

## Quarterly Report

For the period ending 30 September 2021, dated 27 October 2021



### PROJECT OVERVIEW

Citigold is an Australian gold mining and exploration company operating on the Charters Towers goldfield in northeast Australia. The Charters Towers Gold Project is one of Australia's largest high-grade pure gold deposits.

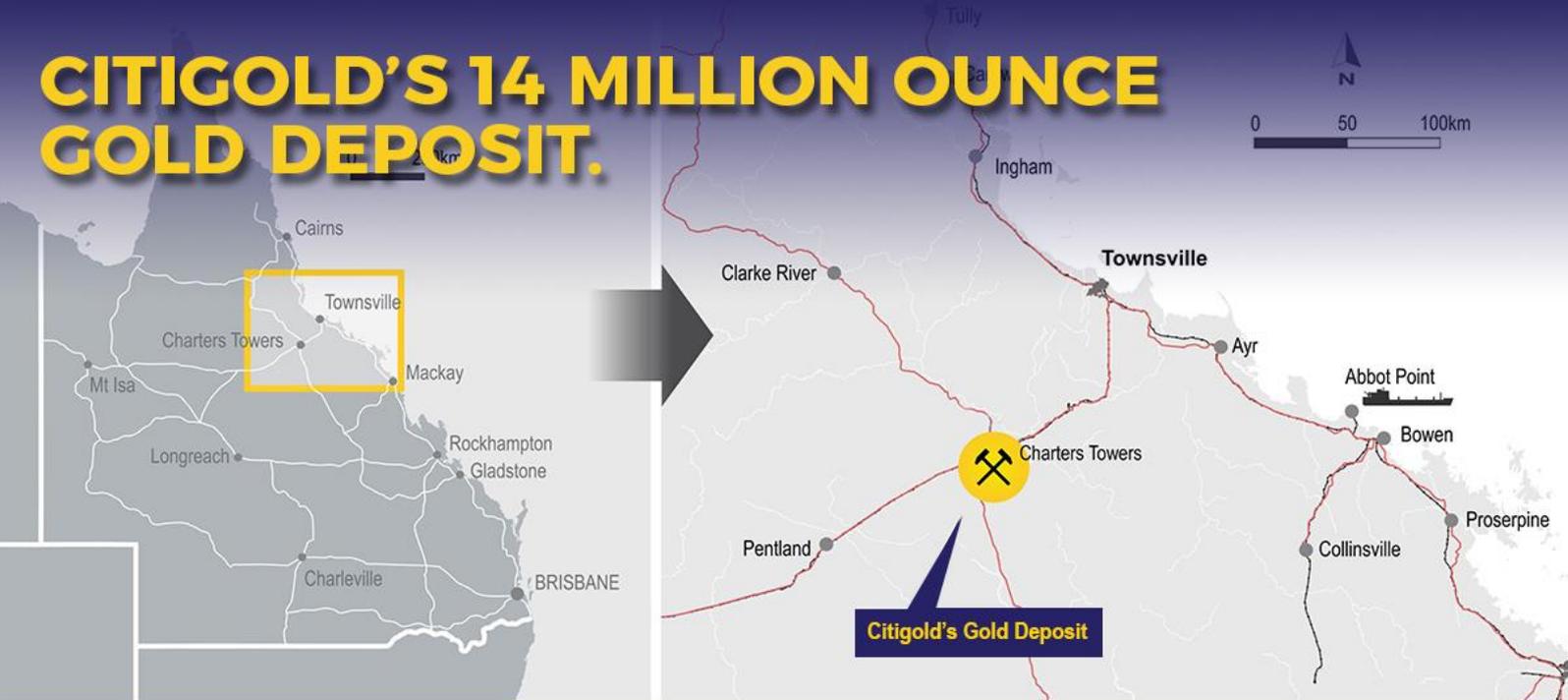
### HIGHLIGHTS

- Main focus remains on advancing the mine design and engineering for the Central Mine, ahead of the mining restart process.
- Broad Regional Exploration Program progress at Charters Towers with further anomalies identified. Final samples have been transported to Perth for analysis and results are awaiting.
- Planning work continued on Citigold's new process plant.
- Major project funding negotiations continuing.
- Citigold completes placement confirming continued investor interest in the Charters Towers Gold Project<sup>1</sup>.
- Citigold partners with Charters Towers Regional Council to enable "Charters Towers Water Park" project to go forward providing benefit to the community.
- 2021 Annual Report to Shareholders has been released<sup>2</sup>.

