

Quarterly Report

For the period ending 30 September 2020, dated 27 October 2020

HIGHLIGHTS

- The site selected for Citigold's new 'small footprint' processing plant, is planned to be 100% captive renewables powered.
- Optimising of underground crushing continues to confirm efficiency improvement, reliability and minimising dilution.
- Central area reefs, including the CO3 West, continues to be the main focus of mine design and engineering.
- Active discussions for major project funding advanced and funding is expected to be in place by the end of the calendar year.

OPERATIONS

Planned Resumption of Mining

During the Quarter the Company's technology driven 'ultra-low-cost mining' initiative manifested in selecting the site of the new Citigold processing plant. The plant will be located closer to the Central Mine, adjacent to the Company's previously mined 'Stockholm' open pit. The site has existing mining leases with sealed highway door to door.

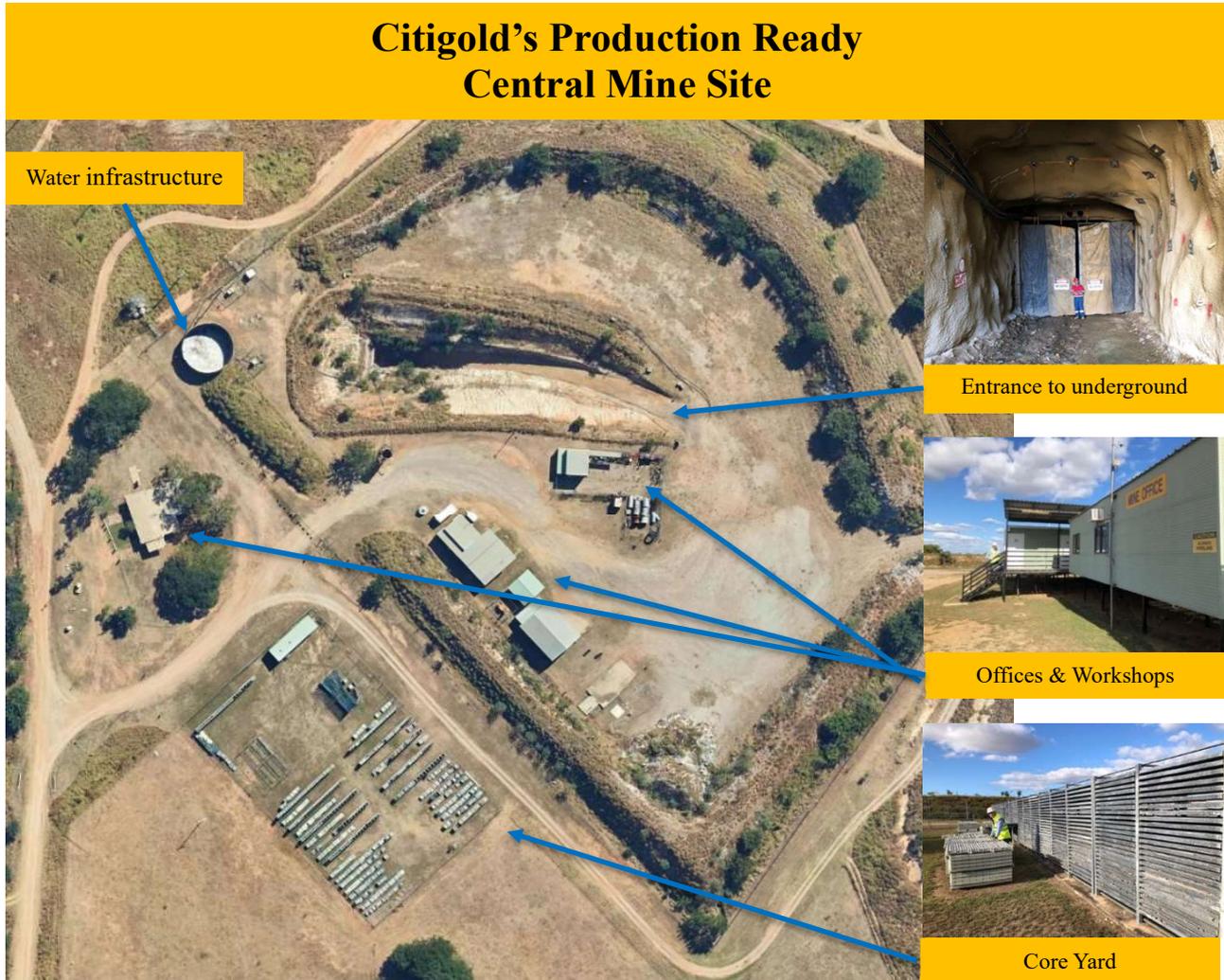
The evolving new process plant design will focus on the 'pre-processing' of ore to remove the bulk of the granite 'dilution' that naturally occurs during the underground mining process.

