

# Quarterly Report

For the period ending 31 December 2020, dated 11 January 2021

## HIGHLIGHTS

- 2020 Mineral Resource and Ore Reserves report released.
- Gold resources increase 27% to 14 million oz Inferred Mineral Resources and Probable Reserves remain unchanged.
- Ongoing Regional Exploration Sampling Program.
- Project funding negotiations continuing.
- Central area reefs, including the CO3 West, continues to be the main focus of mine design and engineering.
- Citigold raised \$1 million in capital.

## GOLD RESOURCES INCREASE 27%

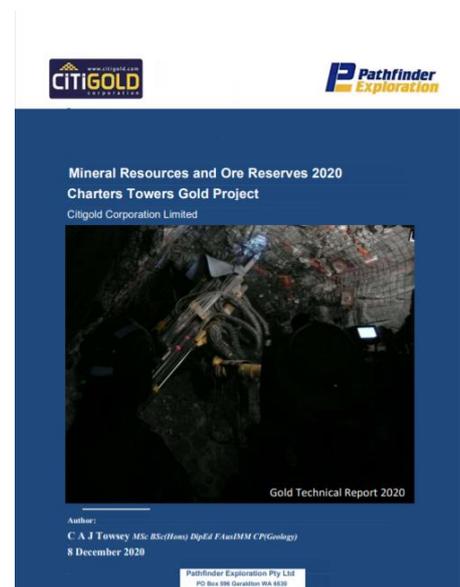
### Mineral Resources and Ore Reserves

On 9 December 2020 Citigold announced the release of the technical report “Mineral Resources and Ore Reserves 2020” for the Charters Towers Gold Project (the Project).

This independent Technical Report has been prepared in accordance with the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (‘the JORC Code’).

The 189 pages Technical Report by the consultants is a comprehensive review and evaluation of the Projects geological gold deposit. The consultant’s findings replace previously released reports with the “Mineral Resources and Ore Reserves 2020 for the Charters Towers Gold Project” (Gold Technical Report 2020).

The gold Ore Reserves remain unchanged and Mineral Resources have increased by 27%.



The **Probable Ore Reserves** are:

**620,000 ounces (19,000 kilograms) of gold** (2,500,000 tonnes at 7.7 grams per tonne gold at a cut-off grade of 4 g/t Au), and

The **Inferred Mineral Resources** are:

**14 million ounces of gold** (32 million tonnes at 14 grams per tonne gold at a cut-off grade of 3 g/t Au).

Above, see ASX announcement dated 9 December 2020 Mineral Resources and Ore Reserves 2020.

This Technical Report, dated 8 December 2020, follows the format of the Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects Technical Report for convenience, and for overseas investors familiar with the Canadian format. Citigold is not required to report under the Canadian jurisdiction.

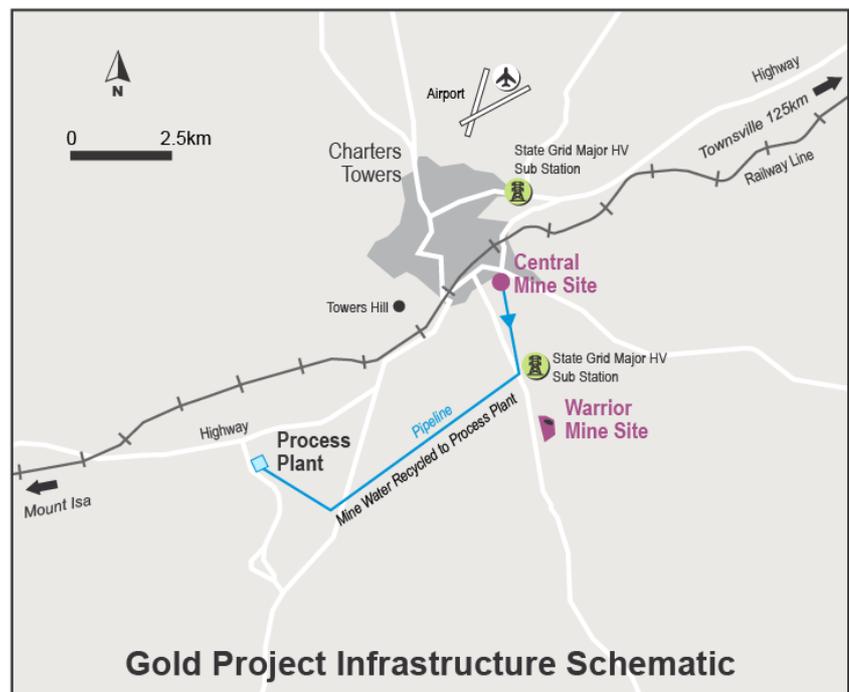
The full Gold Technical Report 2020 can be accessed by ASX or Citigold's [website](#).

## 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.

## Citigold's Production Ready Central Mine Site



The above satellite image shows Citigold's Central Mine site in excellent condition, 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.

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, with data for the Central Mine being reviewed and optimised because of improved technologies not previously available.

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

## Commercial Production Ready



Above, See ASX announcement dated 14 December 2020, Corporate Presentation.