<sup>1</sup> See ASX Announcement dated 10 August 2021, [Application for Quotation of Securities](#)

<sup>2</sup> See ASX Announcement dated 20 August 2021, [Annual Report to Shareholders](#)

# CITIGOLD'S 14 MILLION OUNCE GOLD DEPOSIT.



Restarting a World Class Gold Mine  
 Citigold Corporation Limited (ASX:CTO)  
[citigold.com](http://citigold.com)



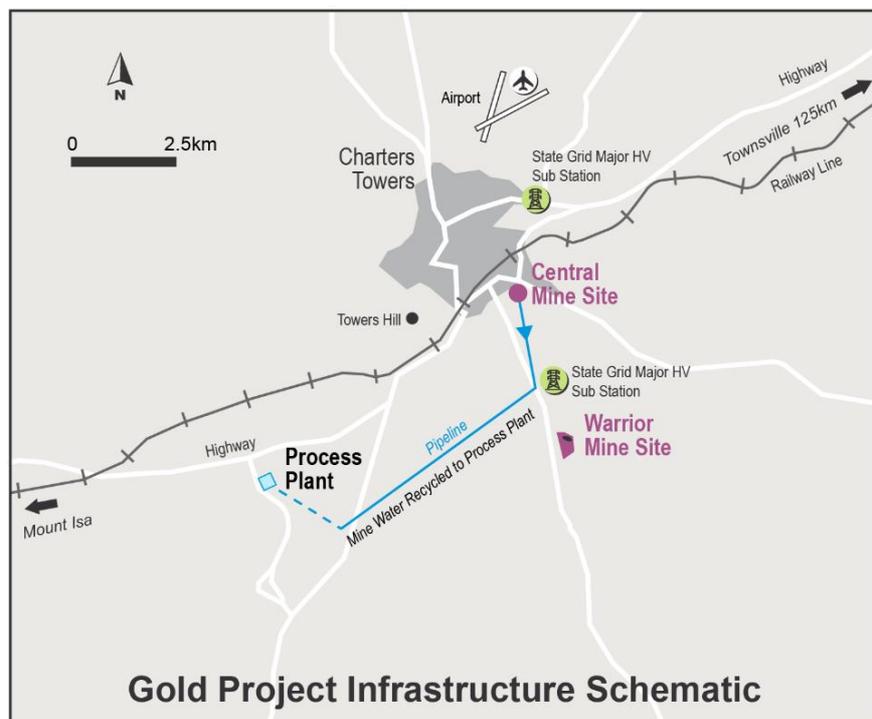
## OPERATIONS

### 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 open pit. The site has existing mining leases with sealed highway door to door.

The evolving new process plant design will focus on the 'upgrading' 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.



Citigold envisages its new plant will be an efficient design, environmentally friendly, requiring significantly less surface footprint, using less water and renewable energy power compared to traditional process plants. Further investigation is currently continuing to be carried out.

## Central Mine Overview



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.

The Central Mine, located adjacent to 30 Nagle Street Charters Towers, is centred around the initially excavated Central Mine access tunnel, that dives down at a 1:7 slope to over 200 metres vertical depth in the granite country rock. Previous trial production mining the 'usual way' 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.

Mine engineering and design work continued during the period with the Central area being the area of focus. Existing mine designs and schedules are currently being reviewed and optimised for initiatives such as "Twin-declines", ore handling systems, and taking into consideration other advancements in technologies and innovations. The review involves long-term planning, design, engineering and optimising the whole of life of mine plan.

## Central Mine Optimisation

In consultation with project designers, an innovative mining system has been put together that takes an efficient 'keyhole mining' approach to our mining and thereby doing what needs to be done for the geometry of our ore system, which 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, continued to advance. 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 'twin declines identified previously is that this approach may allow more efficient access to multiple areas of the underground reefs. This could allow the 'twins' to multiply gold production ore extraction accessing different and multiple areas of the mineralisation earlier than was possible under the old 'single' tunnel. The design possibilities will be further investigated.

