



## Quarterly Report

For the period ending 31 December 2015

### HIGHLIGHTS

- Strategic mining review during the quarter resulted in the lead time to gold production from re-commencement of Charters Towers operations being shortened to 10 months. This assessment was made possible by the geological work over last the 2 years, planning sessions in the previous quarter, the rethinking of lead-time constraints and the commercial benefit imperatives for an incoming financing partner.
- The business plan review was able draw on over the 5 years of analysis of how to automate an underground gold reef mine and Citigold is now in a unique position of have a clear view of how this will be implemented in parallel with the re-commencement of gold mining.
- The commercial negotiations between Citigold and Fortune Gems and Jewelry DMCC were finalised resulting in an alteration to the redemption date of the redeemable notes to 21 March 2016 and an extension to our long term relationship.
- Major funding negotiations continue with the recent strengthening of the US\$ gold price assisting, and the Company is working towards finalizing the major funding of the Charters Towers Project.
- Capital raising of \$300,000 during the quarter was used for working capital, confirming the continued support of investors and shareholders.

### OPERATIONS

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

The preparations for the wet season were completed and whilst Charters Towers has only received moderate rainfalls to date the site is ready for a tropical wet season.

No production mining operations were undertaken during the quarter.

Citigold's geologists have continued to develop the new data capture and interrogation system in anticipation of the initiation of drilling in the near future. The team has been

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

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

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

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

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

## **HEALTH, SAFETY & ENVIRONMENT**

There were no Lost Time Injuries or significant environmental or health issues during the Quarter.

During the quarter and previous quarters the sites were actively maintained.

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

With the planned underground expansion there will be a shift from an internal own operator workforce model to an outsourced multi contractor operated model. This will more fully generate benefit to and from the already substantial local industry infrastructure. The market has changed in that skilled operators are now available compared to previous 'boom' years.

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

## **STRATEGIC REVIEW**

During the December quarter there was a significant amount of time spent on fine tuning the business plans. This will ensure Citigold is in a ready state position to move back into production at the earliest possible time once the major capital funding is secured.

Citigold has a plan to develop the project in stages over a five year period, subject to adequate capital funding, building gold production to over 300,000 ounces per annum. In addition to the 148 square kilometre central goldfield, Citigold has surrounding exploration areas with identified targets and potential for major discoveries.

This is founded on the knowledge of the defined gold deposit that has a high average grade of 14 g/t gold and is large at 11 million ounces\*. Nevertheless it has the usual reef geometry and continuity challenges that can be managed based on recent experience with 'trial' scale mining and the mining system cost savings that will result.

The surface infrastructure to support underground mining is already in place including the gold process plant.

Citigold has a motivated and experienced core management team focused on expanding into an ultra low cost gold producer. An ultra-low cost per gold ounce is realistic.

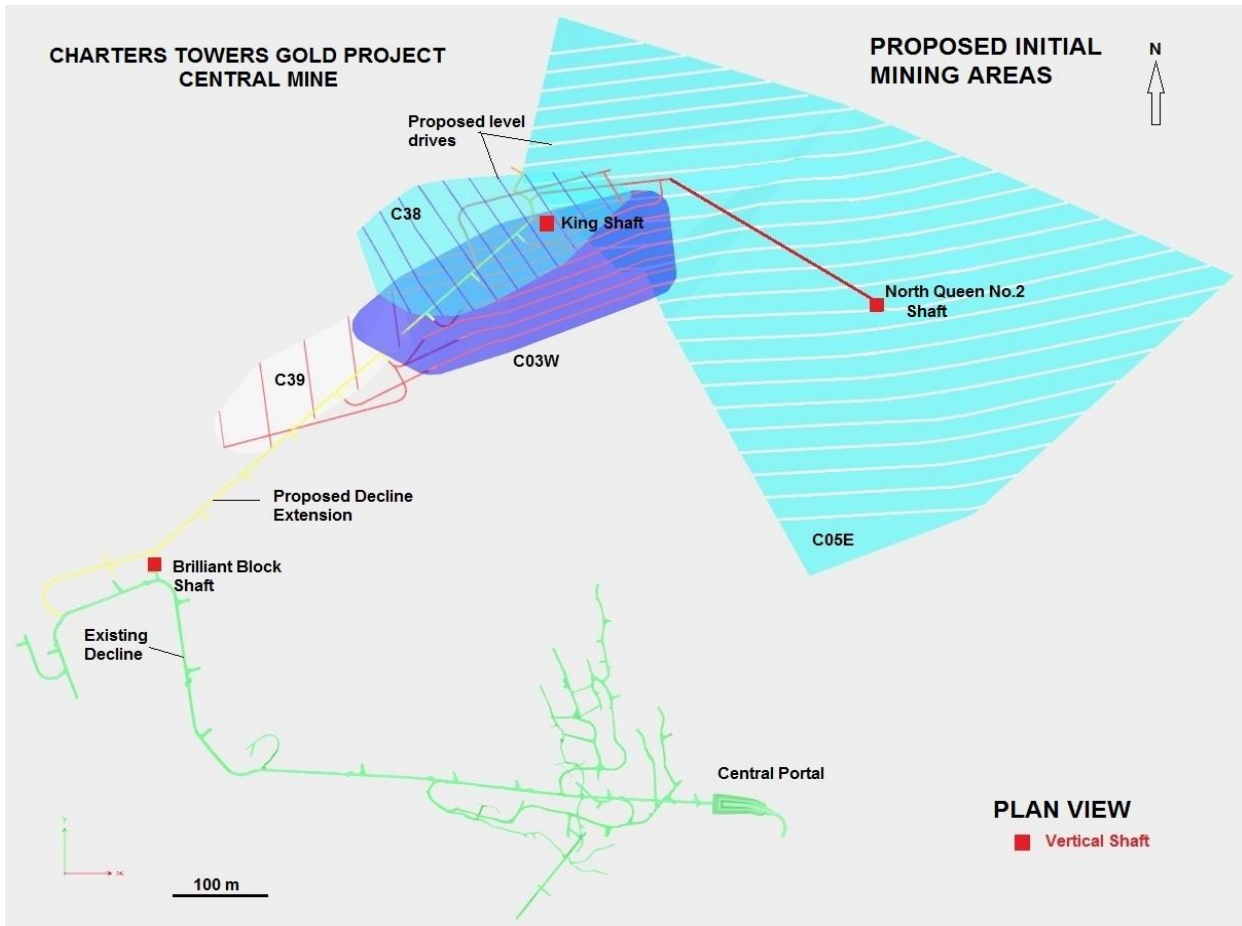
The Charters Towers gold deposit is large and forecasts show that it has the potential to generate substantial positive cash flows for over 20 years.

