



# ANNUAL REPORT 2014

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## BUSINESS OVERVIEW

Citigold Corporation Ltd (Citigold) is an Australian gold mining and exploration company, operating the wholly owned Charters Towers goldfield in north east Australia, 1000 kilometres north of Brisbane, Queensland, and 130 kilometres south west from the major coastal port of Townsville.

Citigold holds 100% of the central goldfield. A Mineral Resource of 25 million tonnes at an average grade of 14 grams per tonne, containing 11,000,000 ounces of gold has been defined to JORC reporting standards. This gold deposit is currently the largest high grade gold resource in Australia. The Company has invested over \$200 million acquiring and developing the goldfield.

Citigold has the plan to develop the project in stages over a five year period, subject to adequate funding, building gold production to over 300,000 ounces per annum.

In addition to the 148 square kilometre central goldfield, Citigold has surrounding exploration areas with identified targets and potential for major discoveries. The surface infrastructure is already in place including the gold process plant and access to state grid power at all sites.

Citigold has a motivated and experienced management team in place that should ensure it efficiently expands gold production, by increasing the extent of underground workings. The company is now in discussion with various parties to fund this expansion.

The Charters Towers project is a large gold deposit that has the potential to generate substantial positive cash flows for many years. Helping to generate large returns for all shareholders over time. Citigold's current production is shipped to an Australian gold refiner where it is processed and sold into global markets at the prevailing spot gold price.

## CORPORATE DIRECTORY

### **CORPORATE & REGISTERED OFFICE**

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Brisbane, 4000 Qld, Australia  
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### **CHARTERS TOWERS MINE SITE**

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Charters Towers, Qld, 4820, Australia  
T:+61 7 4787 8300 F:+61 7 4787 8600  
Email: mine@citigold.com

### **DIRECTORS**

Mark J Lynch (Executive Chairman)  
John J Foley (Non-Executive Director)  
Arun Panchariya (Non-Executive Director)  
Raymond Tan (Non-Executive Director)  
Chris A Towsey (Executive Director)

### **COMPANY SECRETARY**

John Haley

### **EXCHANGE LISTING**

Australia (ASX) Code 'CTO'

### **SHARE REGISTRY**

Computershare Investor Services  
117 Victoria Street,  
West End, QLD 4000  
Telephone: 1300 850 505

### **AUDITOR**

KS Black & Co  
Level 6, 350 Kent Street  
Sydney NSW 2000

### **BANK**

Westpac



## CHAIRMAN'S LETTER

*Dear Shareholder,*

*Despite the year being a challenging one for most gold producers and explorers around the world, the company took another big stride towards Citigold's goal of becoming a mid-tier gold producer. Stage 1 of the re-commissioning of the Central mine was undertaken with 1,050 metres of the decline refurbishment completed.*

*Potential major development funding is advancing strongly with a few parties who are enthusiastic about getting involved with the development of the Charters Towers Gold Project. The rate of progress at Charters Towers was materially slowed when the previous funding partner was unable to fulfill its financial commitments.*

*Our determined and experienced management team has been further strengthened by the arrival of Christopher Towsey as an executive director and Chief Scientist. He will champion new mining technologies and oversee compliance with various Government Departments that regulate our mining operations. During the year overall Board numbers were reduced from seven to five directors.*

*The adoption of a philosophy and methodology, of combining cutting edge technologies and new structural interpretation with traditional drilling techniques, has yielded positive drilling results. The encouraging results are aiding us in commencing the definition of additional resources and reserves on the three relatively shallow main structures (C38, C37 and C03W). One drill hole returned an intercept of 271 grams per tonne of gold over 0.29 metres from the C03W structure. In addition, the drilling results have highlighted new reefs (C38 and*

*C37) and confirming the existence of known reefs closer to the existing Central mine underground access ramp.*

*A low cost mining approach is a key focus. This will be further implemented by building a mine, as we expand, that uses the latest technologies and efficiencies. In many industries the way manufacturing was done 20 and 30 years ago is no longer competitive today. We plan to compete for the world's lowest quartile production costs.*