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

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 gold production 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<sup>2</sup>.

Citigold's Probable Ore Reserves grade average of 7.7 g/t gold, uses a 4 g/t economic cut off @ a gold price of A\$1,600/oz<sup>2</sup>. 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<sup>1</sup>.

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<sup>2</sup>.

Mineral resources and reserves<sup>2</sup> are summarised below:

<sup>2</sup> See ASX announcement dated 9 December 2020, [Mineral Resources and Ore Reserves 2020](#)

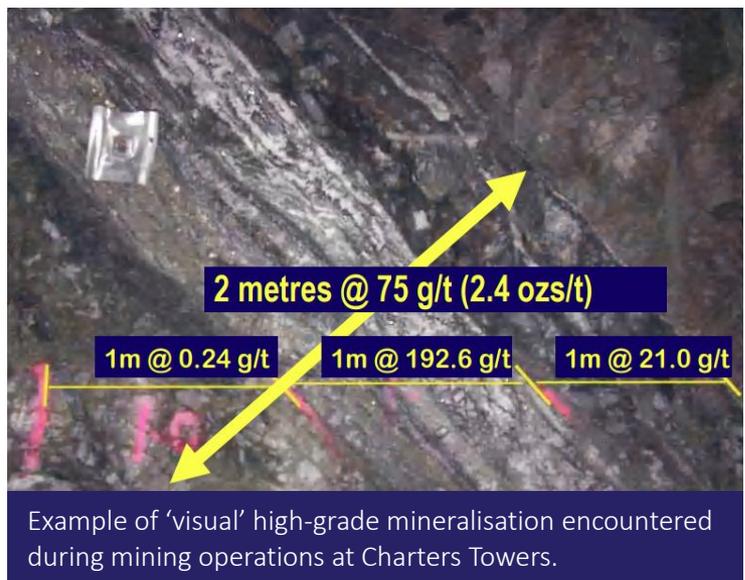
CATEGORY	TONNES	GRADE	CUT-OFF	CONTAINED GOLD OUNCES
<b>Probable Ore Reserves (derived from and contained within Indicated Mineral Resource)</b>	<b>2,500,000</b>	<b>7.7 g/t</b>	<b>4.0 g/t</b>	<b>620,000</b>
<b>Indicated Mineral Resources (includes Probable Ore Reserves)</b>	<b>3,200,000</b>	<b>7.7 g/t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

Citigold's Mineral Resources and Ore Reserves for the overall Gold Project are reported in accordance with the Australasian JORC Reporting Code 2012<sup>3</sup>. 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<sup>3</sup>. Exploration fieldwork, sampling and analysis continued. During the Quarter, no new exploration drilling was undertaken. Normal regulatory compliance reporting for exploration, mine and environmental continued during the Quarter.

The gold is rarely visible to the eye in the mineralisation despite the high grades, being very fine-grained. The associated galena, pyrite and sphalerite are very visible and a proxy for the gold. The gold particles are not encapsulated by these minerals, but are along the grain boundaries giving excellent gold recoveries<sup>3</sup>.

The initial defined mining area is the 'C03W' area<sup>3</sup>.

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

### Broad Regional Exploration Program Progress

The stream sediment sampling program previously announced (20 April 2021) was expanded with follow-up and infill sampling at 74 sites. In the initial program discussed in earlier releases (19 January 2021 and 23 March 2021), 84 sites were sampled, with three types of samples taken at each site:

- 3-5kg of -2mm sand analysed for gold by Bulk Cyanide Leach (BCL),

<sup>3</sup> See ASX Announcement dated 9 December 2020, [Mineral Resources and Ore Reserves 2020](#)

- 1-3kg of rock chip or rock float from the stream bed, analysed for gold by 50g fire assay and for a 35- element scan by Inductively Couple Plasma Atomic Emission Spectroscopy (ICP-AES, and
- 3-5kg of -2mm sand analysed for gold by 50g fire assay and for a 35-element scan by Inductively Couple Plasma Atomic Emission Spectroscopy (ICP-AES).