### ***First 1 to 3 years of mining***

The first three years of mining will initially see the extension of the Central Tunnel (decline underground roadway) to the King Shaft and the mining of adjacent gold reefs. The King Shaft will be re-opened and secured. The King Shaft will act as a second fresh air intake ventilation shaft and as a second exit (egress) from the mine in accordance with statutory requirements.

The Central Tunnel roadway will be extended from a current point vertical depth of 201 metres from surface to initially junction again with the Brilliant Block Shaft at a vertical depth of 238 metres for fresh air intake and then continues to the King Shaft junctioning at a vertical depth of 364 metre. Should the King Shaft reopening have unavoidable complexities then a new smaller shaft will be drilled nearby (raise-bored).

This Central Tunnel extension will open up the gold ore reefs C03W, C38 and C39 respectively (see Figures 1-3) and then move on to C05E. Access to the C03W, C38 and C39 will come off the Central Tunnel extension, and gold reef access tunnels (drives) will be driven at 20 metre vertical levels to provide closely-spaced grade control samples. High volume gold ore extraction (stopping) will commence once these levels are developed and the King Shaft emergency second exit (egress) established.

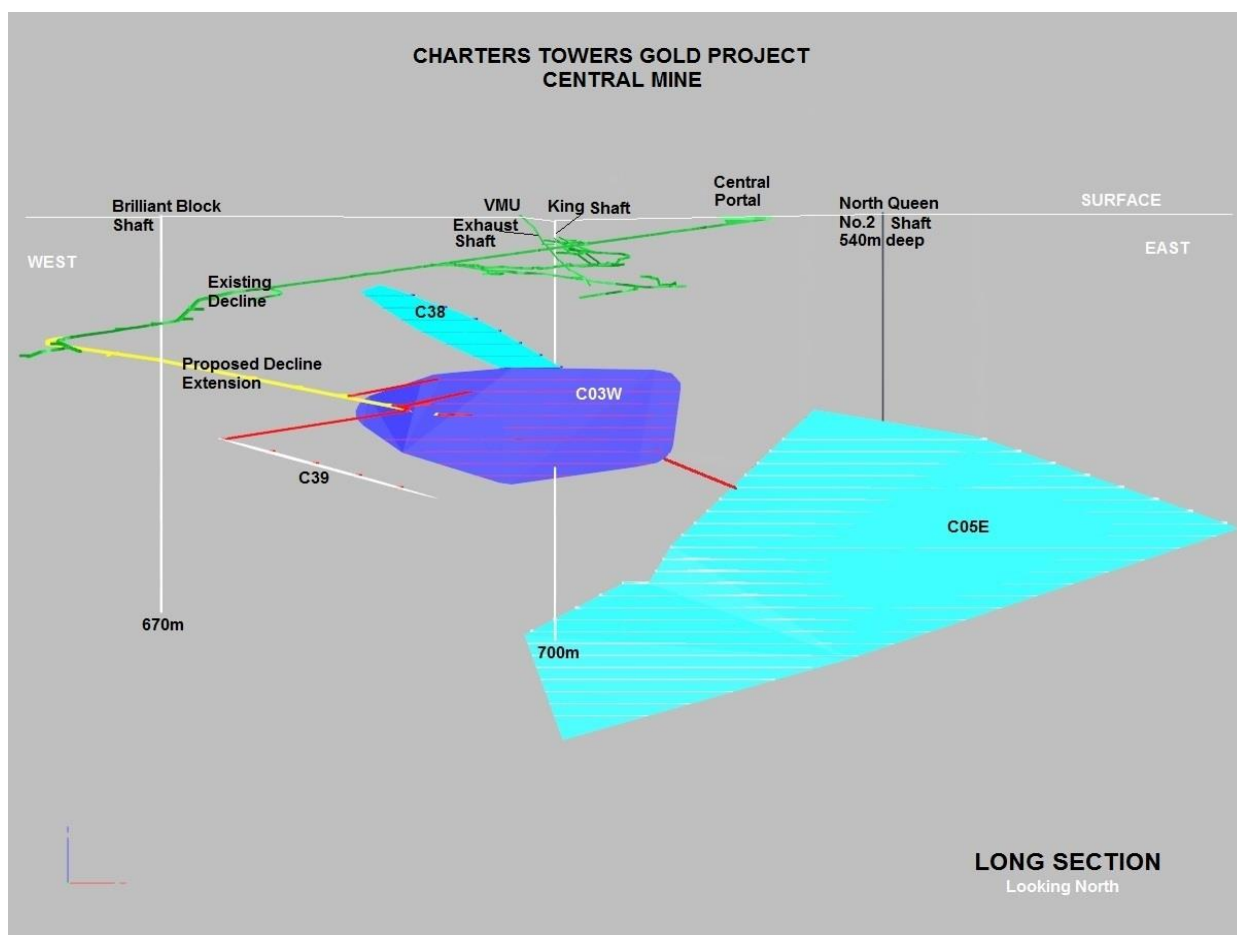


*Figure 1. Plan view of the Central Mine area of the Charters Towers Gold Project. The existing Central Tunnel (decline) (in green) runs westward from the Central Portal for 1.6 kilometres where it intersects the vertical Brilliant Block Shaft and draws in fresh air. The planned extension to The Central Tunnel (in yellow) runs northeast for a kilometre to intersect the existing King Shaft at a vertical depth of 364 metres. The King Shaft will initially act as a second downcast fresh air intake ventilation shaft and as an a second exit (egress) from the mine. Access to the C03W, C38 and C39 will come off this Central Tunnel extension, and access tunnels (drives) will be excavated at 20 metre vertical levels to provide closely-spaced grade control samples. Gold ore extraction (stopping) will commence once these levels are excavated and the King Shaft access established.*

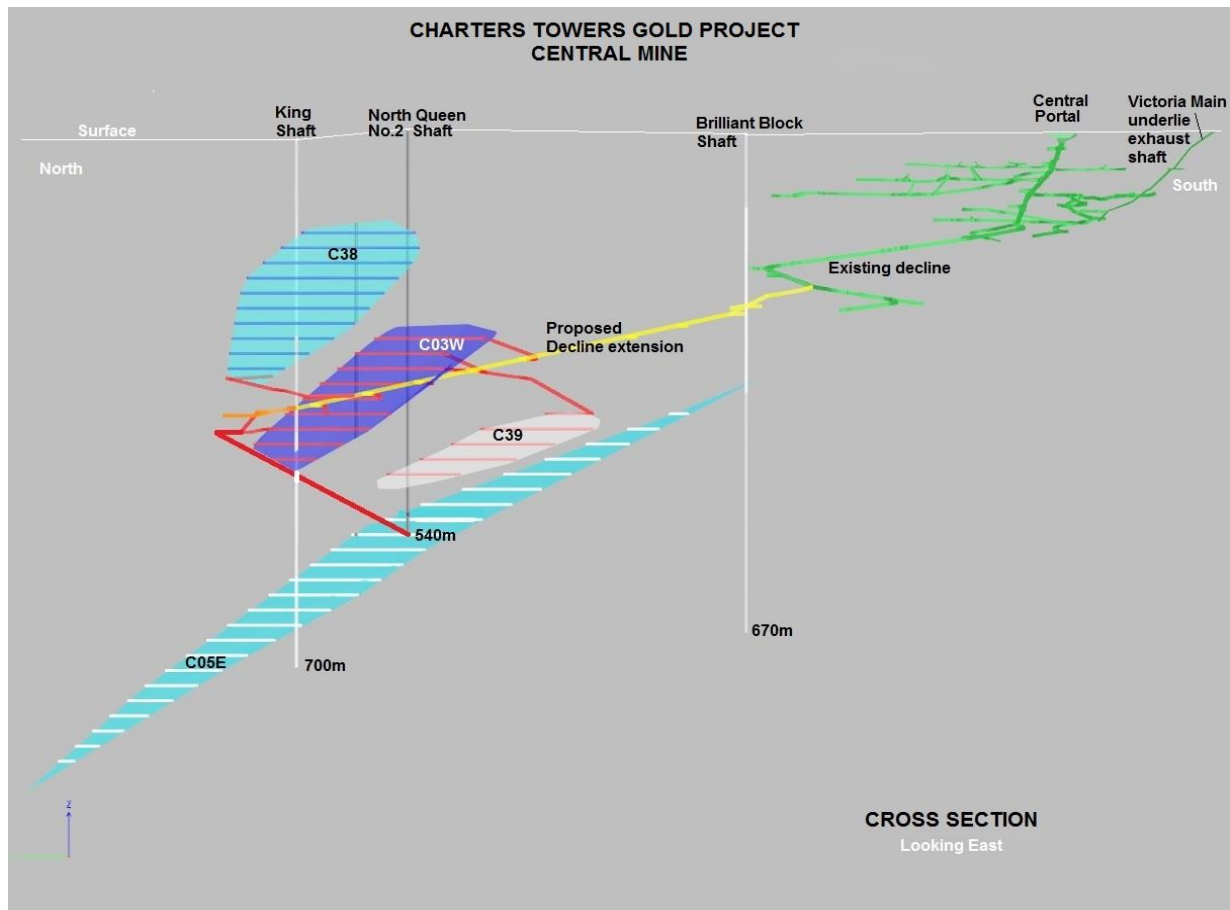
The first year mining is projected to commence in C03W reef and should take the Project well into year 2 and 3, with total projected production of 133,153 ounces of gold.