*Your team at Citigold is committed and firmly believes that successful development of the Central and Imperial mines are close and will provide great value and return to our shareholders. It is my considered view that the only limitation to our Company's growth into a large and highly profitable gold producer is the major development funding from a strong partner.*

*Personally I would like to thank all shareholders for their consistent and generous support; Citigold's employees for their professionalism and hard work; and finally, the Charters Towers community for their wonderful support since the start of the project.*

*Mark Lynch  
Executive Chairman*

# REVIEW OF OPERATIONS



## FINANCIAL HIGHLIGHTS

- Central Mine access recommissioned to 1,050 metres and a depth of 160 metres below surface
- Targeted drill program yielding encouraging drilling result
- Net assets approximately close to \$200 million
- 11 million ounce gold Resource
- \$7.8 million in development and exploration expenditure
- strong support from investment community raising \$7 million

The 2014 Financial year has seen the company rehabilitating the central mine and building its asset base close to a total of \$200 million.

Revenue increased by 16.6% to \$4 million, primarily the result in a 24% increase in gold sales to 2,806 ounces. This is partially offset by a reduction in average realised gold prices from prior year gold price of \$1,536 per ounce to \$1,425 per ounce.

Though there is an increase in revenue and other income during the period compared to last year. Overall costs have increased causing a loss after tax from continuing operations increasing to \$7,672,163 from \$6,782,718 the previous year.

Total expenditure increased 29% for Citigold over this period from \$10.5 million in the 2013 financial year to \$13.1 million this year. Though the management have kept a close eye on cash expenditure, many increases in costs, other than increase in production costs from increase units of gold sold, has been out of Citigold's control. Increase in expenditure can be attributed to increase in prices of consumables such as electricity and government charges which went up by as much as 200% during the period. Weak resale market for surplus property, plant and equipment have also contributed to the loss on sale of assets of \$2 million. Total remuneration of Directors and Key Management Personnel reduced by 10% to \$1,153,482.

Net assets increased slightly during the year to almost \$200 million. Net borrowings have decreased by over \$2 million to \$1.15 million.

The focus of the year will continue to be the development of the Central area, it is anticipated the expenditure of the Company will move to the capital account in the short term as the mine is developed.

During the year, the company raised \$7 million demonstrating the continued support for the Company from shareholders and the investment community.

## MINING OPERATIONS

### CHARTERS TOWERS DEVELOPMENT STRATEGY

Citigold is building a large long life gold mine out of its 100% controlled 11 million ounces (25 million tonnes at 14 grams per tonne) deposit as reported to JORC standards. It is anticipated that at production of over 300,000 ounces per annum the mine life is over 30 years. This means that after the initial development costs the company will generate large positive cash flows that can be returned to investors as the Company does not require additional mine acquisitions to maintain production.

Citigold has already invested over \$207 million in acquiring the gold deposit and developing the mines at Charters Towers. With modern exploration and mining techniques, annual output targets are both achievable and sustainable in the long term from known mineralised areas.

The Company has over time built up the following strategic advantages:

1. Currently approximately 1305 square kilometres mining titles including MDL's, ML's and EPM's in the Charters Towers region.
2. Has gained valuable knowledge at Imperial, and originally through the earlier Central underground exploration, that can now be efficiently applied to the plan for production growth.
3. The substantial infrastructure, technical and mechanical support and geological processes are in place.
4. An existing 1600 metre long decline access ramp into the Central mine that has been refurbished to 1050 metre length and 160 metres below surface. The ramp is located in a position well suited to accessing mineralisation on the nearby C03 & C03W structures.
5. Obtained a proven ability and strong ideology of producing at low costs that can deliver larger long term returns to investors.
6. Active drilling and geophysics in the Central area is aiding in the definition process of additional reserves on three main structures (C38, C37 and the C03W structure). In addition, drilling and geophysics is being used to define areas of high grade mineralisation on an additional 8 major gold-bearing structures including the Brilliant East, C36, Day Dawn and Brilliant West.
7. Citigold has an operating mill proven to recover over 95% of gold from the high grade ore extracted from these vein deposits.

