief Operating Officer ('COO') in January 2004 and lived on-site at Charters Towers as COO and Site Senior Executive, managing the day-to-day operations of the underground mining operations of the Imperial Mine from October 2009 to January 2011. He has remained as a consultant geologist to the Company since January 2011. On 21 February 2014 he was appointed as a Non-Executive Director of Citigold Corporation Limited, and Executive Director in April 2015-June 2016. He last visited the site on 22 September 2014. He has been abreast of daily operations since 21 Feb 2014, including video links to the site. There have been no material changes to resources & reserves since 2012.  |
| Geological interpretation | Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.<br>Nature of the data used and of any assumptions made.<br>The effect, if any, of alternative interpretations on Mineral Resource estimation.<br>The use of geology in guiding and controlling Mineral Resource estimation.<br>The factors affecting continuity both of grade and geology. | The geology is well known as the field has been mined since 1871 with some 180 km of underground drives and production of 6.6 million ounces of gold from 6 million tonnes of ore. The mineralisation is contained in fractures or shear zones (reefs) which have good geological continuity and predictability up to 2km along strike and down dip, but the reefs have an almost random distribution of ore grades within the reef. The reefs are widely spaced (usually >400m apart) and therefore drill intersections, especially with oriented drill-core, are usually clearly linkable to known reefs. The grade is known not to be continuous, making estimation of a Proved Reserve grade difficult without underground driving or bulk sampling. The statistical range derived from Ordinary and Indicator Kriging suggests a range of 6m to 8m (the distance an assay can be reliably projected away from the known point) but high grade areas have been found very close to sub-economic grade areas, meaning that a strike drive or potential stoping area often maintains an economic grade when averaged over say 200m. Drilling has also been found to underestimate the grade when compared to areas that have been mined and stoped. The variability in grade is compensated for by applying a mining factor, payability, to the resources - payability is the percentage of a nominated mineralised reef that can be economically mined based on previous production records. This variability is covered in the 2012 Mineral Resources and Ore Reserves report , which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a> |

## SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES (CONT)

| CRITERIA                             | JORC CODE EXPLANATION   | COMMENTARY   |
|--------------------------------------|---|--|
| Dimensions                           | The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.  | There are 25 mineralised bodies included in the Mineral Resource estimate. These are up to 2 km along strike. Mineral resources are estimated to a maximum depth of 1200 m down dip. The tops of bodies in the Resources are terminated at 50 m below surface, as it is unlikely the top 50 m under the city can be safely mined without disturbing existing buildings and infrastructure such as rail lines and highways. Drilling has intersected mineralised structures down to 2000m depth. There are 30 significant drill intersections deeper than 1,000 metres, of which 27 are deeper than 1,100 metres and 18 deeper than 1,200 metres. The deepest significant intersection is 1,817.2 metres (0.4 grams per tonne Au), and the best gold grade deeper than 1,200 metres was 20.54 grams per tonne Au.   |
| Estimation and modelling techniques  | The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.<br>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.<br>The assumptions made regarding recovery of by-products.<br>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).<br>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.<br>Any assumptions behind modelling of selective mining units.<br>Any assumptions about correlation between variables.<br>Description of how the geological interpretation was used to control the resource estimates.<br>Discussion of basis for using or not using grade cutting or capping.<br>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available. | Drilling has been separated into two main domains, the Central and Southern areas. For Inferred Mineral Resources, there was no cutting of high grades or exclusion of high-grade outliers, as log-probability plots indicated no anomalous populations. Indicated Mineral Resources used a Top Cut of 50 g/t.<br>A lower cut-off of 1 metre-gram per tonne was used to define the reef outlines and 3 metre-grams per tonne used to define Indicated & Measured Resources. Reefs were modelled in SURPAC to produce 3D solids.<br>Grades for Inferred Resources were based on the geometric mean applied over polygonal areas. Indicated Resources were based on arithmetic means of drill intersection accumulations (metre-grams per tonne) for the smaller polygons modelled for Indicated status.<br>Validation by comparing recovered ounces from stopped areas with ounces defined ahead of mining has been satisfactory. |
| Moisture                             | Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.  | All tonnages are estimated on dry weight as all material is below the base of oxidation. Moisture content becomes an issue only for mill feed after mining and does not affect in situ Resources.  |
| Cut-off parameters                   | The basis of the adopted cut-off grade(s) or quality parameters applied.  | See Chapter 14 of the 2012 Mineral Resources and Ore Reserves Report. A lower cut-off grade of three grams of gold per tonne of mineralized material (grams per tonne Au) over a minimum sample true width of one metre (expressed as 3 metre-gram per tonne Au). No Top Cut was applied to Inferred Mineral Resources as there is no statistical basis to do so, as explained in Chapter 14 but an arbitrary Top Cut of 50 g/t was applied to Indicated Resources.  |
| Mining factors or assumptions        | Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.  | Two mining factors have been included (a minimum mining width of one metre, and a substantial discount of the tonnes (70%) based on known mine payability on the reefs).<br>See Chapter 14 of the 2012 Mineral Resources and Ore Reserves Report.  |
| Metallurgical factors or assumptions | The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.  | Over 100,000 ounces of gold and 45,000 ounces of silver have been produced since 1998. From 2006 to 2012, the Company's Quarterly Reports to the Australian Securities Exchange listed the gold recovery from the plant. Recoveries were in the range of 95% to 98% recovery of gold entering the plant. A recovery of 98% has been used in the mining factors for estimating Ore Reserves and estimating mining and processing costs.<br>See Chapter 13 of the 2012 Mineral Resources and Ore Reserves Report.  |
| Environmental factors or assumptions | Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.  | The Project has been mining since 1994 with an accepted EMOS, granted mining leases and Environmental Authorities ('EA'). The Tailings Storage Facility was constructed in 1997 and is inspected annually by a qualified consultant engineer. The site normally does not release water from the site due to the high local evaporation rates, but has approval to release provided discharge waters are compliant with the conditions of the EA.   |
| Bulk density                         | Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.<br>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.<br>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.   | The Project normally mines primary ore from underground.<br>Oxidised ore was only mined in two trial open pits (Stockholm and Washington in 1997-2000). No oxidised material is included in Resources or Reserves.<br>Extensive density measurements were carried out. A bulk density of 2.7 t/m3 was used. See section 14.5.4 Tonnage Estimates in the 2012 Mineral Resources Report for tables of density data (Tables 14.10 and 14.11 in the 2012 report).  |

## SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES (CONT)

| CRITERIA                                   | JORC CODE EXPLANATION   | COMMENTARY  |
|--|---|---|
| Classification                             | The basis for the classification of the Mineral Resources into varying confidence categories.<br>Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).<br>Whether the result appropriately reflects the Competent Person's view of the deposit.  | The confidence level is $\pm 30\%$ for the contained ounces in the Inferred Mineral Resource, because two mining factors have been included (a minimum mining width of one metre, and a substantial discount of the tonnes (70%) based on known mine payability on the reefs).  |
| Audits or reviews                          | The results of any audits or reviews of Mineral Resource estimates.   | The last peer review of the Mineral Resources was by Snowden Associates in June 2012. Snowden concluded that the 2012 Technical Report is written in accordance with the 2004 JORC Code. In addition, Snowden considers that Citigold's approach to estimating Mineral Resources at Charters Towers are reasonable based on the nature of the mineralisation, the methodology adopted in preparing the estimate and the history of operations in the goldfield. There have been no material changes to Resources or Reserves since the 2012 report. |
| Discussion of relative accuracy/confidence | Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.<br>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.<br>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. | The confidence level is $\pm 30\%$ for the contained ounces in the Inferred Mineral Resource, because two mining factors have been included (a minimum mining width of one metre, and a substantial discount of the tonnes (70%) based on known mine payability on the reefs).  |

## SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES

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

| CRITERIA   | JORC CODE EXPLANATION  | COMMENTARY  |
|--|--|---|
| Mineral Resource estimate for conversion to Ore Reserves | Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.<br>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.   | The Indicated Mineral Resource is 3,200,000 tonnes at 7.6 grams per tonne gold and 5.1 grams per tonne silver, containing 780,000 ounces of gold and 520,000 ounces of silver.<br>The Probable Ore Reserve is derived from, and not additional to, the Indicated Mineral Resource.<br>There are 16 separate mineralised bodies in the Indicated Mineral Resource, and of these 16, fourteen met the criteria to be classified as ore bodies in the Probable Ore Reserve.  |
| Site visits  | Comment on any site visits undertaken by the Competent Person and the outcome of those visits.<br>If no site visits have been undertaken indicate why this is the case.  | The <i>Competent Person</i> (under the JORC Code) responsible for this report, Mr Christopher Alan John Towsey MSc BSc(Hons), DipEd, FAusIMM, CPGeo, MMICA, has been associated with the Project since 1999 as a consultant geologist and employee. He joined the Company on full-time staff as General Manager Mining in July 2002, was promoted to Chief Operating Officer ('COO') in January 2004 and lived on-site at Charters Towers as COO and Site Senior Executive, managing the day-to-day operations of the underground mining operations of the Imperial Mine from October 2009 to January 2011. He has remained as a consultant geologist to the Company since January 2011. On 21 February 2014 he was appointed as a Non-Executive Director of Citigold Corporation Limited, and Executive Director in April 2015-June 2016. He last visited the site on 22 September 2014. He has been abreast of daily operations since 21 Feb 2014, including video links to the site. There have been no material changes to resources & reserves since 2012. |
| Study status   | The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.<br>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered. | The project has been mining since 1993 and has produced over 100,000 ounces of gold and 45,000 ounces of silver in trial mining, which constitutes a full Feasibility Study, even though there is no single document with that title. Mining Leases have been granted, a two million tonne capacity tailings storage facility constructed and a processing plant built and operated since 1994. Actual mining costs have been obtained, together with purchased mining equipment and over \$200 million already invested. Material Modifying Factors have been tested under actual production conditions and validated.   |

