



## Quarterly Report

For the period ending 30 September 2016

### HIGHLIGHTS

- Continued planning for the development of the Charters Towers project centred on the Central Mine being an ultra-low cost producer of gold.
- Major project funding discussions continued with potential interested strategic partners to expand the Group's production ready Charters Towers Gold Project into a strong gold producer.
- New Plan of Operations lodged with Department of Environment and Heritage (DEHP) and DEHP advising it is effective to 31 October 2021.
- During the period the Company received \$534,000 confirming the continued support of investors and shareholders.
- As previously announced, Citigold has changed its registered and corporate office in order to reduce corporate administration costs.

### OPERATIONS

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

Resumption of mining at Charters Towers is contingent on capital financing, but active planning and scheduling continued during the Quarter in readiness. The main Central Mine underground is the first area planned to be reopened and is scheduled to expand into a 220,000 ounce annual producer of gold once funding is finalised. An outline of the mining plan for the Central Mine has been given in previous Quarters.

#### **Project Assessment Process**

Citigold has a deep and informed knowledge of the assets, which was taken into account in assessing the project's future growth.

Building upon the existing developed infrastructure and \$200 million investment to date. A detailed and comprehensive Technical Report dated 18 May 2012 was prepared, listing the Mineral Reserves and Ore Resources of the Charters Towers Gold Project (Project). This report, in compliance with JORC reporting requirements, was prepared in the format of the Canadian NI 43-101 report because it conforms to a very detailed and structured format to the report. This report was able to draw upon the technical and operational information from the project's trial mining operation by Citigold. This information was a strong foundation to build into the go-forward development plan to see the project, once funding is finalised; growing to a 220,000 ounce per year producer with low operating costs. Some of the mining and economic factors considered and assessed were :



- (a) property description and location;
- (b) geological factors in detail;
- (c) types of mineral tenures and identifying numbers already granted and production ready;
- (d) mineral processing and metallurgy including the processing plant which is built, established and has previously operated successfully;
- (e) mineral resource and reserve estimates;
- (f) mining methods including processing, development capital costs, production schedule, operating costs and gold price. The Technical Report contains photographs of the different drives and stopes after extraction, together with diagrams of the planned mining methods proposed for Central area;
- (g) recovery methods;
- (h) project infrastructure on surface is essentially already built;
- (i) market studies and contracts;
- (j) environmental studies, permits and social or community impact with a successful long-term harmonious relationship with the local community;
- (k) capital and operating costs derived from actual mining techniques, and;
- (l) economic analysis.



With this solid data foundation to build on, the remaining project funding will be

mainly used for underground development of the Central mine. The Central access tunnel is already at a depth of over 201 metres vertical and from this point will be extended deeper. As the tunnel progresses deeper, branch tunnels (cross-cuts, ramps and drives) will access the several adjacent reefs referred to above. Once the reefs have been accessed, several kilometres of small tunnels (level drives) will be excavated along the reefs in preparation to extract the ore. The plan is to have up to 15 working areas that ore can be extracted from at the one time, ensuring sufficient tonnage to meet predictions.



Currently, once the project funding is in place, the lead-time is 10 months to initial gold production. Production is then planned to grow, in general terms, by 50,000 ounces extra each year over the next four years to the total target 220,000 ounces of gold.

## **GEOLOGY AND EXPLORATION**

No new exploration drilling was undertaken during the Quarter, with work focused on consolidating geological data including surface and drill hole samples in preparation for the upcoming period of mine planning.

## **HEALTH, SAFETY AND ENVIRONMENT**

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



Citigold is planning to work towards solar power as the primary energy source for underground operations, while reducing the power requirements. It is planned to replace diesel engines in the underground environment with electric equipment, reducing the ventilation requirements to remove fumes and heat from diesel engines. This initiative could be implemented in year two of the central development program when a doubling of the power needs is expected.

Environmental monitoring of the operations continued.

Citigold's recently-appointed Dr Sibasis Acharya (Technical Director), who is providing guidance on groundwater matters and on the geochemistry and reactivity of the rock stockpiles and TSF in conjunction with external consultants as required. He has contributed significantly to formally documenting the chemistry formulas and detailed workings that clearly proves that the Company's rockstockpiles are benign and incapable of producing deleterious environmental. This chemistry confirm the annalis and sampling over a long period of time.

In addition the chemistry of the tailings produced from the processing of Charters Towers ore does not and cannot produce material, if any, environmentally deleterious outcomes. This also is in keeping with analysis over a long period of time. The tailings facility was built 20 years ago and is a good foundation for the future operations.