# REVIEW OF OPERATIONS continued

## CENTRAL MINE

The central mine is already an established mine site and has an overall area of about 16 square kilometres. Initial mining will come from a 1 square kilometre area with the target of producing 50,000 ounces of gold per annum initially and then progressively increasing over a four year period to 220,000 ounces of gold per annum.

The reactivation of the Central mine has commenced with the refurbishment of the existing decline. The project has advanced in many areas including:

- 1) The installation of ground support including fibrecruting the initial section of the central decline
- 2) Installation of a 110kilowatt fan in the Victoria main ventilation shaft
- 3) Installation of state grid power to the underground
- 4) Redesign and budget of main exhaust shaft, dewatering system and decline development.

At the completion of the current refurbishment program, excavation will target a connection to the Brilliant Block ventilation shaft where additional power and ventilation services will be installed. This will enable the Queen Sunburst ore body to be developed together with two cross reefs where early production is forecast. The next stage will be then to develop and access the Brilliant ore body and the Day Dawn ore body.

## IMPERIAL MINE

The Imperial mine, including the Warrior and Sons of Freedom reefs, is located about 5 kilometres southeast of central Charters Towers on Bluff Road. Over 70,000 ounces have now been produced since development started via small scale mining. An expansion of Imperial mine will allow gold production to grow to over 100,000 ounces per annum.

Ore produced from the Imperial mine was trucked from the underground production areas of the Warrior on the 730 levels and SOF reef on the 910 levels. Ore production from the underground was halted in August 2013 with the focus shifting to the refurbishment of the Central mine and associated exploration drilling.

The operations at Charters Towers have shifted from small scale production to the reestablishment of the Central area in preparation for large scale mining. Currently, due to the planned major development at Central, the Imperial mine has been placed on temporary care and maintenance.

## PROCESSING PLANT OPERATIONS

The processing plant milled a total of 17,196 tonnes of ore in the year principally from the Imperial mine and low grade stockpiles. The average recovery rate was 96.3% of gold in ore.

Gold production for the financial year was 2,806 ounces.

The overall mill recovered grade was 5.1 grams per tonne. This was a 40% improvement from 2013 in the average grade. Excluding the low grade stockpiles would have lifted the average milled grade higher.

As underground production is currently halted, the company will take the opportunity of current downtime of the processing plant to commence on a modernisation program. The agitation mechanisms will be replaced in all the remaining tanks before underground production resumes.

## EXPLORATION

The geology team headed by Dr Simon Richards is continuing to build on their knowledge of the Charters Towers gold field by advancing results-driven mineral definition programs to assist with the precise delineation of additional new reserves and the efficient conversion of large areas of mineral resources into ore reserves. The aim is to increase the number and size of minable ore bodies and have the ability to prioritise areas based on grade and proximity to existing and new access passageways underground.

Citigold's geology team has a clear plan to increase the number and size of minable ore bodies with the below vision for how this will be achieved using the smarter, faster, better, cheaper philosophy;

- 1) Utilise advanced technologies and techniques to clearly identify the high-grade gold lenses in the extensive network of fractures/structures within the Charters Towers goldfield.
- 2) Generate a low-cost predictive methodology for pinpointing the boundaries of the high-grade gold mineralisation.
- 3) To generate a cache of high-grade gold reserves that will support a long-term mining and production plan with multiple working areas.
- 4) Resume mining, with a clear monthly gold production profile from the Central high-grade zones, at low mining costs per ounce of gold produced.

## DRILLING

A total of 15,412 metre of reserve drilling was completed during the period. Over the last six months, 8 diamond drill holes CT9004, CT9005, CT9006 and CT9007 in Central is focussed on converting Resources to Reserves on at least 2 major gold bearing structures including the C05 and C03. The results obtained to date from this drilling campaign have proven that the methodologies generated by Citigold's new management team for targeting high-grade lenses is successful.