At the same time, the Project will start opening up C38 and C39 reefs with an additional projected gold production of 91,945 ounces. As part of the ongoing underground development during Year 3 the plan is to extend the Decline and open up C05E, which will open up projected additional ore of 108,126 ounces of gold. C05E is planned to be mining in Years 3 to 4.

The Central Tunnel will be extended and branch off, to access the C05E reef, and intersect the existing North Queen No.2 Shaft close to its base at 540 metres below surface. This can provide additional downcast ventilation if required.



*Figure 2. Long section view of the Central Mine area of the Charters Towers Gold Project, looking North. The existing Central Tunnel (decline) is shown in green and the planned extension in yellow. Access ramps to the four initial mining reefs (C03W, C38, C39 and C05E) are shown in red. Horizontal level access tunnels (drives) are spaced at 20 metre vertical intervals in each reef. The C39 reef dips east and strikes North-South, and shows edge-on as a narrow strip in this view. VMU stands for the Victoria Main Underlie, an existing inclined exhaust ventilation shaft that also served as a second mine exit for the near surface areas mined by Citigold from 1996-2000.*



*Figure 3. Cross section view of the Central Mine area of the Charters Towers Gold Project, looking East. The existing Central Tunnel (decline) is shown in green and the planned extension in yellow. Access ramps to the four initial mining reefs (C03W, C38, C39 and C05E) are shown in red. Horizontal level access tunnels (drives) are spaced at 20 metre vertical intervals in each reef.*

The existing gold processing plant may be upgraded to extract the gold faster using ultra-modern gravity recovery methods to allow for rapid increase in gold output without interruption. The process plant operating and capital costs are therefore reduced, relative to the gold output, by reducing the tonnage to be chemically treated.

Also costs usually incurred when all mined tonnages are processed may be reduced through improved use of energy by removing rocks with no gold (dilution in the normal mining process) before the milling circuit. The higher grade gold means that the cost per ounce of gold to produce is reduced.

These initiatives are a part of the ultra-low cost mining approach.

## DRILLING

Citigold is continuing to maintain and administer its exploration permits with work continuing on translating geophysical results from the Central area to nearby prospects.

No new drilling was undertaken during the quarter.

Citigold's geologists have initiated mine planning around four of the principal target reefs which includes two cross-reefs and two north-dipping reefs. Following the review of the volume and location of the historic Charters Towers workings completed during the quarter, as well as ongoing refinement of the existing structural model, Citigold is well positioned for initial mine planning around the target reefs. In particular, the Queen West (C03W) reef will be intercepted during the extension of the current Central Tunnel (decline) to the King Shaft. The location of the reef has been constrained by drilling and Citigold anticipates accessing the reef via several take off points along the extended Central Tunnel which will in turn facilitate initial gold production soon after completion of the tunnel.

## **CORPORATE**

### **Major development funding**

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

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 has finalised, the realisation of becoming a large ultra-low cost gold producer is realistic and reachable.

We look forward to the quarter ahead and the ability to report on Citigold's successes.

### **Financial Highlights**

During the quarter there was capital raising of \$300,000 via the issue of ordinary shares to sophisticated investors and this funding was used for working capital. Given that this allotment of 15,000,000 shares used the remaining capacity under the 15% rule available for issue, it was important that the ratification of all previous share allotments occurred at the AGM to allow for future placements.

At the AGM, November 2015, shareholders passed the resolution to ratify the previous share allotments, allowing Citigold the flexibility to issue securities in the future up to 15% annual placement.

There was an additional \$500,000 capital raising in process within the quarter and finalised subsequent to the end of the quarter as announced to the market 6 January 2016. The share allotment was placed at a premium to the current share price and shows the significant support that our investors have in Citigold's gold asset. The next steps are to finalise the major capital funding negotiations, expand the Charters Towers project and ultimately fulfill Citigold's vision :

*"to be regarded as a premier gold producer in Australia, efficiently and sustainably producing 300,000 ounces of gold each year, whilst working symbiotically with the local community and the environment".*

The Company has engaged and will continue to engage in negotiations with interested parties in respect to the Charters Towers gold project. The principal task is adequate development funding to be completed and the expansion of the Charters Towers Central underground mine.