A replacement Plan of Operations, as required under the environmental legislation, was prepared and lodged with Department of Environment and Heritage (DEHP) covering a five year period. This replaces the current 2 year plan. The replacement plan has been accepted and DEHP advised it is in effect until 31 October 2021.

This new plan takes into account our planned gold production expansion.

## **CORPORATE**

### **Office Address Changes**

As previously announced, to reduce corporate overheads, the registered office has moved to our Charters Towers project mine site, the corporate office and postal address in Brisbane has changed from 1 August 2016.

New address details below.

We have continued to reduce recurring corporate overheads during the 2016 financial year with results to be reflected in the coming 2017 financial year.

### **Major development funding**

Activities during the Quarter continued to remain heavily focused on advancing discussions with strategic funding partners. Current discussions have extended and strategic funding partners showing continued interest in the production ready Charters Towers Gold Project given the recent rise in the gold price.

This major development funding seeks to raise circa \$100 million.

Current working capital raising plans for the coming Quarter continue to include share placement(s), limited sale of gold in the ground as previously announced, and moving towards finalising discussions with one of the major funding partners.

## **FINANCIAL HIGHLIGHTS**

During the Quarter, the Company received funds of \$534,000 including \$90,000 through fully paid ordinary share placement with investors. Funding was used for working capital. A further funding prepayment was received in addition to the gold sale of \$324,000.

The Financial Report for 2016 was released during the Quarter. Citigold incurred a net loss of \$8.3 million during the 2016 financial year - being an improvement from the 2015 net loss of \$103 million (that included the non-cash impairment of \$96 million to Capitalised Exploration, Evaluation and Development Expenditure).

Initial sale of gold in the ground for \$324,000 over 8,000 ounces @ \$40/ounce. More sales are planned. This is not a forward sale and there is no obligation to deliver.

With the production ready Charters Towers Gold Project remaining in active care and maintenance, the focus continue to be on cost cut backs and efficiency improvement programs in the head office and administration.

### Update on Redeemable Notes

As previously reported the Company has been and continues in ongoing discussions with Fortune Gems and Jewelry DMMC ('Fortune') in relation to the redeemable Notes ('Notes') that have passed their redemption date. Citigold is currently in discussion with Fortune on the Notes' redemption date and will make a further announcement when the current commercial negotiations are complete.

As previously announced Citigold's long term relationship with Fortune includes the future refining of our gold dore' bars for 5 years and a long term marketing arrangement whereby Citigold has agreed to pay a 1% marketing fee to Fortune on gold production over a 7 year period.

## SUMMARY OF MINING TENEMENTS & AREAS OF INTEREST

In accordance with requirements, Citigold reports that the Consolidated Entity has a 100% control of the following mining tenements at Charters Towers as at 30 September 2016 and there were no acquisitions or disposals during the Quarter:

Exploration Permits Minerals	EPM 15964	EPM 15966	EPM 16979	EPM 18465	EPM 18813	EPM 18820
Minerals Development Licences	MDL 116	MDL 118	MDL 119	MDL 251	MDL 252	
Mining Leases	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	

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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*

#### **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 an Executive Director of Citigold 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.*

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

		<ul style="list-style-type: none"> <li>• Core orientation was only carried out on drilling taking place in the central area (CT9000).</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</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>
Logging	<ul style="list-style-type: none"> <li>• <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>• 100% of core was logged. Samples were collected from intercepts where alteration or alteration and mineralisation were clearly seen. The nature of the orebody is such that mineralisation or potentially mineralised structures are easily identified. Selected RC samples were geologically logged and sampled.</li> <li>• The logging describes the dominant and minor rock types, colour, mineralisation, oxidation, degree of alteration, alteration type, vein type, core recovery, basic structure.</li> <li>• Rock Quality Designation or RQD % has been noted in the core drill logs (also number of fractures per interval has been noted).</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Core is sawn in half and one half (50%) is submitted for analysis at SGS labs in Townsville (QLD, Australia).</li> <li>• Selected core (as listed in associated tables) is cut for 1/4 core (25%) and submitted for analysis at SGS labs in Townsville (QLD, Australia).</li> <li>• The 25%-50% sampling of the HQ core is considered appropriate for the mineralisation type. NQ core is sampled for 50% only.</li> <li>• Samples are couriered to SGS where they are dried at 105C; weighed; crushed to -6mm; and pulverised to 90% passing 75um where a 200 g sub-sample is taken. 5% of samples are dual sub-sampled (second split) for sizing and analytical quality control purposes.</li> </ul> <p>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.</p> <p>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.</p> <p>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</p>