#### Drilling and Reserve Definition Highlights:

- Drill hole CT9004 returned an intercept of 271 grams per tonne gold over 0.29 metres from the C03W (Queen West) Structure.
- Drilling has confirmed the interpretation of a new, N to NE-dipping high grade (78.5 grams per tonne gold over 0.66 metres) structure (C38) that had not been previously identified by historical mining and is not currently included in the Mineral Resource.
- Drilling at Central mine area continues to substantiate the high-grade gold targeting methodologies generated by Citigold.
- The recent high grades are relatively shallow being from 165 to 344 metres vertically below surface.
- The nearby Central Decline is already at 230 metres vertical depth and in a geographical position to access the areas undergoing reserve definition.

The drilling completed in the Central area has reaped very encouraging results and has highlighted new reefs while also further confirming known reefs extending closer than previously anticipated to the existing Central mine underground access ramp. As a consequence, this has greatly reduced the amount of underground mine tunnelling (development) required prior to moving the Central area into gold production, reducing both time and cost associated with first commercial production.

#### GEOPHYSICS

The geophysics programs are being complemented with conventional drilling. 3D models of the host structures have been generated from new and existing drilling, historical operations and geophysics. With several geophysics programs completed during the period, the team has gained the expertise and experience to focus their efforts on productive programs.

Currently the Dielectric Resonance Spectroscopy program technique is providing promising data. It measures the dielectric properties of the rock as a function of frequency. This technique has grown tremendously in stature over the past few years and is now being widely employed in a wide variety of scientific fields. This new technology can potentially provide a digital overview of the details of earth crust, allowing Citigold to accurately pinpoint the sulphide bearing ore zones (high grade gold areas), greatly reducing the required conventional drilling and accelerating the conversion of Mineral Resources into Ore Reserves.

This research work will provide large productivity gains as we move into gold production.

The uneven gold distribution at Charters Towers has been a challenge and therefore it is essential that an efficient 'sulphide mapping' technique is developed into a reliable commercial

system to rapidly locate the high grade gold areas within the ore structures to support the production goals of Citigold at Charters Towers.

The tests to date at Charters Towers have shown that density highs can be identified at depth (over 1000 metres). The "virtual drilling" aims to allow the geology team to make a quick, non-invasive assessment of the probability of mineralisation at depth. The geophysical responses from test holes have been confirmed by 3,240 metres of diamond drilling after the geophysical data was interpreted. Once the technique is perfected it will be used as a pre-drilling targeting tool.

The geology team has coupled the geophysics program with a new 3D modelling system to ensure that the interpretation of all results, including information gained from both geophysics and conventional drilling, are completed in an accurate, efficient and cost effective manner.

#### ANHUI EXPLORATION JOINT VENTURE

It was decided towards end of the financial year to terminate this agreement due to lack of progress and uncertainty it brings to ownership of 1000 square kilometres outer exploration ground controlled by Citigold. No interest was earned by Anhui under the joint venture agreement and therefore Citigold retains 100% control of this prospective ground that surrounds our Charters Towers operations.

## SAFETY, HEALTH AND ENVIRONMENT

### SAFETY & HEALTH

Citigold is committed to creating and maintaining a safe environment at the work place. At Charters Towers the safety of personnel and the local community is of fundamental concern. The Company seeks to conduct its operations in an efficient and effective manner whilst providing:

- A healthy and safe work place
- Information on hazards of the workplace and training on how to work safely: and
- Consultation at all staff levels on health and safety matters.

Management has developed a workplace safety culture that thoroughly engages the entire workforce. The Company recognises that best safety practice is not just compliance with regulatory standards, but is dependent on all employees embracing responsibility for the work place safety culture. There were no serious safety or health incidents during the year.

There was 1 Lost Time injury during the financial year.

### ENVIRONMENT

There was one reportable Environmental Incident during the year. It was minor and is being dealt with to the satisfaction of the government department.