### Central Mine Optimisation

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, 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. This could allow the 'twins' to multiply production faces by accessing different and multiple areas of the mineralisation earlier than was possible under the old 'single' tunnel. 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 start.

- **Proven gold miner.**
- Highly sought-after, **production ready, large, high-grade gold deposit.**
- A\$200 million invested to **acquire, define, permit and trial mining.**
- Over **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.
- **De-risked Project / low risk of realisation.**



**Ultra-low-cost = Competitive Advantage**

See ASX announcement dated 9 December 2020 Mineral Resources and Ore Reserves 2020.

Above, See ASX announcement dated 14 December 2020, Corporate Presentation.

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

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. Potential sites were selected and the possibilities for 'captive' off-grid renewables were 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 at an in situ grade of 38g/t (See ASX announcement dated 9 December 2020 Mineral Resources and Ore Reserves 2020).

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 9 December 2020 Mineral Resources and Ore Reserves 2020). 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 9 December 2020 Mineral Resources and Ore Reserves 2020).

Modern mechanised mining usually takes more total tonnes and overall more ounces of gold but at a lower ore grade than what was historically mined at 38 g/t (See ASX announcement dated 9 December 2020, Mineral Resources and Ore Reserves 2020).

Mineral resources and reserves are summarised below:

CATEGORY	TONNES	GRADE	CUT-OFF	CONTAINED GOLD OUNCES
<b>Inferred Mineral Resources</b>	<b>32,000,000</b>	<b>14 g/t</b>	<b>3.0 g/t</b>	<b>14,000,000</b>
<b>Indicated Mineral Resources (includes Probable Ore Reserves)</b>	<b>3,200,000</b>	<b>7.7 g/t</b>	<b>4.0 g/t</b>	<b>780,000</b>
<b>Probable Ore Reserves (derived from and contained within Indicated Mineral Resource)</b>	<b>2,500,000</b>	<b>7.7 g/t</b>	<b>4.0 g/t</b>	<b>620,000</b>

Above see: See ASX announcement dated 9 December 2020, Mineral Resources and Ore Reserves 2020.

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 were updated during the Quarter (See ASX announcement dated 9 December 2020, Mineral Resources and Ore Reserves 2020). The critical 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 gold.

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

The Charters Towers mineralisation does have an excellent indicator of high-grade gold areas in the galena (lead) grades that accompany the gold



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

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 9 December 2020 Mineral Resources and Ore Reserves 2020).

The initial defined mining area is the 'C03W' area (See ASX announcement dated 9 December 2020 Mineral Resources and Ore Reserves 2020).

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

In September 2020, Citigold commenced a new regional stream sediment sampling program across its four Exploration Permits (EPM) and three Mineral Development Licences (MDL) surrounding Charters Towers in North Queensland. The first assay results have started to be returned.

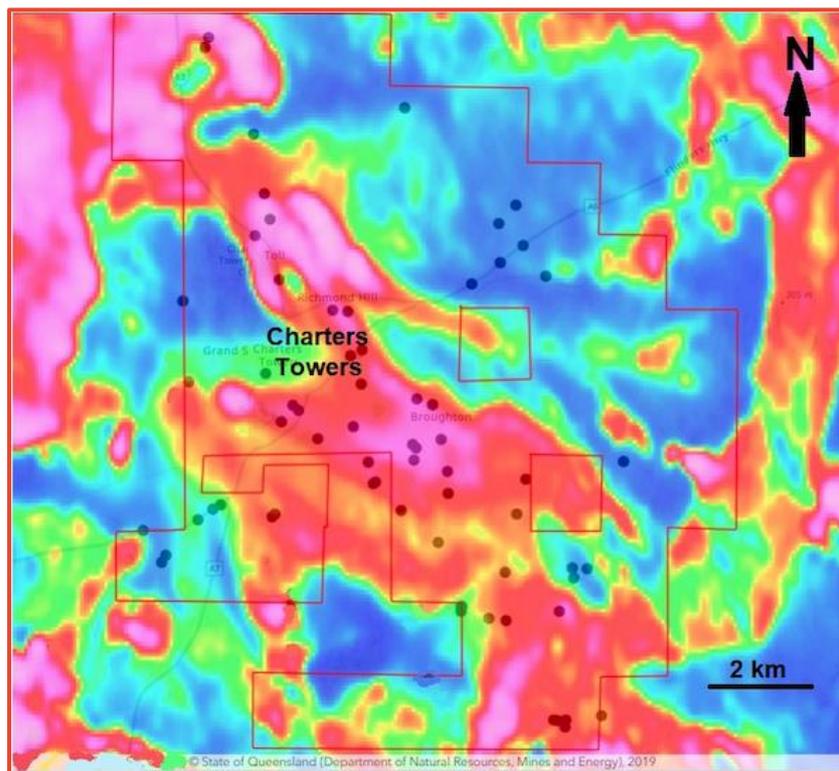


Figure 1. Map of the Charters Towers area showing the four Exploration Permits for Minerals (EPMs 15964, 15966, 18813 and 18465), and the three Mineral Development Licences (MDLs 118, 119 and 252, outlined in red) overlain on the aerial magnetics (Total Magnetic Intensity, Reduced to Pole). Stream sediment sample locations from the initial sampling program. Sample locations are shown as black circles.