<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 their derivation, etc.</i></li> <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>	<ul style="list-style-type: none"> <li>• Citigold uses standards sourced from Gannett Holdings Pty Ltd, Perth, Australia. Certificate number 13U20C-22-04-13.</li> <li>• A blank sample and/or a standard sample and/or a duplicate sample are randomly inserted approximately every 30 samples that are submitted.</li> <li>• SGS Townsville have their own rigorous 'in lab' QAQC procedures and are accredited for precious metal and base metal analyses.</li> <li>• A complete discussion on assay techniques, sample sizes, assay variance and sample bias can be found in the Citigold 2012 Mineral Resources and Reserves report.</li> </ul>
<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>• <i>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.</i></li> <li>• <i>Specification of the grid system used. -Quality and adequacy of topographic control.</i></li> <li>• <i>Data spacing and distribution-Data spacing for reporting of Exploration Results.</i></li> <li>• <i>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.</i></li> <li>• <i>Whether sample compositing has been applied.</i></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 Cameq 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</li> </ul>

		holes are often re-surveyed with a Camteq Proshot acting as a secondary check of the original survey.
Data spacing and Distribution	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of exploration results</i></li> <li>• <i>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.</i></li> <li>• <i>Whether sample composting has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drill hole spacing and orientation is currently constrained by the requirements for DH geophysical surveying. Approximately 80m between points of intercept are planned, however; the nature of the structure may require alterations to the spatial pattern of holes.</li> <li>• Drill hole spacing in the E05 area is aimed at intercepts no further than 50m apart. No Resources or Reserves are presented here. A full description of Citigold's Mineral Resources and Reserves can be found in the 2012 Mineral Resources and Reserves Report (<a href="http://www.citigold.com">www.citigold.com</a> - click <i>Mining &gt;Technical Reports &gt;Mineral Resources and Reserves 2012</i>).</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drill holes are planned to intercept the mineralised structures (average 45 degree dip) at high angles. The presence of infrastructure and other features on the landscape prevent all holes from intercepting perpendicular to the structure. Typically, holes will be drilled in a fanning pattern with intercepts at no less than 60 degrees to the mineralised structure. True widths are determined only after the exact geometry of the structure is known from multiple drill holes.</li> <li>• Holes intercepting at angles of less than an estimated 60 degrees are reported as such.</li> <li>• Lode-parallel drill holes have been completed by Citigold. However, these holes are specifically designed for geophysics and are not reported.</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>• All drill core is stored within locked yard guarded by contracted security.</li> <li>• Samples are delivered by Citigold staff to SGS and/or by registered courier.</li> <li>• Standards are retained within the office of the chief geologist and only released under strict control.</li> <li>• The chain of sample custody is managed and closely monitored by Citigold (management and senior staff).</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• A Mineral Resources and Reserves report was completed in May 2012. The report contains a comprehensive review and assessment of all sampling techniques and methodologies, sub-sampling techniques, data acquisition and storage, and reporting of results. Statements on QA and QC can be found on page 48 of the report. The report can be found on Citigold's website at <a href="http://www.citigold.com">www.citigold.com</a> - click <i>Mining &gt;Technical Reports &gt;Mineral Resources and Reserves 2012</i>).</li> <li>• Citigold's database has been audited by several independent consultants since 1998 and most recently by Snowden in 2011.</li> </ul>