## SECTION 4 ESTIMATION AND REPORTING OF THE RESERVES (CONT)

| CRITERIA                             | JORC CODE EXPLANATION  | COMMENTARY  |
|--------------------------------------|--|---|
| Cut-off parameters                   | The basis of the cut-off grade(s) or quality parameters applied.   | See Chapter 14 of the 2012 Mineral Resources and Ore Reserves report, which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a> . A lower cut-off grade of three grams of gold per tonne of mineralized material (grams per tonne Au) over a minimum sample true width of one metre (expressed as 3 metre-gram per tonne Au). No Top Cut was applied to Inferred Resources as there is no statistical basis to do so, as explained in Chapter 14. For conversion of Indicated Mineral Resources to Probable Reserves, a lower cut-off grade of 4 g/t gold was used to allow for physical losses and dilution during mining. An arbitrary Top Cut of 50 grams per tonne Au was applied to high assays in Ore Reserve estimation to reduce any potential biasing effect of the high-grades. This is a conservative approach, as there is no statistical basis for cutting high grades, as discussed in the Inferred Mineral Resources section, and several of the Central ore bodies averaged recovered grades of over 50 grams per tonne for tens of years when mined previously. |
| Mining factors or assumptions        | <p>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</p> <p>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</p> <p>The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling.</p> <p>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</p> <p>The mining dilution factors used.</p> <p>The mining recovery factors used.</p> <p>Any minimum mining widths used.</p> <p>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</p> <p>The infrastructure requirements of the selected mining methods.</p> | <p>Mining method - Underground. Long-hole open stoping, 10m sub-levels</p> <p>Minimum mining width - 1 metre</p> <p>Dilution - 10%</p> <p>Gold losses - 5%</p> <p>Payability - Variable - 30% to 52%</p> <p>Pillars left - 0% due to payability factor</p> <p>US Gold Price - USD \$1,300</p> <p>Exchange Rate - 0.91</p> <p>Aus Gold Price - AUD \$1,429</p> <p>Driving cost - AUD \$3,000 per metre, 3.5m square</p> <p>Driving cost equivalent - 2.1 Ounces per metre, 3.5m square</p> <p>Mill recovery - 95% of mill feed</p> <p>All necessary infrastructure has already been built and some 100,000 ounces of gold already produced. For details of the Mining factors and assumptions, see Chapter 15 of the 2012 Mineral Resources and Ore Reserves report, which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>.</p>   |
| Metallurgical factors or assumptions | <p>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</p> <p>Whether the metallurgical process is well-tested technology or novel in nature.</p> <p>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</p> <p>Any assumptions or allowances made for deleterious elements.</p> <p>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the ore body as a whole.</p> <p>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</p>  | <p>Metallurgical characteristics are well-understood, having operated the processing plant since 1993 and recovered over 100,000 ounces of gold and 45,000 ounces of silver. Actual mill recoveries varied from 95% to 98% of mill feed. Mill recovery used for future projections is 95% of mill feed. See Chapter 13 of the 2012 Mineral Resources and Ore Reserves report, which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>.</p>   |
| Environmental                        | The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.   | <p>This risk is assessed as Low Risk. Waste rock is benign granodiorite and classed as Non-Acid Forming. The main ore sulphides are galena and sphalerite which are acid-consuming, and the weathering of feldspars in the host rock is also acid-consuming, forming a self-neutralising system. Tailings deposited are made alkaline with added lime, which prevents the dissolution of heavy metals or any acid formation.</p> <p>The Company has an approved <i>Environmental Management Overview Strategy</i> (EMOS) and Environmental Authority (EA) in place and has been conducting mining and processing operation since 1993, and expects to be able to continue to do so. In addition a Plan of Operations, in compliance with the EMOS, has also been lodged with the DRNM. These operating documents are in compliance with Queensland's stringent Environmental Protection Act and Regulation.</p> <p>The Tailings Storage Facility has already been built and used since 1997. Adjacent land alongside has been acquired for any future expansion. Dry stacking of tailing above ground is being evaluated.</p>                                 |
| Infrastructure                       | The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.  | Most of the infrastructure is in place, paid for and operational, having produced over 100,000 ounces of gold. Power is drawn from the State grid. The Project is mostly self-sufficient in water but could draw on local municipal supplies if necessary. There is major town in the Project area that supplies all accommodation, services, transport, emergency services and medical backup that may be required. There is a major port, international airport and city to the east, 1.5 hours drive by sealed highway, at Townsville with a population of 189,238 (30 June 2013). The major Mt Isa to Townsville rail line runs through the project area, as does the sealed Flinders Highway (east-west) and Gregory Developmental Road (north-south).   |