# REVIEW OF OPERATIONS continued

## COMMUNITY RELATIONS

Citigold continued to assist local groups in the Charters Towers community through the contribution of employees' time to local organisations and committees. With the planned expansion it is expected that Citigold will increase its support and activities in the local Community. The group employs about 25 people at Charters Towers at years end and this is expected to grow when the major expansion is carried out.

Regional communities like Charters Towers depend on grazing, mining, government services and numerous support businesses to provide a quality of living that retains and attracts residents. Citigold plans to continue to be a major contributor to the Community.

## CORPORATE

**Dividend** - Your Directors have considered it prudent not to declare a dividend at this time. This decision will be revisited as each stage of the production ramp up is achieved. The Company continues to undertake private placements from time to time when the Board considers it is appropriate prior to achieving Companywide profitability.

**Convertible Bond Agreement with Express Link** - In the June Quarter of 2014, Express Link and Citigold have mutually agreed to terminate the balance of the bond purchase. Citigold is currently in discussion with various potential partners to fund the expansion at the Central Mine.

## MINERAL RESOURCES AND ORE RESERVES

Citigold Mineral Resources and Ore Reserves for the overall Charters Towers Gold Project are reported in accordance with the Australasian JORC Reporting Code 2012. As at 30 June 2014 the mineral resources and ore reserves are tabled below. A JORC checklist of assessment and reporting criteria has also been included.

In mid-2012 the Company released the technical report Mineral Resources and Reserves 2012 (Technical Report) for the Charters Towers Gold Project (the Project).

The independent Technical Report was prepared in accordance with the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 ("the JORC Code"). The report also follows the format of the Canadian Form 43-101 F1 Technical Report for convenience and for overseas investors familiar with the Canadian format.

The Technical Report, prepared by consultants Pathfinder Exploration, is a rigorous review and evaluation of the technical aspects of the Project's geological gold and silver deposit.

A significant amount of drilling was conducted during the period between 2005 and 2012. This coupled with the application of two mining factors to the Resource calculation enabled the independent consultant to conclude a confidence level of  $\pm 30\%$  for the Inferred Mineral Resource and  $\pm 10$  to 15% for the contained ounces in the Probable Ore Reserve. The defined Resource is to a depth of vertical 1,200 metres.

The Central area contains 6 million ounces of gold resources and the Southern area (predominately the Imperial) contains 5 million ounces.

Annual gold production for the Financial Year was 2,806 ounces, the majority of which came from outside the published ore reserves. Material was sourced from the Sons of Freedom ore body at the Imperial mine, for which an ore reserve and mineral resource haven't been published due to uncertainties on grade continuity and also from low grade stock piles, tailings and clean-up of the processing plant. All these sources are outside the published ore reserves and mineral resources and there has been no material changes to the published figures.

Category	Tonnes		Grade g/t	Cut Off	Contained Ounces
Inferred Mineral Resources	25,000,000	Au	14	3.0g/t	11,000,000
		Ag	9	-	7,000,000
Indicated Mineral Resources (includes Probable Ore Reserves)	3,200,000	Au	7.6	3.0 g/t	780,000
		Ag	5.1	-	520,000
Probable Ore Reserves (derived from and contained within Indicated Mineral Resource)	2,500,000	Au	7.7	4.0 g/t	620,000
		Ag	5.1	-	410,000

A JORC checklist of assessment and reporting criteria as required under the 2012 JORC code has also been included below.

## SECTION 1 SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<p>Nature and quality of sampling (e.g. 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.</p> <p>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</p> <p>Aspects of the determination of mineralisation that are Material to the Public Report.</p> <p>In cases where 'industry standard' work has been done this would be relatively simple (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.</p>	<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.</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 sulphides, 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/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>).</li> </ul>
Drilling techniques	<p>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.).</p>	<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>In 2013-14, all drilling was completed under contract to Citigold.</li> <li>Core orientation is carried out on all drill holes CT9000 and above in order to constrain the geometry of lode bearing fractures. Core orientation measurements are taken at 6m intervals by contracted drillers.</li> </ul>
Drill sample recovery	<p>Method of recording and assessing core and chip sample recoveries and results assessed.</p> <p>Measures taken to maximise sample recovery and ensure representative nature of the samples.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>Core is recovered by wireline drilling, where core is collected inside a core barrel winched back to surface inside the drill rods. 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 daily log-sheets) 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 granites 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	<p>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.</p> <p>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</p> <p>The total length and percentage of the relevant intersections logged.</p>	<ul style="list-style-type: none"> <li>100% of core was logged. Samples were collected from intercepts where alteration or mineralisation were clearly seen. The nature of the ore-body 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>