The Company's existing water pipeline will be extended to the new processing site. Based on known mineral resources, the mine the Company is building is planned to produce for many years.



Central Mine Overview

One of the challenges faced in underground mining is moving large volumes of rock and processing it. By focusing on mining only the valuable ore, and then removing the bulk of the waste without milling or chemical treatment, the operation results in both cost-saving and protecting the environment.



Source: Queensland Government, GeoResGlobe, date: 21 October 2020

The above satellite image shows Citigold's Central Mine site is in excellent condition and the production ready surface infrastructure well maintained and in place for the commencement of mining. Citigold's mining engineering consultants are expected to visit the Central Mine Site in the coming period to advance design work.

The Central Mine, located adjacent to 30 Nagle Street Charters Towers, is centred around the initially excavated 'Brilliant East Decline' that dives down at a 1:7 slope, underneath the City, to over 200 metres vertical depth in the strong granite country rock. Previous trial production mining the 'usual way' at Warrior (and in 1994-2000 at Central) identified the challenges to, and constraints on, 'ultra-low-cost mining'. While we have been in the project development financing stage, our efforts have been to develop an ultra-low-cost mining system.

The long-life mine will generate many benefits for the local community and the Company.

The Gold price is strong now, but many years ahead might change. Just as Amazon and Tesla reimagined their 'industries' with new methodologies and tech, the Citi team has done similarly for its gold mine.

The Company and its mining engineering consultants, Prospector Enterprises, continued to update the mine design. Mining data for the Central Mine is being reviewed and optimised substantially because of technologies available today, which were not available 5 years previously.

This search has been worldwide, meeting and discussing technology and 'what is possible', including with non-mining civil construction original equipment manufacturers and operators.

Central Mine Optimisation

Production Ready - Charters Towers Gold Project

Low risk jurisdiction with proven gold production. Queensland, Australia

- ✓ A proven, world class gold-producing field – **11 Million oz Gold Deposit that remains under explored in all directions.**
- ✓ New high-grade gold bearing structures already identified!
- ✓ Community of workers (No fly-in-fly-out).
- ✓ Infrastructure in place (Including water, road, electricity etc).
- ✓ Close to the major city of Townsville.
- ✓ Ultra low-cost mining strategy.
- ✓ 100,000 oz of gold successfully extracted in trial mining.
- ✓ JORC Report confirms mineral resource.
- ✓ Resource based on over 358 kilometres of drilling.
- ✓ Granted Mining Titles and Permits.
- ✓ **Production Ready.**



¹See ASX announcement dated 29 January 2016, December 2015 Quarterly Activities Report.
 See ASX announcement dated 21 May 2012 Mineral Resources and Reserves Report.

In consultation with project designers, an innovative mining system has been put together that takes an efficient 'keyhole surgery' approach to our mining and thereby doing what needs to be done for the geometry of our ore system, that in itself is somewhat unique. Make small excavations, and just extract the valuable ore minimising dilution and processing less waste.