## SECTION 4 ESTIMATION AND REPORTING OF THE RESERVES (CONT)

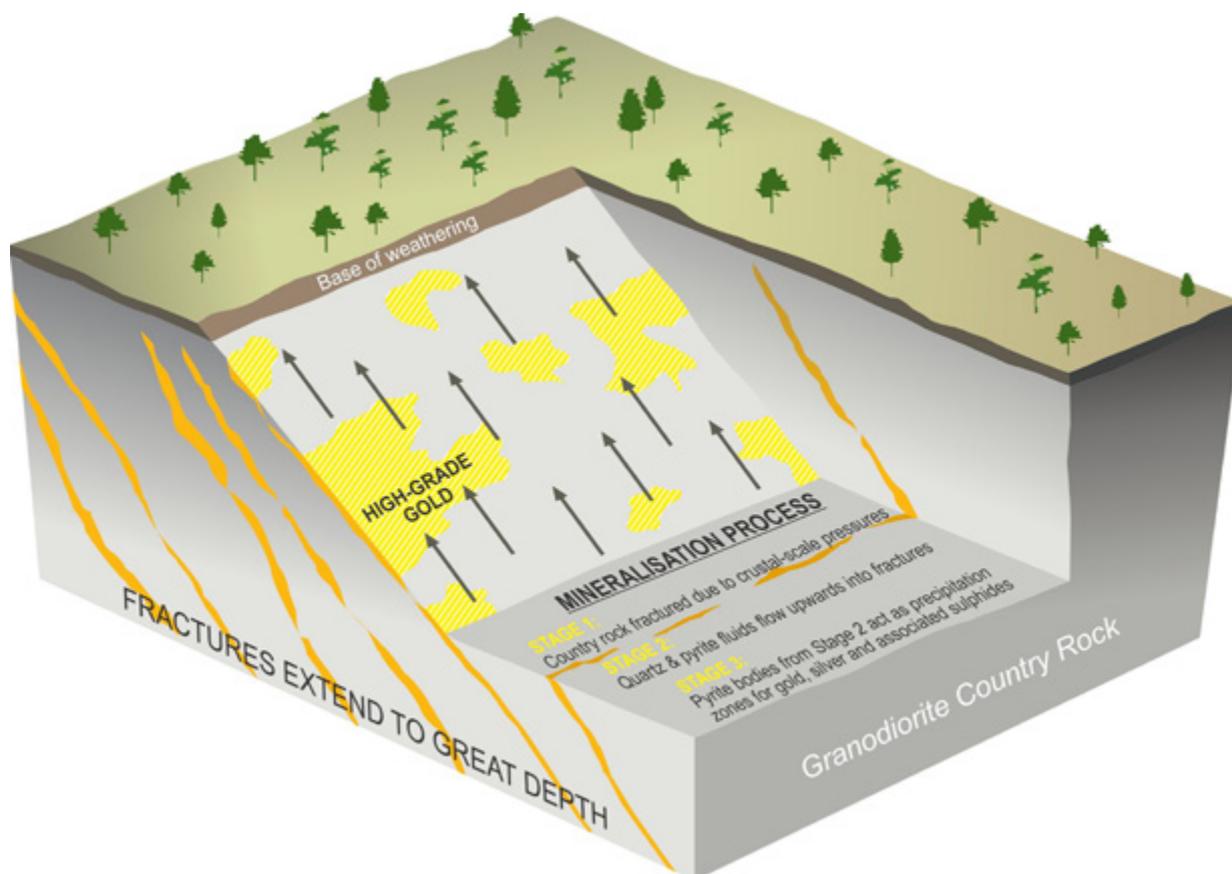
| CRITERIA          | JORC CODE EXPLANATION  | COMMENTARY  |
|-------------------|--|---|
| Costs             | <p>The derivation of, or assumptions made, regarding projected capital costs in the study.</p> <p>The methodology used to estimate operating costs.</p> <p>Allowances made for the content of deleterious elements.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.</p> <p>The source of exchange rates used in the study.</p> <p>Derivation of transportation charges.</p> <p>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</p> <p>The allowances made for royalties payable, both Government and private.</p>  | <p>Operating, transport, treatment, refining and capital costs are based on actual costs since 2006. A gold price of US\$1300, an exchange rate of 0.91 and an Australian dollar gold price of \$1430 were used, based on analysis of the supply and demand by the World Gold Council, and actual prices and exchange rates over the last 5 years. The deposit has low arsenic, selenium and mercury levels, and gold doré bars produced by the Company have met the refiner's specifications since 1994 without penalty.</p> <p>Royalties are currently at 5% of the gross revenue received from precious metal sales. This set by the Queensland State Government and is subject to periodic change outside the Company's control. The Government has not announced any plans to change the gold royalty. Transport costs of the final product are minimal – the maximum projected output is 330,000 ounces per year weighing 10.3 tonnes, or 197 kg per week. Raw doré gold is air-freighted to the Perth Mint refinery in Perth, Western Australia. Actual cash cost for the September 2013 Quarter was A\$569, down from A\$588 the previous Quarter (June 2013).</p>  |
| Revenue factors   | <p>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</p>   | <p>These are covered in Chapters 14-16, 19, 21 and 22 of the 2012 Mineral Resources and Ore Reserves report, which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>.</p> <p>Future metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns are simply unknown. Assumptions have been made based on the best available actual data and trends estimated by professional bodies and investment groups. Exchange rate variations combined with the USD gold price over the last 3 years has maintained the AUD gold price around A\$1500 per ounce. Silver revenue is about 1.5% of the gold revenue and is immaterial to the Project, being less than the weekly variation in gold price, but the silver revenue covers the cost of secure transport, insurance and refining of the doré bars, with a small profit.</p>  |
| Market assessment | <p>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</p> <p>A customer and competitor analysis along with the identification of likely market windows for the product.</p> <p>Price and volume forecasts and the basis for these forecasts.</p> <p>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</p>   | <p>Refined gold and silver are directly exchangeable for cash. There are no sale contracts, hedging contracts, forward sales or royalty contracts currently in place that lock the Company into any fixed sales arrangements. The Company has an agreement to refine its doré bullion at the Perth Mint precious metals refinery in Western Australia at market refining prices. There is an opportunity, but no obligation, for the Perth Mint to sell the gold and silver on the Company's behalf if instructed by the Company. The Company retains full flexibility to choose if, when and where it sells its gold and silver, and whether or not to enter into hedging or royalty agreements. See Chapters 19,21 and 22 of the 2012 Mineral Resources and Ore Reserves report , which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>. Hedging is seen a prudent strategy by locking in a future sale price, removing the risk of an unknown sale price or exchange rate, provided that certain conditions are adhered to. Citigold believes it is not prudent to hedge more than 50% of projected annual production or more than 50% of the ore reserve, and because delivery is dependent on production, the buyer cannot bring forward the delivery date.</p> |
| Economic          | <p>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</p> <p>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</p>   | <p>The NPV in the 2012 report based upon Citigold's financial model, was estimated at A\$742 million based on a Discounted Cash Flow Rate of 20%. See Chapter 22 of the 2012 Mineral Resources and Ore Reserves report, which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>.</p> <p>The Project NPV is sensitive to exchange rates and gold price (and therefore head grade &amp; tonnes processed). However, recent analysis shows that as the USD gold price varies, the AUD exchange rate moves in the reverse, maintaining a reasonably steady AUD gold price around A\$1500 per ounce. Most of the Project's costs are in AUD, and therefore the project is robust to these changes. A 10% change in the exchange rate changes the NPV by 19%, and a 10% change in the gold price changes the NPV by 17%, but when the changes are simultaneous, the NPV is relatively unchanged (1.9%) as the effects are opposite. A 10% change in the operating cost only changes the NPV by 4%.</p>   |
| Social            | <p>The status of agreements with key stakeholders and matters leading to social licence to operate.</p>  | <p>This risk is assessed as Low Risk. There are no known social or heritage matters that are seen as having the potential to stop the Project proceeding. Any proposed government changes to royalties, mining legislation, environmental protection or transport regulations would apply to the whole of either Queensland's or Australia's mining sector, and would therefore not proceed without timely discussion and time to implement.</p>  |
| Other             | <p>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</p> <p>Any identified material naturally occurring risks.</p> <p>The status of material legal agreements and marketing arrangements.</p> <p>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</p> | <p>The Company holds all the necessary land and permits it requires, all necessary infrastructure has been built and is operational. It has been mining since 1994 and has produced over 100,000 ounces of gold and 45,000 ounces of silver.</p> <p>There are no legal matters in hand that appear likely to interfere with expanding the Project. Refined gold and silver are directly exchangeable for cash and do not require specialist marketing.</p>  |
| Classification    | <p>The basis for the classification of the Ore Reserves into varying confidence categories.</p> <p>Whether the result appropriately reflects the Competent Person's view of the deposit.</p> <p>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</p>   | <p>Probable Ore Reserves are derived from Indicated Mineral Resources, which in turn are based on drill and face sample data at intervals of 25 to 80 metres. The Probable Ore Reserves are derived from, contained within, and not additional to, the Indicated Mineral Resources. There are 16 separate mineralised bodies in the Indicated Mineral Resource, and of these 16, fourteen met the criteria to be classified as ore bodies in the Probable Ore Reserve.</p>  |
| Audits or reviews | <p>The results of any audits or reviews of Ore Reserve estimates.</p>  | <p>The last peer review of the Ore Reserves was by Snowden Associates in June 2012. Snowden concluded that the 2012 Technical Report is written in accordance with the 2004 JORC Code. In addition, Snowden considers that Citigold's approach to estimating Ore Reserves at Charters Towers are reasonable based on the nature of the mineralisation, the methodology adopted in preparing the estimate and the history of operations in the goldfield.</p>  |