At each site, three samples were taken – 3kg of -2mm sediment for analysis by Bulk Leach Extractable Gold (BLEG), a 2kg rock chip sample of float or outcrop and a 2kg sample of -2mm sediment for base metal analysis. Copper, lead, zinc and silver are known to be associated with the Charters Towers style of mineralization and these elements can be used as tracers for near-surface mineralization.

The BLEG method is an extremely sensitive gold detection technique that can detect gold values down to one part per billion, and can detect traces of gold in stream sediments up to 10 kilometres downstream of mineralization. Samples were taken at a density of approximately one sample per two square kilometres.

The first batch of 50 samples analysed for gold by the BLEG method have been returned from the commercial laboratory in Townsville. Statistical analysis was undertaken to determine the population distribution and to identify any samples regarded as anomalous. Samples above 150 parts per billion (ppb) BLEG were determined to be anomalous from log-probability analysis.

Of the 50 sample results returned to date, 17 are anomalous and these are tabled below. The first three samples were orientation samples adjacent to the Nagle Street Central Decline portal, an historical tailings storage area in Millchester Road and the old Venus Gold Battery, and these returned expected high values.

Sample No.	Latitude	Longitude	BLEG Gold ppb
1	- 20.0821	146.2769	6,033
2	- 20.0867	146.2942	2,449
3	- 20.0854	146.2904	784.5
23	- 20.0656	146.2737	619.9
27	- 20.0906	146.2577	519.9
25	- 20.0797	146.2539	470.6
4	- 20.0867	146.2942	456.2
5	- 20.0946	146.2963	421.2
26	- 20.0869	146.2605	371.5
11	- 20.0917	146.2752	345.3
7	- 20.1068	146.2979	260.5
9	- 20.0966	146.2902	219.7
22	- 20.0757	146.2743	188.6
12	- 20.1043	146.2804	181.3
13	- 20.1046	146.2799	175.5
6	- 20.1019	146.2978	175.0
10	- 20.1107	146.2865	170.5

Table 1. Stream sediment samples anomalous in Bulk Leach Extractable Gold

The remaining 14 anomalous samples are generally located to the south of Charters Towers. The remaining samples have been submitted for assay and the anomalous BLEG samples will be assessed together with the data from the base metal sampling and rock chip samples when these results are returned.

The stream sediment program, while still in its early stages, has highlighted areas of interest for further work and follow-up sampling. This will be undertaken in early 2021 after all assays are returned and following the end of the Wet Season.

The results from the soil geochemistry will assist our understanding of the style and structural controls of the gold mineralisation and assist identification areas of more intense future exploration programs. A field trip was also undertaken during the period to help identify accessibility to exploration areas.

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, active exploration was undertaken through the broad regional exploration sampling program, but no new exploration drilling was undertaken.

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

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

### **Mineral Processing**

Planning work on the Citigold's new process plant at its 'Stockholm' mine site continued to advance with preliminary site layout and design for:

- Crushing circuit,
- Digital ore sorting,
- Gravity circuit,
- Water pipeline extension,
- Dry stack waste storage, and
- Small captive renewable energy system.

Citigold envisages its new process plant will be ultra-modern requiring significantly less surface footprint, renewable energy powered and very efficient compared to traditional process plants. Further investigation is currently continuing to be carried out.

### **Health, Safety, Community And Environment**

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

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

### Corporate Presentation

Citigold's updated 'Path to high-grade gold production' corporate presentation was released on the ASX on 14 December 2020. A copy can be accessed from ASX or Citigold's [website](#).



### Annual General Meeting

The Company's 2020 Annual General Meeting was held on Thursday 12 November 2020 with all resolutions passed.

The Board of Directors thank shareholders for their attendance and continued support of the Charters Towers Gold Project.

### Non-Executive Director Resignation

Mr Arun Panchariya resigned as Director of the Company, effective 5 October 2020, due to his full-time commitments elsewhere. The Company sincerely thanks Mr Arun Panchariya for his valued contribution to the Company since 2013.

### Financial Discussion

During the Quarter, the Company raised \$1 million in capital, confirming the support of investors and shareholders. Furthermore, the short-term loan facility was repaid.

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

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

During the period, the Company made payment of \$12,000 (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 \$324,000 (expense) relate to previous exploration, tenement compliance, land management and mining lease rents. A further payment of \$3,700 relates to mine design, engineering, planning, optimisation, reviewing past mining data and process plant. 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 31 December 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 by sealed highway 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:

**Niall Nand**

Company Secretary

86 Brookes St (PO Box 1133),

Fortitude Valley, QLD, 4006

Australia

+61 7 3839 4041

nnand@citigold.com

www.citigold.com

**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:**

**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](http://www.citigold.com) click Mining >Technical Reports >Mineral Resources and Ore Reserves 2020.**