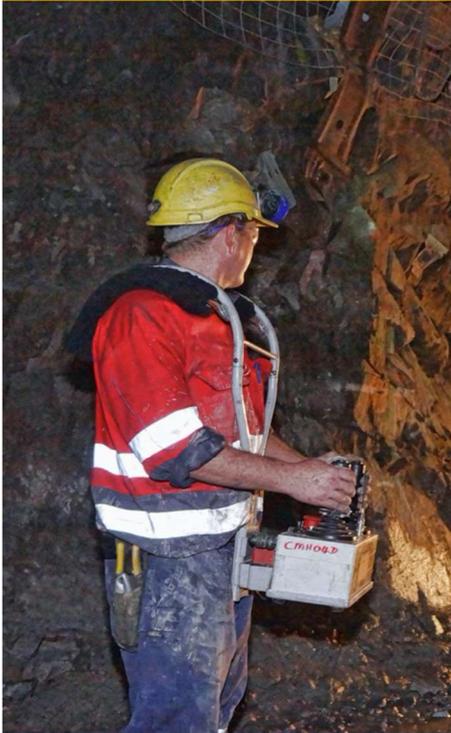
The previously reported planned use of two small declines, commencing circa 1,300 metres down the current single decline has, further advanced. The 'twins' require smaller blasts, excavate less rock than a single standard decline and therefore less rock to move. The declines will allow flexibility for ventilation, emergency egress and material and personnel movements in and out of the underground.

A further advantage of the 'twins' declines identified during the Quarter is that this approach may allow more efficient access to multiple areas of the underground reefs. Potentially may allow the 'twins' to multiply production faces faster by accessing different and multiple areas of the mineralisation earlier than was possible under the old 'single' tunnels. The design possibilities will be further investigated.

A production sequencing advantage is that when the decline(s) are nearby or junction into the reef for gold production, then stope development and ore extraction can begin.

Preliminary costs indicate the 'twin' smaller declines are within the existing budget.

Ultra-low-cost = Competitive Advantage



- **Proven gold miner.**
- **Highly sought-after, production ready, large, high-grade gold deposit.**
- **A\$200 million invested to acquire, define, permit and trial mining.**
- **100,000 ozs of gold produced in trial mining.**
- **Short-term and long-term gold-bearing structures already targeted.**
- **Key infrastructure in place. Ready for immediate start-up.**
- **Mining titles and permits are granted.**
- **Existing local community, housing, shops, schools, hospital in place.**
- **Powerful efficient technologies to ensure low operating costs.**
- **DERISKED PROJECT / low risk of realisation.**

See ASX announcement dated 21 May 2012 Mineral Resources and Reserves Report.
Pictures from Citigold's previous trial mining at Charters Towers Gold Project.

The movement of ore and waste to the surface will be done by electric conveyor. This removes trucks and the associated diesel fumes from the underground, improving the air quality for the miners and reducing the cost of ventilation.

It is interesting that as we investigate 'greener' ways to mine new cost reduction opportunities emerge.

To ensure harmony with the environment the mine will eventually be renewables powered. During the period, the sites were selected and the possibilities for 'captive' off-grid renewables was considered to be favourable. There are additional upfront capital costs, that need to be amortised, but then the 'energy' costs are essentially free. This is an evolving change from the earlier 'independent' development of these renewable assets.

Geology and Exploration

Geology

Citigold's previous test mining gave the opportunity to better understand the varying grades, varying mineralisation widths and varying ground conditions. Previous mining used conventional mechanised methods for reef mining.

The areas mined by predecessors, circa over 100 years ago, using their small tunnels and selective 'visual' grade control produced 6,600,000 ounces of recorded gold production and an in situ grade of 38g/t (See ASX announcement dated 21 May 2012 Mineral Resources and Reserves report).

Citigold's Inferred Mineral Resources grade average of 14 g/t gold, uses a 3 g/t economic cut off @ a gold price of A\$1,600/oz (See ASX announcement dated 21 May 2012 Mineral Resources and Reserves report). The mineralisation then and now is the same, but old-time hand mining indicatively used a 6 dwt (9 g/t) 'cut-off grade' for their higher cost unmechanised manual methods (See ASX announcement dated 21 May 2012 Mineral Resources and Reserves report). Modern mechanised mining usually takes more total tonnes diluting the ore compared to old hand mining.