During May and June 2021, an expanded program of sampling 74 additional sites was planned to infill the more broad sampled areas and to follow up on the earlier anomalies. As in the earlier program, three samples were planned to be taken at each site, as detailed above, totalling 222 samples from 74 sites. Sample locations are shown on the map below.

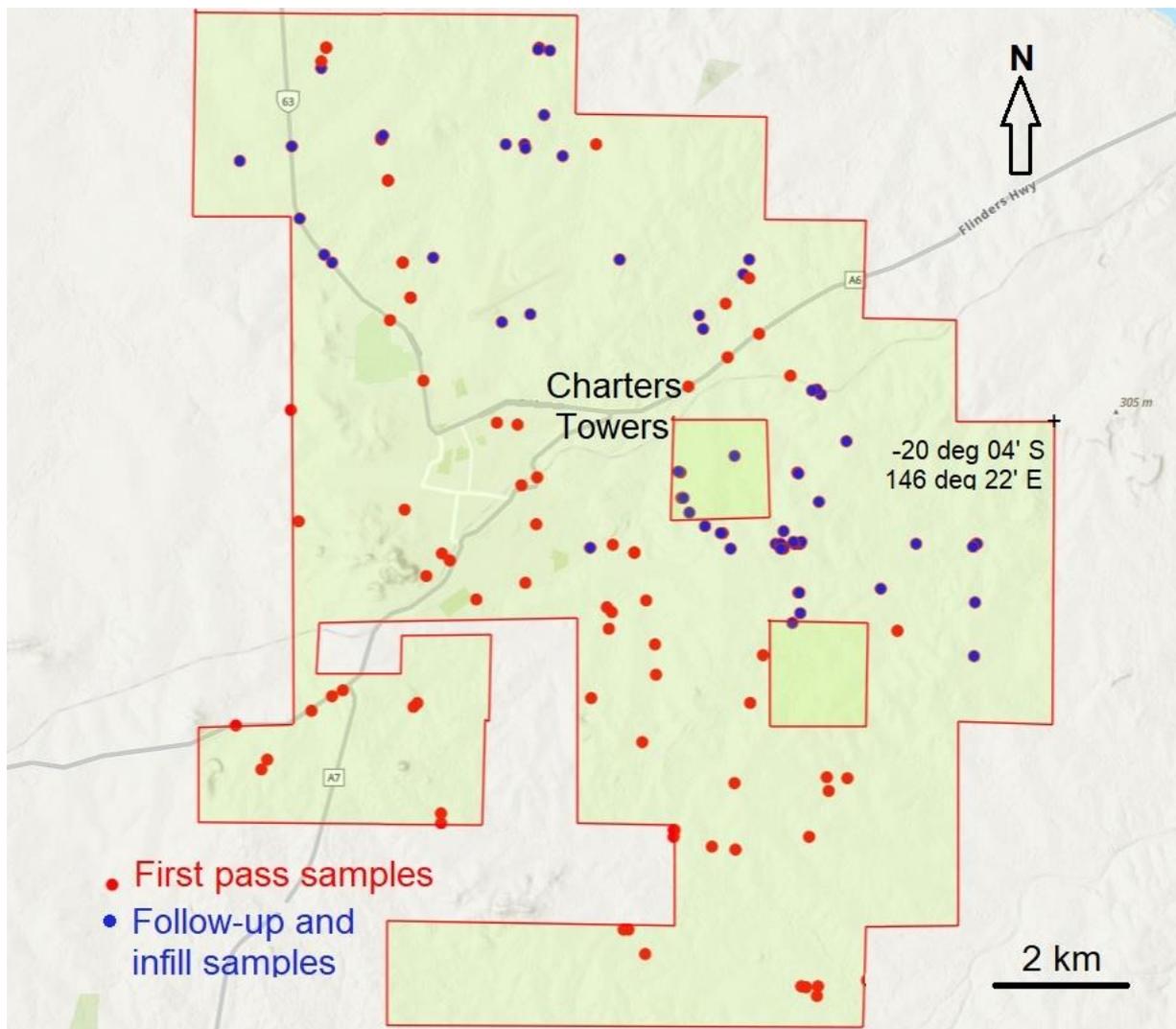


Figure 1. Sample site locations on Citigold’s broad regional exploration ground are shown above. Red circles are the initial 84 first-pass samples taken in December 2020 and discussed in releases in January and March 2021. The 74 follow-up and infill sample sites are shown as blue circles.