| CRITERIA                                    | JORC CODE EXPLANATION   | COMMENTARY  |
|---|---|---|
| Discussion of relative accuracy/ confidence | <p>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</p> <p>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</p> <p>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</p> <p>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p> | <p>The confidence level is <math>\pm 10</math> to 15% for the contained ounces in the Probable Ore Reserve. Assay duplicate precision has been audited and found to be within <math>\pm 10\%</math> of the mean value, which is within acceptable limits for commercial assays. Selective re-assay of samples was undertaken following inspection of results where particularly high or anomalous assays were noted. Assay results were reviewed statistically, by cumulative frequency plots and histograms, and log normality of data sets was established for the mineralised zones. See the Company 2012 Mineral Resources and Ore Reserves Report, available on the Company's web site at <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>, pages 45 to 64. The normal range of precision from commercial laboratories (as used by the Company) is 10% to 15% (Bumstead, 1984 – see the 2012 Report), meaning that repeat samples vary from the average of the samples by up to 10% to 15%. Given that this precision of the most accurate starting number, the laboratory assay, is already <math>\pm 10\%</math> to 15%, it is not possible to estimate contained ounces or confidence limits to a higher accuracy.</p> |

**The following statements apply in respect of the information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves:**

The information is based on, and accurately reflects, information compiled by Mr Christopher Alan John Towsey, who is a Corporate Member and Fellow of the Australasian Institute of Mining and Metallurgy. Mr Towsey is currently a Chartered Professional (Geology) and currently independent of Citigold Corporation Limited, having previously been an Executive Director of the Company from April 2014 to June 2016. He has the relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Identified Mineral Resources and Ore Reserves 2012. Mr Towsey has consented in writing to the inclusion in this report of the matters based on the information in the form and context in which it appears.

**For full details see Technical Report on the Mineral Resources and Reserves at [www.citigold.com](http://www.citigold.com) click Mining > Technical Reports > Mineral Resources and Reserves 2012**



Diagrammatic representation of the mineralisation process that formed the Charters Towers reefs. The Central mine reef systems have an overall East-West extent of 5 kilometres with the major reefs dipping to the North. Most past gold production was from ore shoots within quartz reefs in remarkably persistent, kilometre scale sheet-like reef structures (Diagram is Figure 9-1, page 35 of the 2012 Mineral Resources and Reserves Report, which can be found at: <https://www.citigold.com/technical-reports/>).

## 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 20.

Signed in accordance with a resolution of the directors.



M Lynch  
Chairman



J Foley  
Director

12 March 2020

## AUDITOR'S INDEPENDENCE DECLARATION

Level 1  
251 Elizabeth Street  
SYDNEY NSW 2000

75 Lyons Road  
DRUMMOYNE NSW 2047

# K.S. Black & Co.

ABN 48 117 620 556

20 Grosa 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

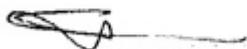
I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019 there has been:

- 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 relate to Citigold Corporation Limited and the entities it controlled during the period.

KS Black & Co  
Chartered Accountants

Dated in Sydney on this *12th* day of *March* 2020



Scott Bennison  
Partner

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

|   | NOTES | CONSOLIDATED       |                  |
|---|-------|--------------------|------------------|
|   |       | 31 DECEMBER 2019   | 31 DECEMBER 2018 |
|   |       | \$                 | \$               |
| Revenue   |       | -                  | -                |
| Cost of Sales   |       | -                  | -                |
| <b>Gross Profit</b>                                       |       | -                  | -                |
| Other Income  | 4     | 6,570              | 74,896           |
| Personnel benefit expense                                 |       | (414,053)          | (288,735)        |
| Depreciation and amortisation expense                     |       | (52,880)           | (13,067)         |
| Finance costs   | 5     | (108,441)          | (114,605)        |
| Consulting expense  |       | (164,887)          | (423,426)        |
| Other expenses  |       | (903,681)          | (207,303)        |
| Impairment of Assets                                      | 6     | -                  | -                |
| <b>(Loss)/Profit before income tax expense</b>            |       | <b>(1,637,372)</b> | <b>(972,240)</b> |
| Income tax expense  |       | -                  | -                |
| <b>(Loss)/Profit after tax from continuing operations</b> |       | <b>(1,637,372)</b> | <b>(972,240)</b> |
| <b>Other comprehensive income</b>                         |       |                    |                  |
| <b>Total comprehensive loss</b>                           |       | <b>(1,637,372)</b> | <b>(972,240)</b> |
| <b>Profit attributable to:</b>                            |       |                    |                  |
| (Loss)/Profit attributable to minority interest           |       | (58,198)           | -                |
| (Loss)/Profit attributable to members of the company      |       | (1,579,174)        | (972,240)        |
|   |       | <b>(1,637,372)</b> | <b>(972,240)</b> |
| <b>Total comprehensive income attributable:</b>           |       |                    |                  |
| (Loss)/Profit attributable to minority interest           |       | (58,198)           | -                |
| (Loss)/Profit attributable to members of the company      |       | (1,579,174)        | (972,240)        |
|   |       | <b>(1,637,372)</b> | <b>(972,240)</b> |
| Basic and diluted EPS (Cents per share)                   |       | (0.07)             | (0.05)           |