Mineral resources and reserves are summarised below:

Category	Tonnes	Grade	Cut-off	Contained Gold Ounces
Inferred Mineral Resources	25,000,000	14 g/t	3.0 g/t	11,000,000
Indicated Mineral Resources (includes Probable Ore Reserves)	3,200,000	7.6 g/t	4.0 g/t	780,000
Probable Ore Reserves (derived from and contained within Indicated Mineral Resource)	2,500,000	7.7 g/t	4.0 g/t	620,000
*The 25 million tonne Inferred Mineral Resource is after discounting the original modelled planar structures, of 83 million tonnes, down to the 30% known payability from past mining (83M x 0.3 = 25 Million tonnes).				
See ASX announcement dated 21 May 2012 Mineral Resources and Reserves Report. See full Technical Report at www.citigold.com click Mining, then Technical Reports then Mineral Resources and Reserves 2012. See full report: https://www.citigold.com/technical-reports/				

Citigold's Mineral Resources and Ore Reserves for the overall Gold Project are reported in accordance with the Australasian JORC Reporting Code 2012.

Mineral Resources and Ore Reserves remain unchanged during the Quarter. The material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. See full report: <https://www.citigold.com/technical-reports/>

The old-time mining, set out in the original mine plan, now digitised into the Project databases and complemented with the analysis from Citigold's actual mining, produces a clear understanding of the geology and structural controls. Yet despite the varying grades and hard granite rock, old-timers hand-mined large areas of very high-grade mineralisation.

The frequency of larger high-grade areas may follow somewhat of a 'repetition' or pattern with study continued during the quarter.



Example of 'visual' high grade mineralisation encountered during mining operations at Warrior

The Charters Towers mineralisation does have an excellent indicator of high-grade gold areas in the galena (lead) grades that accompany the gold mineralisation. These lead grades are a proxy for gold in exploration and development of in-ore access tunnels (drives) through to stoping ore extraction.

The gold is not visible in the mineralisation despite the high grades, being very fine-grained. The associated galena, pyrite and sphalerite (sulphides) are very visible and a proxy for the gold. The gold particles are not inside the sulphides, but along grain boundaries giving excellent gold recoveries (See ASX announcement dated 21 May 2012 Mineral Resources and Reserves report).

The initial defined mining area is the 'C03W' area (See ASX announcement dated 21 May 2012 Mineral Resources and Reserves report).

The past 10 years of geophysics 'imaging' efforts were directed at the 'visible' sulphides. Despite our major efforts on the ground and worldwide search to 2016, expending millions of dollars, the technology could not do what the technical team needed to image the 'shapes' of the overall high-grade areas. The Company remains committed to using advanced geophysics customised to our mineralisation.

During the Quarter, discussions with some of the personnel from past trialled technologies were encouraging. Over very recent years they have advanced in the areas of detection, modelling and imaging. These 'geophysical' technology advances will be a part of the go-forward budgets, in combination with traditional diamond core drilling, to support a strong ramp-up in gold production once gold mining commences.