## Section 2 Reporting of Exploration Results

<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 currently holds six (6) EPM's, Five (5) MDL's and forty seven (47) ML's. EPM15964, EPM15966, EPM116979, EPM18465, EPM18813, EPM18820, MDL116, MDL118, MDL119, MDL251, MDL252, ML1343 , ML1344 , ML1347, ML1348, ML1385, ML1387, ML1398, ML1407, ML1408, ML1409, ML1424, ML1428, ML1429, ML1430, ML1431, ML1432, ML1433, ML1472, ML1488, ML1490, ML1491, ML1499, ML1521, ML1545, ML1548, ML1549, ML1585, ML1586, ML1587, ML1735, ML10005, ML10032, ML10042, ML10048, ML10050, ML10091, ML10093, ML10193, ML10196, ML10208, ML10222, ML10281, ML10282, ML10283, ML10284, ML10285, ML10335</li> </ul>
<p>Exploration done by other parties</p>	<ul style="list-style-type: none"> <li>• <i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Charters Towers is one of Australia's richest gold deposits. A plethora of historical data from the Charters Towers area has been collected, collated and is included within the Citigold geological database.</li> <li>• Citigold's drill hole database includes historical drilling including 1993 - Mt Leyshon Gold Mines Ltd extensions to CRA diamond drill holes in the areas. 1991 - Diamond and RC drilling by PosGold in a joint venture with Charters Towers Mines NL that covered parts of the Central area areas. 1981-84 - Diamond-drilling by the Homestake/BHP joint venture in the Central area 1975, 1981-82, and 1987 - Diamond and RC drilling in central by A.O.G., CRA and Orion respectively.</li> <li>• Citigold retains all diamond core and a collection of core drilled by other companies is its on-site coreyard.</li> </ul>
<p>Geology</p>	<ul style="list-style-type: none"> <li>• <i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Mineralisation at Charters Towers is referred to as "orogenic" style narrow vein mesothermal gold deposit.</li> <li>• The many reefs are hosted within a series of variably-oriented fractures in granite and granodioritic host rocks. Mineralisation does occur in adjacent metasedimentary rocks.</li> <li>• The gold-bearing reefs at Charters Towers are typically 0.3 metres to 1.5 meters thick, comprising hydrothermal quartz reefs in granite, tonalite and granodiorite host rocks. There are some 80 major reefs in and around Charters Towers city.</li> <li>• The majority of the ore mined in the past was concentrated within a set of fractures over 5 km long East-West, and 500 meters to 1600 meters down dip in a North-South direction. The mineralised reefs lie in two predominant directions dipping at moderate to shallow angles to the north (main production), and the cross-reefs, which dip to the ENE.</li> <li>• The reefs are hydrothermal quartz-gold systems with a gangue of pyrite, galena, sphalerite, carbonate, chlorite and clays. The reefs occur within sericitic hydrothermal alteration, historically known as "Formation".</li> <li>• The goldfield was first discovered in December 1871 and produced some 6.6 million ounces of gold</li> </ul>

		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.
Drill hole Information	<ul style="list-style-type: none"> <li>• 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: <ul style="list-style-type: none"> <li>• easting and northing of the drill hole collar</li> <li>• elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar</li> <li>• dip and azimuth of the hole</li> <li>• down hole length and interception depth</li> <li>• hole length.</li> </ul> </li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable to this report – no new drill assay results included.</li> </ul>
Data aggregation methods	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>• No drill assays are reported here.</li> <li>• No aggregation of sections have been used.</li> <li>• Metal equivalents are not used.</li> </ul>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>• These relationships are particularly important in the reporting of Exploration Results.</li> <li>• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>• 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’).</li> </ul>	<ul style="list-style-type: none"> <li>• Structures within Charters Towers are highly variable in width and can be variable in dip over short distances, however, every attempts is made to drill approximately perpendicular to the dip of the structure. The intercepts are reported as intercept widths and may not necessarily represent true widths in some cases.</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li>• 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.</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>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• No new drilling was undertaken</li> <li>• Drill holes not included (regardless of intercepts and grade) are those that were drilled specifically for DH geophysics which were typically drilled parallel to the mineralised structure. All other drill holes have been reported, regardless of whether it has returned high or low grades.</li> </ul>

Other substantive exploration data	<ul style="list-style-type: none"> <li>• <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable to this report</li> </ul>
Further work	<ul style="list-style-type: none"> <li>• <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li>• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Future work will concentrate on drilling between drill hole intercepts in the Central area.</li> </ul>
<b>Section 3 Estimation and Reporting of Mineral Resources</b> <b>Section 4 Estimation and reporting of Ore Reserves</b>		<b>Section 3 and Section 4 do not pertain to this report.</b>

## Appendix 5B

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

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

CITIGOLD CORPORATION LIMITED

**ABN**

30 060 397 177

**Quarter ended ("current quarter")**

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	324	324
1.2 Payments for		
(a) exploration & evaluation	(124)	(124)
(b) development	(59)	(59)
(c) production	-	-
(d) staff costs	(101)	(101)
(e) administration and corporate costs	(159)	(159)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(119)</b>	<b>(119)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	90	90
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	9	9
3.6 Repayment of borrowings	(3)	(3)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	120	120
<b>3.10 Net cash from / (used in) financing activities</b>	<b>216</b>	<b>216</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	22	22
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(119)	(119)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	216	216
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>119</b>	<b>119</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	119	119
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>119</b>	<b>119</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
30

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	25
9.2 Development	-
9.3 Production	-
9.4 Staff costs	50
9.5 Administration and corporate costs	25
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>100</b>

<b>10.</b>	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
**Company Secretary**

Date: **31 October 2016**

Print name: **Niall Nand**

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.