Initial fieldwork was completed in late June 2021, with the first batch of 74 samples submitted to the commercial laboratory in Townsville for analysis of gold by Bulk Cyanide Leach. Twenty-six samples in the first-pass sampling and eight samples in the in-fill sampling were anomalous in cyanide-extractable

gold (>100 ppb). Fifteen samples were anomalous in gold (>0.1 ppm) in the -2mm sand samples, and of these, six were anomalous in lead and zinc (>100 ppm) and four in arsenic (>20 ppm As).

These anomalies will be followed up in the coming two Quarters subject to the approaching Wet Season.

Sample No.	Latitude	Longitude	BCL	-2mm Sand Samples			
			CNx Au	Au	Pb	Zn	As
			ppb	ppm	ppm	ppm	ppm
1	- 20.08210	146.27694	6,033	0.33			
2	- 20.08667	146.29417	2,449				
3	- 20.08537	146.29038	785				
4	- 20.08665	146.29417	456	0.09			
5	- 20.09457	146.29625	421				
6	- 20.10190	146.29775	175				
7	- 20.10683	146.29788	261				
8	- 20.09582	146.28940	127				
9	- 20.09658	146.29017	220				
10	- 20.11070	146.28652	171				
11	- 20.09170	146.27515	345	0.2	98	258	
12	- 20.10425	146.28035	181				
13	- 20.10463	146.27993	176				
14	- 20.09975	146.27872	139				
17	- 20.13355	146.30102	141				
22	- 20.07567	146.27433	189	0.4	148	284	
23	- 20.06557	146.27367	620	0.21	434	636	41
24	- 20.06522	146.27008	144	0.19	269	363	74
25	- 20.07968	146.25387	471	0.44	490	661	79
26	- 20.08693	146.26045	372	0.45	957	912	82
27	- 20.09055	146.25768	520				
28	- 20.08802	146.26190	107				
29	- 20.09450	146.26647	101				
34	- 20.11147	146.25617	158				
50	- 20.03887	146.25353	711				
56	- 20.05938	146.30350	136	0.17			
59	- 20.04567	146.31012		0.24			
61	- 20.04142	146.31420	119	0.18			
62	- 20.01373	146.33782		0.13			
94	- 20.02520	146.25103	126				
110	- 20.03830	146.29148	144				
113	- 20.02470	146.32893	233	0.08			
114	- 20.02470	146.32893	160				
115	- 20.08590	146.28635	281	0.23			
124	- 20.07350	146.30222	167				
125	- 20.07330	146.30190		0.11			
126	- 20.06060	146.32677	106				
127	- 20.05980	146.32600	111				

Table 1. Stream sediment anomalous samples. Samples above 100 ppb are regarded as anomalous in cyanide-extractable gold ('CNx Au') in the bulk cyanide leach ('BCL') samples. Samples above 100 ppm

lead ('Pb') or zinc ('Zn') and above 20 ppm arsenic ('As') are regarded as anomalous in the -2mm sand samples.

The infill rock chip samples have been transported to Perth for analysis and results are awaited.

This exploration program surrounds the gold production Mining Leases of 23 square kilometres and includes the 'Central' gold mining site. The exploration aim is over time to increase mineral resources and reserves. The exploration areas include 26 square kilometres of Mineral Development Licenses and 163 square kilometres of Exploration Permits.

## Health, Safety, Community And Environment

There were no Lost Time Injuries, significant environmental, health or safety issues during the quarter. Personnel have commenced receiving COVID-19 vaccination and all personnel remained COVID-19 safe with no reported infection.

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.

### Community

Citigold is very pleased to recently partner with the Charters Towers Regional Council to provide regulatory assistance to enable "Charters Towers Water Park" project to go forward. The water park will be a valuable social infrastructure providing benefits to the wider community which Citigold is proud to be a part of.

To promote sports and exercise, our Company has worked with the local community previously to develop a BMX skatepark and an athletics field. This period, we have contributed to further developing the athletics field by contributing to heavy ground maintenance work and assisting with water recycling initiatives.