Whilst these negotiations continue Citigold will have the ability to raise short term capital to meet its financial obligations via the placement of shares and short term loans.

Another key step of the quarter was the finalisation of the commercial negotiations with Fortune Gems and Jewelry DMCC, which has resulted in a strengthening of our long term working relationship and an extension to the Loan Note redemption date from 21 October 2015 to 21 March 2016. That being said should the appropriate capital funding be sourced there is the ability for Citigold to repay redeemable notes before due date.

There has been a real focus on keeping costs to a minimum as can be seen in the quarterly cashflow, nevertheless the very substantial mining assets at Charters Towers and ongoing government regulatory requirements means that working capital is required and Citigold will continue previous practices in order to raise the required funds to meet its financial obligations.

## SUMMARY OF MINING TENEMENTS & AREAS OF INTEREST

The Consolidated Entity has a 100% control of the following mining tenements at Charters Towers, Queensland Australia as at 31<sup>st</sup> December 2015 and there were no acquisitions or disposals during the quarter:

Exploration Permit Minerals	EPM 15964	EPM 15966	EPM 16979	EPM 18465	EPM 18813	EPM 18820
Minerals Development Licence	MDL 116	MDL 118	MDL 119	MDL 251	MDL 252	
Mining Lease	ML 1343	ML 1408	ML 1433	ML 1548	ML 10042	ML 10222
	ML 1344	ML 1409	ML 1472	ML 1549	ML 10048	ML 10281
	ML 1347	ML 1424	ML 1488	ML 1585	ML 10050	ML 10282
	ML 1348	ML 1428	ML 1490	ML 1586	ML 10091	ML 10283
	ML 1385	ML 1429	ML 1491	ML 1587	ML 10093	ML 10284
	ML 1387	ML 1430	ML 1499	ML 1735	ML 10193	ML 10285
	ML 1398	ML 1431	ML 1521	ML 10005	ML 10196	ML 10335
	ML 1407	ML 1432	ML 1545	ML 10032	ML 10208	

*\* 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.*

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



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

*\* 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.*

### COMPETENT PERSON STATEMENT

*In accordance with ASX Listing Rules and the JORC Code 2012 Edition, the following statements apply in respect of the information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves: The information is based on, and accurately reflects, information compiled by Mr Christopher Alan John Towsey, who is a Corporate Member and Fellow of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists. Mr Towsey is a consultant geologist and was appointed as an Executive Director of Citigold in April 2014. He has the relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the 2012 Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Towsey has consented in writing to the inclusion in this report of the matters based on the information in the form and context in which it appears. The Pathfinder Exploration Pty Ltd Report on the Mineral Resources and Ore Reserves of the Charters Towers Gold Project dated May 2012, which can be found at <http://www.citigold.com/mining/technical-reports> and is referenced by Citigold in its public statements was compiled in compliance with the 2004 JORC Code that was current at that time. This May 2012 report has not yet been updated to the 2012 JORC Code.*

## APPENDIX 1

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

Section 1 Sampling Techniques And Data		
Criteria	Explanation	Accompanying statement
Sampling techniques	<ul style="list-style-type: none"> <li>• <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li>• <i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The Charters Towers area has been sampled by a mixture of diamond (HQ and NQ2) and RC drill holes for the purpose of identifying the location of mineralised structures and for identifying potential for mineralisation on these structures and for down-hole (DH) geophysics.</li> <li>• HQ / NQ core is typically cut in half (50%) using a diamond saw (100% of core recovered) and half or in some instances 1/4 (25%) of the core is submitted for analysis. Only HQ-size drill core is used for quarter core samples.</li> <li>• RC drilling was sampled on 1m intervals or through sections where mineralisation was known to occur. RC results are not reported here.</li> <li>• Due to the "narrow vein" style of mineralisation found at Charters Towers, the maximum HQ / NQ sample interval is 1m &amp; minimum sample interval 0.1m.</li> <li>• Zones of mineralisation are defined by sericite, chlorite and epidote alteration of granite surrounding narrow, but high grade quartz veins containing sulfides, other gangue minerals and gold. Samples are taken from the mineralised zone and on either side of the mineralisation into unaltered granite.</li> <li>• Sampling methods follow guidelines and methodologies established by Citigold throughout its mining and exploration history. These methods are described in detail in the 2012 Mineral</li> </ul>