Notes to the financial statements are included on pages 25 to 26

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

|   | NOTES | CONSOLIDATED       |                    |
|---|-------|--------------------|--------------------|
|   |       | 31 DECEMBER 2019   | 30 JUNE 2019       |
|   |       | \$                 | \$                 |
| <b>Current assets</b>   |       |                    |                    |
| Cash and cash equivalents                                       |       | 12,374             | 10,498             |
| Receivables   | 7     | 56,913             | 17,477             |
| Other financial assets  |       | 1,517,340          | 1,517,340          |
| <b>Total current assets</b>                                     |       | <b>1,586,627</b>   | <b>1,545,315</b>   |
| <b>Non - current assets</b>                                     |       |                    |                    |
| Property, plant and equipment                                   |       | 108,924,273        | 109,098,476        |
| Other financial assets  |       | 504,068            | 501,568            |
| <b>Total non-current assets</b>                                 |       | <b>109,428,341</b> | <b>109,600,044</b> |
| <b>Total assets</b>   |       | <b>111,014,968</b> | <b>111,145,359</b> |
| <b>Current liabilities</b>                                      |       |                    |                    |
| Payables and accrued liabilities                                |       | 2,097,366          | 2,483,619          |
| Borrowings  |       | -                  | -                  |
| Provisions  |       | 1,788,226          | 1,923,553          |
| <b>Total current liabilities</b>                                |       | <b>3,885,592</b>   | <b>4,407,172</b>   |
| <b>Non-current liabilities</b>                                  |       |                    |                    |
| Payables and accrued liabilities                                |       | 6,126,491          | 5,926,244          |
| Borrowings  |       | 969,829            | 349,203            |
| Provisions  |       | 489,472            | 489,472            |
| <b>Total non-current liabilities</b>                            |       | <b>7,585,792</b>   | <b>6,764,919</b>   |
| <b>Total liabilities</b>  |       | <b>11,471,384</b>  | <b>11,172,091</b>  |
| <b>Net assets</b>   |       | <b>99,543,584</b>  | <b>99,973,268</b>  |
| <b>Equity</b>   |       |                    |                    |
| Issued capital  | 8     | 216,423,605        | 215,215,917        |
| Reserves  |       | 39,257,542         | 39,257,542         |
| Accumulated losses  |       | (156,148,448)      | (154,569,274)      |
| <b>Total equity attributable to shareholders of the company</b> |       | <b>99,532,699</b>  | <b>99,904,185</b>  |
| Non Controlling Interest  |       | 10,885             | 69,083             |
| <b>Total equity</b>   |       | <b>99,543,584</b>  | <b>99,973,268</b>  |

Notes to the financial statements are included on pages 25 to 26

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

|  | ISSUED<br>CAPITAL<br>\$ | ASSET<br>REVALUATION<br>RESERVE<br>\$ | CAPITAL<br>RESERVE<br>\$ | SHARE<br>BASED<br>PAYMENTS<br>RESERVE<br>\$ | CONVERTIBLE<br>BONDS<br>\$ | RETAINING<br>EARNING<br>\$ | ATTRIBUTABLE<br>TO OWNERS OF<br>PARENT<br>\$ | NON<br>CON-<br>TROLLING<br>INTEREST<br>\$ | TOTAL<br>\$        |
|--|-------------------------|---------------------------------------|--------------------------|---|----------------------------|----------------------------|--|---|--------------------|
| <b>CONSOLIDATED</b>  |                         |                                       |                          |   |                            |                            |  |   |                    |
| <b>Balance as at<br/>1 July 2019</b>                       | <b>215,215,917</b>      | <b>37,851,949</b>                     | <b>571,430</b>           | <b>834,163</b>                              | <b>-</b>                   | <b>(154,569,274)</b>       | <b>99,904,185</b>                            | <b>69,083</b>                             | <b>99,973,268</b>  |
| Loss for period  | -                       | -                                     | -                        | -   | -                          | (1,579,174)                | (1,579,174)                                  | (58,198)                                  | (1,637,372)        |
| Share of other<br>comprehensive<br>income of<br>associates | -                       | -                                     | -                        | -   | -                          | -                          | -  | -   | -                  |
| Total<br>comprehensive<br>income                           | -                       | -                                     | -                        | -   | -                          | (1,579,174)                | (1,579,174)                                  | (58,198)                                  | (1,637,372)        |
| Convertible<br>Bonds                                       | -                       | -                                     | -                        | -   | -                          | -                          | -  | -   | -                  |
| Owners<br>contribution,<br>net of<br>transaction cost      | 1,207,688               | -                                     | -                        | -   | -                          | -                          | 1,207,688                                    | -   | 1,207,688          |
| <b>Balance as at<br/>31 December<br/>2019</b>              | <b>216,423,605</b>      | <b>37,851,949</b>                     | <b>571,430</b>           | <b>834,163</b>                              | <b>-</b>                   | <b>(156,148,448)</b>       | <b>99,532,699</b>                            | <b>10,885</b>                             | <b>99,543,584</b>  |
| <b>Balance as at<br/>1 July 2018</b>                       | <b>213,679,319</b>      | <b>37,851,950</b>                     | <b>571,430</b>           | <b>834,163</b>                              | <b>-</b>                   | <b>(152,095,400)</b>       | <b>100,841,461</b>                           | <b>69,083</b>                             | <b>100,910,544</b> |
| Loss for period  | -                       | -                                     | -                        | -   | -                          | (972,240)                  | (972,240)                                    | -   | (972,240)          |
| Share of other<br>comprehensive<br>income of<br>associates | -                       | -                                     | -                        | -   | -                          | -                          | -  | -   | -                  |
| Total<br>comprehensive<br>income                           | -                       | -                                     | -                        | -   | -                          | (972,240)                  | (972,240)                                    | -   | (972,240)          |
| Convertible<br>Bonds                                       | -                       | -                                     | -                        | -   | -                          | -                          | -  | -   | -                  |
| Owners<br>contribution,<br>net of<br>transaction cost      | 1,476,598               | -                                     | -                        | -   | -                          | -                          | 1,476,598                                    | -   | 1,476,598          |
| <b>Balance as at<br/>31 December<br/>2018</b>              | <b>215,155,917</b>      | <b>37,851,950</b>                     | <b>571,430</b>           | <b>834,163</b>                              | <b>-</b>                   | <b>(153,067,640)</b>       | <b>101,345,819</b>                           | <b>69,083</b>                             | <b>101,414,902</b> |