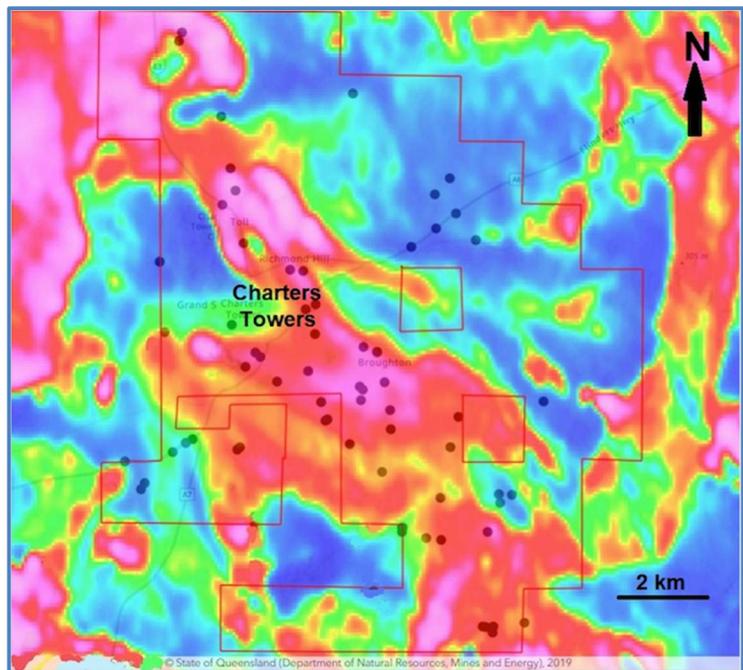
Exploration

With the easing of COVID-19 travel restrictions, field exploration resumed during the Quarter.

A geochemical sampling programme of stream sediment and rock chip outcrop sampling was undertaken over the four Exploration Permits and three Mineral Development Licences held by the Company. Assay results had not yet been returned at the end of the Quarter.

Sampling included a 3 kg sample of 2mm sand for Bulk Leach Extractable Gold (BLEG) analysis and a 1-2 kg sample of rock chips from the outcrop in the creek area. Results are expected in the upcoming quarter.

The BLEG analysis method has a very low detection limit and previous research (Elliott & Towsey, 1989¹) has shown that it may detect gold mineralisation in drainage basins at sample spacings up to one sample per 15 square kilometres and up to 10 km downstream of mineralised outcrops. The



Map of the Charters Towers area showing the four Exploration Permits for Minerals (EPMs 15964, 15966, 18813 and 18465), and the three Mineral Development Licences (MDLs 118, 119 and 252, outlined in red) overlain on the aerial magnetics (Total Magnetic Intensity, Reduced to Pole). Sample locations are shown as black circles.

sample spacing in this current survey is approximately one sample per two square kilometres.

The area of initial interest was EPM 15964 that surrounds the bulk of the Company's Mining Leases, exploring for expressions of gold mineralisation in structures parallel to known lode systems. Infill sampling and follow-up rock chip and soil sampling will be undertaken when the first-pass BLEG sample results are returned and assessed.

Planned geochemical sampling program over EPM 15964 covers Charters Towers and surrounding area. Infill sampling will be conducted around anomalies defined in the first pass sampling.

Assessment and field reconnaissance of structural targets selected from satellite image interpretation continued during the Quarter, focused on those structures coincident with magnetic and radiometric anomalies from available aerial surveys.



Inspecting Central Mine's lease pegs, environmental barrier and surrounding landscaping

During the Quarter, no new exploration drilling was undertaken.

The fullest exploration of the Charters Towers goldfield is planned. Substantial exploration funds are in our overall go-forward budgets.

Normal regulatory compliance reporting for exploration, mine and environmental continued during the recent Quarter.

¹ ELLIOTT, S.M. & TOWSEY, C.A. 1989. *Regional drainage geochemical gold exploration techniques used in Queensland, Australia. Proceedings of the NQ Gold '89 Conference, Townsville April 1989. AusIMM, 51-61.*

Mineral Processing

The Quarter saw the continued advancement on the planned development of Citigold's new process plant at its 'Stockholm' mine site.

The site benefits identified include:

- ample land and excellent land condition;
- Mining Lease granted;
- requires conventional civil works;
- closer to the Central mine;
- a shorter sealed haulage route designed for heavy vehicles.

Citigold's plans have evolved over the Quarter to power the process plant with a small captive renewable energy system. Initial costings suggest that this will provide significant long term savings compared to drawing power from the grid. Further investigations will be carried out in the upcoming period.

Health, Safety, Community And Environment

Citigold takes a long-term approach to its mine and its harmonious integration into the community and environment.