		<p>Resources and Reserves Report which can be found on the company's website (<a href="http://www.citigold.com">www.citigold.com</a> <i>click Mining &gt;Technical Reports &gt;Mineral Resources and Reserves 2012</i>).</p>
<p>Drilling techniques</p>	<ul style="list-style-type: none"> <li>• <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></li> </ul>	<ul style="list-style-type: none"> <li>• Most diamond drilling has been 63.5mm diameter HQ core, although some NQ2 core has been drilled. RC pre-collars have been used for some drill holes where drilling was aimed at defining the location for the fracture. NQ2 drill core was typically used for the diamond tails on RC pre-collars.</li> <li>• Downhole surveys have been taken at a minimum of every 50m down hole.</li> <li>• 60mm PN12 PVC piping has been inserted into many holes to accommodate the DH geophysics tools and to maintain the internal integrity of the holes in case of further surveying requirements.</li> <li>• Contractors used for drilling previously include Eagle Drilling, Dominion Drilling, WAR NQ and Weller Drilling. All drilling was completed under contract to Citigold.</li> <li>• Core orientation was only carried out on drilling taking place in the central area (CT9000).</li> </ul>

<p>Drill sample recovery</p>	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The core is marked up and measured by senior field assistants and geologists under the guidance of the senior geologist. Core recovered (CR) is compared with the meters drilled (MD, recorded by the drillers in their shift record) and a 'core recovery' percentage is calculated; <math>CR/MD \times 100 = \% \text{ recovered}</math>. All data is recorded within the Citigold database where it is checked by senior geologists.</li> <li>• Drilling is mostly within competent granitic rock where core loss is minimal. However, in areas where high degrees of alteration and associated mineralisation occur, some core loss is expected and subsequently recorded. Accordingly, it is possible that some fine gold within clay could have been lost during drilling.</li> </ul>
<p>Logging</p>	<ul style="list-style-type: none"> <li>• <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>• 100% of core was logged. Samples were collected from intercepts where alteration or alteration and mineralisation were clearly seen. The nature of the orebody is such that mineralisation or potentially mineralised structures are easily identified. Selected RC samples were geologically logged and sampled.</li> <li>• The logging describes the dominant and minor rock types, colour, mineralisation, oxidation, degree of alteration, alteration type, vein type, core recovery, basic structure.</li> <li>• Rock Quality Designation or RQD % has been noted in the core drill logs (also number of fractures per interval has been noted).</li> </ul>

<p>Sub-sampling techniques and sample preparation</p>	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Core is sawn in half and one half (50%) is submitted for analysis at SGS labs in Townsville (QLD, Australia).</li> <li>• Selected core (as listed in associated tables) is cut for 1/4 core (25%) and submitted for analysis at SGS labs in Townsville (QLD, Australia).</li> <li>• The 25%-50% sampling of the HQ core is considered appropriate for the mineralisation type. NQ core is sampled for 50% only.</li> <li>• Samples are couriered to SGS where they are dried at 105C; weighed; crushed to – 6mm; and pulverised to 90% passing 75um where a 200 g sub-sample is taken. 5% of samples are dual sub-sampled (second split) for sizing and analytical quality control purposes. Fire assay: 50 g of sample is added to a combustion flux and fired at 1000 C; the resultant lead button is separated from the slag and muffled at 950C to produce a gold/silver prill; the prill is digested in aqua regia and read on an AAS. 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. 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>
<p>Quality of assay data and laboratory tests</p>	<ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>• <i>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</i></li> </ul>	<ul style="list-style-type: none"> <li>• Citigold uses standards sourced from Gannett Holdings Pty Ltd, Perth, Australia. Certificate number 13U20C-22-04-13.</li> <li>• A blank sample and/or a standard sample and/or a duplicate sample are randomly inserted approximately every 30 samples that are submitted.</li> <li>• SGS Townsville have their own rigorous 'in lab' QAQC procedures and are accredited for precious metal and</li> </ul>

	<p><i>their derivation, etc.</i></p> <ul style="list-style-type: none"> <li>• <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></li> </ul>	<p>base metal analyses.</p> <ul style="list-style-type: none"> <li>• A complete discussion on assay techniques, sample sizes, assay variance and sample bias can be found in the Citigold 2012 Mineral Resources and Reserves report.</li> </ul>
<p>Verification of sampling and assaying</p>	<ul style="list-style-type: none"> <li>• <i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li>• <i>The use of twinned holes.</i></li> <li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Selected samples are submitted to other labs, including Citigold's on-site lab) to check for consistency, accuracy and as a second means of obtaining a result.</li> <li>• Some strongly anomalous holes have been resubmitted for assay.</li> <li>• No twinned holes were completed by Citigold in 2015, however, prior exploration has engaged diamond drilling as a means of checking anomalous RC drilling and to confirm the precise depth of the mineralised structure.</li> <li>• All drill holes are logged into laptop computers and checked before entering into database. Criteria have been established so that erroneous or incorrect characters within a given field are rejected thereby reducing the potential for transfer error. All logs are reviewed by the senior geologist.</li> <li>• All samples logs are recorded onto paper and assigned a unique sample number once cut. The sample and other details are entered into the Citigold database.</li> <li>• All significant intercepts are checked against the remaining core, checked for corresponding base metal grades and assessed for geological consistency.</li> </ul>