Notes to the financial statements are included on pages 25 to 26

# CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

|  | 31 DECEMBER 2019<br>\$ | 31 DECEMBER 2018<br>\$ |
|--|------------------------|------------------------|
| <b>Cash flows from operating activities</b>                        |                        |                        |
| Receipts from customers  | -                      | 4,710                  |
| Payments to suppliers and personnel                                | (1,772,089)            | (882,579)              |
| Interest and other costs of finance paid                           | -                      | -                      |
| Net cash (used in) /provided by operating activities               | <b>(1,772,089)</b>     | <b>(877,869)</b>       |
| <b>Cash flows from investing activities</b>                        |                        |                        |
| Interest received  | 46                     | 38                     |
| Payments for property, plant and equipment                         | -                      | -                      |
| Proceed from sale of Property, Plant and Equipment                 | -                      | -                      |
| Development costs paid   | -                      | -                      |
| Net cash provided/(used in) by investing activities                | <b>46</b>              | <b>38</b>              |
| <b>Cash flows from financing activities</b>                        |                        |                        |
| Proceeds from issues of equity securities                          | 1,207,688              | 703,660                |
| Proceeds from borrowings   | 816,000                | 40,000                 |
| Repayment of borrowings  | (249,769)              | -                      |
| Net cash provided by/(used in) financing activities                | <b>1,773,919</b>       | <b>743,660</b>         |
| <b>Net Increase/(Decrease) in cash and cash equivalents</b>        | <b>1,876</b>           | <b>(134,171)</b>       |
| <b>Cash and cash equivalents at the beginning of the half year</b> | <b>10,498</b>          | <b>165,918</b>         |
| <b>Cash and cash equivalents at end of the half year</b>           | <b>12,374</b>          | <b>31,747</b>          |

Notes to the financial statements are included on pages 25 to 26

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2019

## 1. CORPORATE INFORMATION

Citigold Corporation Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia. The Company's shares are listed on the Australian Securities Exchange.

The address of the registered office and principal place of business is set out in the Corporate Directory at the front of this report.

The financial statements are for the Group consisting of Citigold Corporation Limited and its subsidiaries (the consolidated entity or the Group).

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

### A) BASIS OF PREPARATION

The general purpose financial report for the interim half year reporting period ended 31 December 2019 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 2019 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) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as disclosed below.

New and amended standards adopted by the group  
AASB 16 Leases became effective for the current reporting period however there were no retrospective adjustments or current period adjustments resulting from adopting the standard as there are no operating leases more than 12 months.

### C) GOING CONCERN

The Group has incurred a net loss after tax of \$1,637,373 (2018: net loss of \$972,240) for the half-year and net cash outflow from operating activities of \$1,772,089 (2018: \$877,869). 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 September 2020.

The Company is seeking to raise the required capital funding to complete the underground capital works to move to commercial and sustained gold revenues. Major project funding activities and discussions continue with potential interested strategic partners to expand the Citigold's production ready Charters Towers Gold Project.

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 assets carrying amounts or the amounts 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.

### 3. 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.

### 4. OTHER INCOME

|                       | <b>CONSOLIDATED</b>     |                         |
|-----------------------|-------------------------|-------------------------|
|                       | <b>31 DECEMBER 2019</b> | <b>31 DECEMBER 2018</b> |
|                       | \$                      | \$                      |
| Gain on sale of asset | 4,346                   | -                       |
| Interest received     | 46                      | 38                      |
| Sundry Income         | 2,178                   | 74,858                  |
| <b>Total</b>          | <b>6,570</b>            | <b>74,896</b>           |

### 5. FINANCE COSTS

|   | <b>CONSOLIDATED</b>     |                         |
|---|-------------------------|-------------------------|
|   | <b>31 DECEMBER 2019</b> | <b>31 DECEMBER 2018</b> |
|   | \$                      | \$                      |
| Interest Paid and other Finance Charges | 108,441                 | 114,605                 |
| <b>Total</b>                            | <b>108,441</b>          | <b>114,605</b>          |

### 6. IMPAIRMENT OF ASSETS

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

### 7. RECEIVABLES

|              | <b>CONSOLIDATED</b>     |                     |
|--------------|-------------------------|---------------------|
|              | <b>31 DECEMBER 2019</b> | <b>30 JUNE 2019</b> |
|              | \$                      | \$                  |
| Receivables  | 56,913                  | 17,477              |
| <b>Total</b> | <b>56,913</b>           | <b>17,477</b>       |

### 8. ISSUED CAPITAL

Issued capital as at 31 December 2019 amounted to \$216,423,605 (2,401,173,209 ordinary shares). During the half-year reporting period, Citigold Corporation Limited issued 241,537,612 ordinary shares by way of Share Purchase Plan and Private Placements.

### 9. EVENTS SUBSEQUENT TO HALF-YEAR END

Post half-year balance date, the Company issued 20,000,000 shares to raise working capital. No other 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 directors' 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 2019.

Signed in accordance with a resolution of the directors.



M J Lynch  
*Chairman*

12 March 2020



J J Foley  
*Director*



# INDEPENDENT AUDITOR'S REVIEW REPORT

Level 1  
251 Elizabeth Street  
SYDNEY NSW 2000

75 Lyons Road  
DRUMMOYNE NSW 2047

## K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street  
NORTH PARRAMATTA NSW 2151

PO Box 2210  
NORTH PARRAMATTA NSW 1750

### INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Citigold Corporation Limited

#### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Citigold Corporation Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Citigold Corporation Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the **Consolidated Entity's** financial position as at 31 December 2019 and of its performance for the financial Half-year ended on that date; and
- b) complying with Australian Accounting Standards *AASB 134 Interim Financial Reporting and Corporations Regulations 2001*.