### Rehabilitation

As part of Citigold's ongoing operations, sites previously used are rehabilitated to be stable self-sustaining landforms with vegetation. The Company has been very successful with all the sites rehabilitated to date. Several of the sites will also be integrated into beneficial uses. From the inception of the project, we have always looked to design in the post-mining land use so that it generates self-sustaining benefits to the local community.

The progress of vegetation re-generation over time and wildlife habitation is very pleasing.



Citigold's Stockholm site shows the progress of rehabilitation.

## CORPORATE

### Financial Discussion

The Company’s Gold Mine is currently production-ready and the main focus is on completing the major funding negotiations and moving to gold production and revenue thereafter.

The Annual Report as at 30 June 2021 was released during the Quarter. The loss after tax for the Company was \$1.4 million for the year (2020: net loss was \$1.06 million)<sup>4</sup>.

The net assets for the Company are \$101.6 million as at 30 June 2021 (2020: \$101.1 million)<sup>4</sup>.

[Click here](#) to download a copy of the 2021 Annual Report to Shareholders.

During the Quarter, Citigold completed a placement for 53,659,091 shares, raising a total of \$590,250<sup>5</sup>.

The Company has two existing loan facilities in place totalling \$1,300,000 with undrawn balances of \$947,905 at quarter-end. The \$1 million loan facility has a maturity of 7 December 2022, and the \$300,000 facility has a maturity of 4 February 2023.

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 drawing on loan facilities as previously announced.

### 2021 Annual General Meeting

The Company’s 2021 Annual General Meeting was held on Friday 1 October 2021 with all resolutions passed. The Directors thank all the shareholders who attended the AGM. [Click here](#) to read the 2021 AGM Chairman’s Address.



<sup>4</sup> See ASX Announcement dated 20 August 2021, [Annual Report to Shareholders](#)

<sup>5</sup> See ASX Announcement dated 10 August 2021, [Application for Quotation of Securities - CTO](#)

## Change of Registered Office and Principal Place of Business

Citigold wishes to advise that its registered office and principal place of business has changed to<sup>6</sup>:

### Registered Office and Principal Place of Business:

**Citigold Corporation Limited**  
Level 1, 1024 Ann Street  
Fortitude Valley QLD 4006 Australia

### Postal address remains unchanged:

**Citigold Corporation Limited**  
PO Box 1133  
Fortitude Valley QLD 4006 Australia

The Company's telephone number, email address and website remains unchanged.

## Corporate Presentation

[Click here](#) to view Citigold's 'Path to high-grade gold production' corporate presentation which was released to the ASX on 8<sup>th</sup> April 2021<sup>7</sup>.



## Appendix 5B Disclosures

The Company's accompanying Appendix 5B (Quarterly Cash Flow Report) includes an amount in item 6.1 which constitutes directors' accrued fee and reimbursement payments during the Quarter.

During the period, the Company made a payment of \$71,000 (capitalised), on exploration activities at its Charters Towers Gold Project, which included regional exploration sampling program, assay results, review of historical data, and exploration technologies. Exploration payments totalling \$411,000 (expense) relate to tenement management costs, annual mining rent and EA fee payments. Development payments totalling \$23,000 (capitalised) as reported at item 2.1(f) relate to mine design and engineering, aerial survey, and process plant development. Development payments totaling \$34,000 (expense) relate to site management and maintenance costs.



Payment for administration and corporate costs amounted to \$248,000 and include listing, compliance, consultants and project marketing activities.

The above activities were summarised in this quarterly report.

<sup>6</sup> See ASX Announcement dated 5 October 2021, [Change of Registered Office and Principal Place of Business](#)

<sup>7</sup> See ASX Announcement dated 8 April 2021, [Corporate Presentation](#)

## 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 2021 and there were no acquisitions or disposals during the Quarter:

Exploration Permit Minerals	EPM 15964	EPM 15966	EPM 18465	EPM 18813	EPM 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

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



### OUR MISSION

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

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 subject to risk and uncertainties that might be out of the control of Citigold Corporation Limited and may cause actual results to differ from the release. Citigold Corporation Limited takes no responsibility to make changes to these statements to reflect change of events or circumstances after the release.

**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.**



Inside the portal of the Central Mine main access tunnel.