Recently the CEO was in Charters Towers for several days to review all parts of the project, its community footprint, technical layout changes to the Central Mine portal site surface area, selection of the new

process plant site, environmental monitoring sites, reviewing exploration areas and drill sites for the next drilling program. All is ready and in good order.

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

There were no reportable environmental incidents during the quarter. The Company's project strives for good environmental operations and continues its pleasing record. These favourable achievements, on the ground, are assisted by the relatively benign chemical properties of the local rocks and the operational care taken at the sites.

The Company's Lost Time and Disabling Injury Frequency Rates (LTIFR and DIFR) remain at zero. Citigold is committed to creating and maintaining a safe environment, both in the workplace and in the local community.

Progressive rehabilitation and reclamation initiatives are incorporated into the Project's life of mine landforms and post mining community uses.

CORPORATE

Annual General Meeting

Citigold is very pleased to invite it's shareholders to the 2020 Annual General Meeting to be held on:

Thursday 12 November 2020 at 2pm,
at Belise Apartments, ground floor conference room,
510 St Pauls Terrace, Bowen Hills, QLD 4006 Australia.

Pre-registration of shareholder attendance will be required prior to the AGM by emailing to proxy@citigold.com or by calling our office on 07 3839 4041.

Non-Executive Director Resignation

Mr Arun Panchariya resigned as Director of the Company effective 5 October 2020. The Company sincerely thanks Mr Arun Panchariya for his valued contribution to the Company since 2013.

Development Funding

This area remained a busy and a key focus during the quarter, with a goal of completing the development funding in this calendar year. The strong gold prices are assisting productive discussions.

Financial Discussion

The Annual Report as at 30 June 2020 was released during the Quarter. Citigold halved its net loss compared to last year with a loss of \$1.06 million for the year (2019: Net loss of \$2.47 million).

The net assets of the Company remained steady at \$101 million as at 30 June 2020 (2019: \$100 million).

During the Quarter, the Company completed a private share placement transaction for \$245,000 confirming the continued support of investors and shareholders. An additional \$100,000 was received at the start of the Quarter, which was part of a previous placement announced on 29 May 2020.

With the production-ready Charters Towers Gold Project remaining in care and maintenance, the focus is on completing the major funding discussions and moving to gold production and revenue thereafter.

During the Quarter, active discussions for major project funding advanced and expect to be in place by the end of this calendar year.

The Company has in the past undertaken broad shareholder share purchase plans and share placements. The Company further has the ability to raise funds from the forward sale of gold in the ground and loan facilities as previously announced.

Appendix 5B Disclosures

The Company's accompanying Appendix 5B (Quarterly Cashflow Report) includes an amount in item 6.1 which constitutes non-executive directors' fees paid for the quarter.

During the period, the Company made payment of \$5,000 (capitalised), on exploration activities at its Charters Towers Gold Project, which includes regional soil sampling program, review of historical data and reviewing exploration technologies and preparation of study. Exploration payments totalling \$263,000 (expense) relate to tenement compliance, land management and mining lease rents. A further payment of \$3,000 relates to mine design, engineering, planning, optimisation and reviewing past mining data. The above activities were summarised in this quarterly report.

SUMMARY OF MINING TENEMENTS & AREAS OF INTEREST

Citigold reports that the Consolidated Entity has a 100% control of the following mineral titles at Charters Towers as at 30 September 2020 and there were no acquisitions or disposals during the Quarter:

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

CHARTERS TOWERS PROJECT OVERVIEW

Citigold is an Australian gold mining and exploration company, operating on the core high-grade Charters Towers goldfield in north-east Australia, 1,000 kilometres north of Brisbane, Queensland, and 130 kilometres south-west from the major coastal port of Townsville.

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

Corporate mission:

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

For further information contact:

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

Cautionary Note: This release may contain forward-looking statements that are based upon management's expectations and beliefs in regards to future events. These statements are 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:

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

For full details see Technical Report on the Mineral Resources and Reserves at www.citigold.com click Mining >Technical Reports >Mineral Resources and Reserves 2012