<p>Location of data points</p>	<ul style="list-style-type: none"> <li>• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>• Specification of the grid system used. -Quality and adequacy of topographic control.</li> <li>• Data spacing and distribution-Data spacing for reporting of Exploration Results.</li> <li>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>• Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>• Citigold uses a combination of grids including a local mine grid and AMG AGD66 Zone 55 which closely approximates the local mine grid.</li> <li>• Drill hole collars are surveyed using a Leica Viva Real Time Kinematic (RTK) Differential GPS system with a fully integrated radio, allowing for data capture in three dimensions at an accuracy of +/-25mm over baselines within 5km radius of the base station.</li> <li>• All coordinates are provided in AMG AGD66 unless otherwise stated.</li> <li>• Citigold uses a geo-registered 50cm pixel satellite photograph acquired in September of 2013 as a secondary check on the spatial location of all surface points.</li> <li>• Down-hole (DH) surveys are obtained using either a Ranger or Camteq downhole survey instrument. Survey tools are checked in Citigold's base station (a precise DH camera alignment station) prior to drilling holes over 800m or approximately every 4-5 holes in other circumstances. DH geophysics are obtained from most drill holes at which time the holes are often re-surveyed with a Camteq Proshot acting as a secondary check of the original survey.</li> </ul>
<p>Data spacing and Distribution</p>	<ul style="list-style-type: none"> <li>• Data spacing for reporting of exploration results</li> <li>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>• Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>• Drill hole spacing and orientation is currently constrained by the requirements for DH geophysical surveying. Approximately 80m between points of intercept are planned, however; the nature of the structure may require alterations to the spatial pattern of holes.</li> <li>• Drill hole spacing in the E05 area is aimed at intercepts no further than 50m apart. No Resources or Reserves are presented here. A full description of Citigolds Mineral Resources and Reserves can be found in the 2012</li> </ul>

		Mineral Resources and Reserves Report ( <a href="http://www.citigold.com">www.citigold.com</a> - click Mining >Technical Reports >Mineral Resources and Reserves 2012).
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Drill holes are planned to intercept the mineralised structures (average 45 degree dip) at high angles. The presence of infrastructure and other features on the landscape prevent all holes from intercepting perpendicular to the structure. Typically, holes will be drilled in a fanning pattern with intercepts at no less than 60 degrees to the mineralised structure. True widths are determined only after the exact geometry of the structure is known from multiple drill holes.</li> <li>• Holes intercepting at angles of less than an estimated 60 degrees are reported as such.</li> <li>• Lode-parallel drill holes have been completed by Citigold. However, these holes are specifically designed for geophysics and are not reported.</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>• The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>• All drill core is stored within locked yard guarded by contracted security.</li> <li>• Samples are delivered by Citigold staff to SGS and/or by registered courier.</li> <li>• Standards are retained within the office of the chief geologist and only released under strict control.</li> <li>• The chain of sample custody is managed and closely monitored by Citigold (management and senior staff).</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>• The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>• A Mineral Resources and Reserves report was completed in 2012. The report contains a comprehensive review and assessment of all sampling techniques and methodologies, sub-sampling techniques, data acquisition</li> </ul>



		<p>and storage, and reporting of results. Statements on QA and QC can be found on page 48 of the report. The report can be found on Citigold's website at <a href="http://www.citigold.com">www.citigold.com</a> - <i>click Mining &gt;Technical Reports &gt;Mineral Resources and Reserves 2012</i>).</p> <ul style="list-style-type: none"> <li>• Citigold's database has been audited by several independent consultants since 1998 and most recently by Snowden in 2011.</li> </ul>
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## Section 2 Reporting of Exploration Results

<p>Mineral tenement and land tenure status</p>	<ul style="list-style-type: none"> <li>• <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></li> <li>• <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Citigold holds a number of tenements including Exploration Permit Minerals (EPM's), Mineral Development Licenses (MDL') and Mining Leases (ML's).</li> <li>• Citigold currently holds six (6) EPM's, Five (5) MDL's and forty seven (47) ML's. EPM15964, EPM15966, EPM116979, EPM18465, EPM18813, EPM18820, MDL116, MDL118, MDL119, MDL251, MDL252, ML1343 , ML1344 , ML1347, ML1348, ML1385, ML1387, ML1398, ML1407, ML1408, ML1409, ML1424, ML1428, ML1429, ML1430, ML1431, ML1432, ML1433, ML1472, ML1488, ML1490, ML1491, ML1499, ML1521, ML1545, ML1548, ML1549, ML1585, ML1586, ML1587, ML1735, ML10005, ML10032, ML10042, ML10048, ML10050, ML10091, ML10093, ML10193, ML10196, ML10208, ML10222, ML10281, ML10282,</li> </ul>
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		ML10283, ML10284, ML10285, ML10335
Exploration done by other parties	<ul style="list-style-type: none"> <li>• <i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Charters Towers is one of Australia's richest gold deposits. A plethora of historical data from the Charters Towers area has been collected, collated and is included within the Citigold geological database.</li> <li>• Citigolds drill hole database includes historical drilling including 1993 - Mt Leyshon Gold Mines Ltd extensions to CRA diamond drill holes in the areas. 1991 - Diamond and RC drilling by PosGold in a joint venture with Charters Towers Mines NL that covered parts of the Central area areas. 1981-84 - Diamond-drilling by the Homestake/BHP joint venture in the Central area 1975, 1981-82, and 1987 - Diamond and RC drilling in central by A.O.G., CRA and Orion respectively.</li> <li>• Citigold retains all diamond core and a collection of core drilled by other companies is its on-site coreyard.</li> </ul>