#### Material uncertainty related to going concern

We draw your attention to Note 2C 'Going concern' of the financial report, which indicates the Group has incurred a net after tax loss of \$1,637,373, and has \$12,374 in available cash reserves.

Additionally the Group has excess of current liabilities over current assets of \$2,298,965.

The Group's cash flow forecast indicates that after meeting all of its commitments the Group will remain cash positive until September 2020. This forecast is solely reliant upon the Group's ability to make share placements of \$100,000 in March 2020, Share Purchase Plan of \$800,000 in August 2020 and net external borrowings of \$250,000.

Therefore, there exists a material uncertainty that may cast doubt as to whether the Group will be able to continue as a going concern. Our opinion is not modified in respect of this matter.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2019.
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date.
- Notes 1 - 9 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

# INDEPENDENT AUDITOR'S REVIEW REPORT

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The **Consolidated Entity** comprises Citigold Corporation Limited (the Company and the entities it controlled at the Half-year's end or from time to time during the Half-year.

The **Half year Period** is the 6 months ended on 31 December 2019.

### Responsibilities of the Directors for the Half-year 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 2019 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 half-year 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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KS Black & Co  
Chartered Accountants

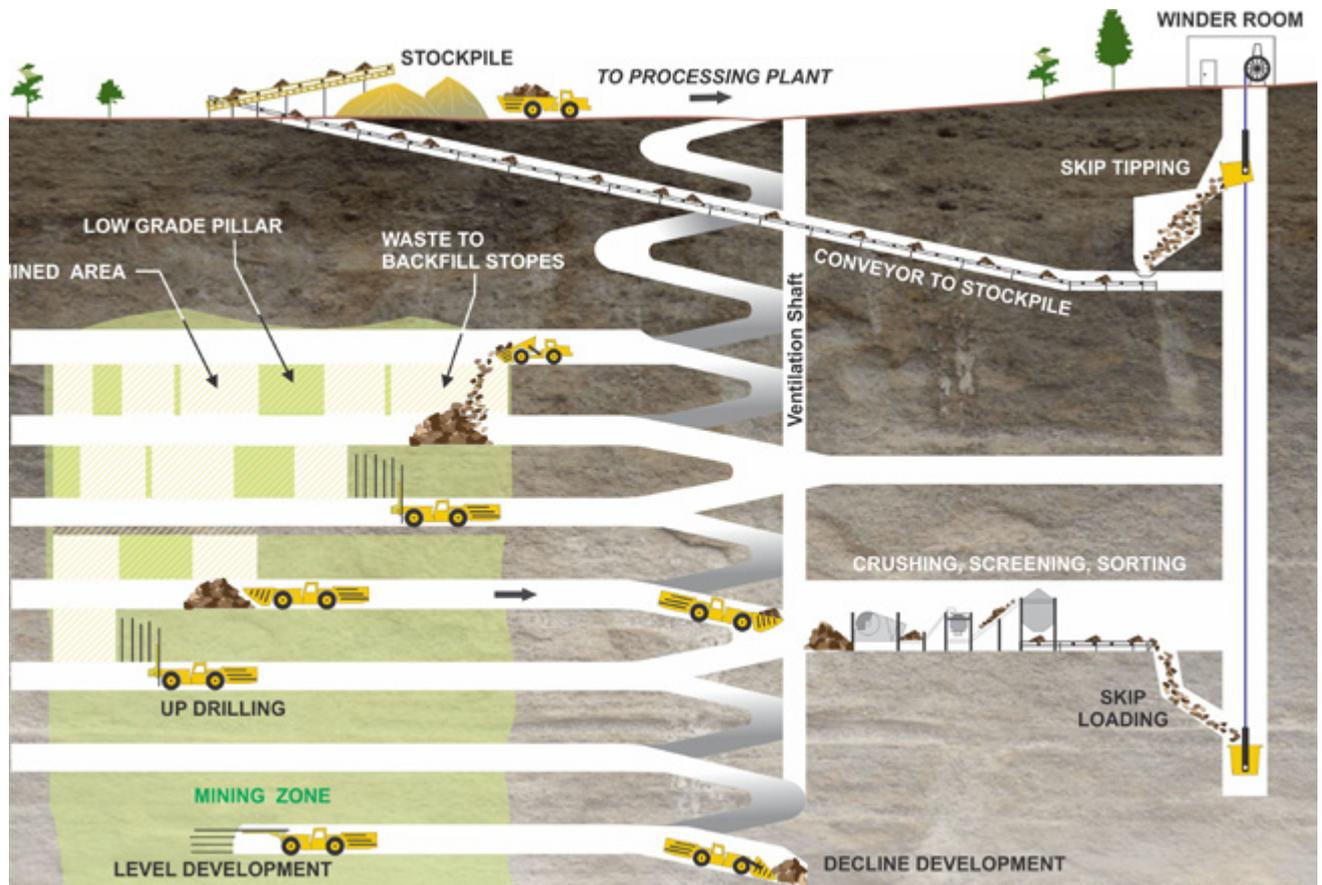


Scott Bennison  
Partner

Dated: 12/3/2020

## OUR MISSION

*“Our aim is to be a 300,000 plus ounces per annum ultra-low cost gold producer in five years using state of the art technologies and efficiencies, all with the aim of returning substantial profits to shareholders in harmony with the local environment”*



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



#### **CITIGOLD CORPORATION LIMITED**

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Email: [info@citigold.com](mailto:info@citigold.com)  
Website: [www.citigold.com](http://www.citigold.com)

#### **CHARTERS TOWERS MINE SITE**

10 Nagle Street  
[PO Box 10]  
Charters Towers, QLD, 4820, Australia

#### **DIRECTORS**

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

#### **COMPANY SECRETARY**

Mr Niall Nand