## Geology

• *Deposit type, geological setting and style of mineralisation.*

- Mineralisation at Charters Towers is referred to as "orogenic" style narrow vein mesothermal gold deposit.
- 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.
- The gold-bearing reefs at Charters Towers are typically 0.3 metres to 1.5 meters thick, comprising hydrothermal quartz reefs in granite, tonalite and granodiorite host rocks. There are some 80 major reefs in and around Charters Towers city.
- 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.
- 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".
- 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.

<p>Drill hole Information</p>	<ul style="list-style-type: none"> <li>• <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></li> <li>• <i>easting and northing of the drill hole collar</i></li> <li>• <i>elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar</i></li> <li>• <i>dip and azimuth of the hole</i></li> <li>• <i>down hole length and interception depth</i></li> <li>• <i>hole length.</i></li> <li>• <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Not applicable to this report – no new drill assay results included.</i></li> </ul>
<p>Data aggregation methods</p>	<ul style="list-style-type: none"> <li>• <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li>• <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></li> <li>• <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>No drill assays are reported here.</i></li> <li>• <i>No aggregation of sections have been used.</i></li> <li>• <i>Metal equivalents are not used.</i></li> </ul>
<p>Relationship between mineralisation widths and intercept lengths</p>	<ul style="list-style-type: none"> <li>• <i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li>• <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Structures within Charters Towers are highly variable in width and can be variable in dip over short distances, however, every attempts is made to drill approximately perpendicular to</i></li> </ul>

	<ul style="list-style-type: none"> <li>• <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></li> </ul>	<p>the dip of the structure. The intercepts presented here are reported as intercept widths and may not necessarily represent true widths in some cases.</p>
Diagrams	<ul style="list-style-type: none"> <li>• <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable to this report – no new drill assay results included.</li> </ul>
Balanced reporting	<ul style="list-style-type: none"> <li>• <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results</i></li> </ul>	<ul style="list-style-type: none"> <li>• Almost every drillhole completed on the property in 2013 is available from the Citigold website (<a href="http://www.citigold.com">www.citigold.com</a>).</li> <li>• Drill holes not included (regardless of intercepts and grade) are those that were drilled specifically for DH geophysics which were typically drilled parallel to the mineralised structure. All other drill holes have been reported, regardless of whether it has returned high or low grades.</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>• <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable to this report</li> </ul>
Further work	<ul style="list-style-type: none"> <li>• <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li>• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided</i></li> </ul>	<ul style="list-style-type: none"> <li>• Future work will concentrate on drilling between drill hole intercepts in the Central area.</li> </ul>

*this information is not commercially sensitive.*

**Section 3 Estimation and Reporting of Mineral Resources**  
**Section 4 Estimation and reporting of Ore Reserves**

**Section 3 and Section 4 do not pertain to this report.**

Rule 5.5

**Appendix 5B**

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

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01,  
01/06/10, 17/12/10, 01/05/2013

Name of entity

CITIGOLD CORPORATION LIMITED

ABN

30 060 397 177

Quarter ended ("current  
quarter")

30 September 2015

**Consolidated statement of cash flows**

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(334)	(1,253)
(b) development	(129)	(373)
(c) production	-	-
(d) administration	(280)	(898)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
	<b>(743)</b>	<b>(2,524)</b>
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	<b>Net investing cash flows</b>	-	-
1.13	Total operating and investing cash flows (carried forward)	(743)	(2,524)

1.13	Total operating and investing cash flows (brought forward)	(743)	(2,524)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	480	2,210
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	209	315
1.17	Repayment of borrowings	-	(1,245)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	689	1,280
	<b>Net increase (decrease) in cash held</b>	(54)	(1,244)
1.20	Cash at beginning of quarter/year to date	73	1,263
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter excludes \$252K placement funds cleared at bank 4/1/16</b>	19	19

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	31
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

+ See chapter 19 for defined terms.



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### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
4.3 Production	-
4.4 Administration	250
<b>Total</b>	<b>500</b>

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+ See chapter 19 for defined terms.

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	19	73
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22) <b>* Balance excludes \$252K placement funds cleared at bank 4/1/16</b>	<b>19*</b>	<b>73</b>

### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.3	<b>+Ordinary securities</b>	1,740,950,553	1,740,950,553		
7.4	Changes during quarter (a) Increases through issues (b) Decreases	(a) 15,000,000	(a)15,000,000	2 cents	
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	20,000,000	nil	3 cents	20 June 2016
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

### *Compliance statement*

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....  
(Company secretary)

Date: 29 January 2016

Print name: Francis Rigby

### *Notes*

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

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+ See chapter 19 for defined terms.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.