# REVIEW OF OPERATIONS continued

## SECTION 1 SAMPLING TECHNIQUES AND DATA continued

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<p>If core, whether cut or sawn and whether quarter, half or all core taken.</p> <p>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</p> <p>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</p> <p>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.</p> <p>Whether sample sizes are appropriate to the grain size of the material being sampled.</p>	<ul style="list-style-type: none"> <li>Core is sawn in half and one half (50%) is submitted for analysis at NATA accredited 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 NATA accredited 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 NATA accredited laboratories where they are dried at 105°C; weighed; crushed to – 6mm; and pulverised to 90% passing 75µm where a 200g sub-sample is taken. 5% of samples are dual sub-sampled (second split) for sizing and analytical quality control purposes.</li> <li>Fire assay: 50g 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 950°C to produce a gold/silver prill; the prill is digested in aqua regia and the liquid read on an AAS.</li> <li>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.</li> <li>Quality Control: second splits (5% of total); 2 in 45 sample repeats; and 2 CRM standards for each rack of 50 samples are analysed in all methods</li> </ul>
Quality of assay data and laboratory tests	<p>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</p> <p>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.</p> <p>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</p>	<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 in approximately every 30 samples that are submitted.</li> <li>NATA accredited laboratories in Townsville have their own rigorous 'in lab' QA/QC 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 at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a> .</li> </ul>
Verification of sampling and assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p> <p>Discuss any adjustment to assay data.</p>	<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>Anomalous holes or unusually high grade samples are resubmitted for assay.</li> <li>No twinned holes were completed by Citigold in 2013-14. 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>

## SECTION 1 SAMPLING TECHNIQUES AND DATA *continued*

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Location of data points	<p>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.</p> <p>Specification of the grid system used.</p> <p>Quality and adequacy of topographic control.</p>	<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 3 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 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 holes are often re-surveyed with a Cameq Proshot acting as a secondary check of the original survey.</li> </ul>
Data spacing and distribution	<p>Data spacing for reporting of Exploration Results.</p> <p>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.</p> <p>Whether sample compositing has been applied.</p>	<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>• 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/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>).</li> </ul>
Orientation of data in relation to geological structure	<p>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</p> <p>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.</p>	<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 landholders 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, specifically designed for geophysics, and are not reported.</li> </ul>
Sample security	<p>The measures taken to ensure sample security.</p>	<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 NATA accredited laboratories 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	<p>The results of any audits or reviews of sampling techniques and data.</p>	<ul style="list-style-type: none"> <li>• A full Mineral Resources and Ore Reserves report was completed in May 2012, written in compliance with the then-current 2004 JORC Code. 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/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>.</li> <li>• Citigold's database has been audited by several independent consultants since 1998 and most recently by Snowden in 2011.</li> </ul> <p>There have been no material changes to this report since May 2012.</p>

# REVIEW OF OPERATIONS continued

## SECTION 2 REPORTING OF EXPLORATION RESULTS

(Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<p>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.</p> <p>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</p>	<ul style="list-style-type: none"> <li>• Citigold holds a number of tenements including Exploration Permit Minerals (EPM's), Mineral Development Licenses (MDL) and Mining Leases (ML's).</li> <li>• Citigold currently holds six (6) EPM's, Five (5) MDL's and forty seven (47) ML's.</li> </ul> <p>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</p>
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	<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: <ul style="list-style-type: none"> <li>• 1993 - Mt Leyshon Gold Mines Ltd extensions to CRA diamond drill holes in the areas.</li> <li>• 1991 - Diamond and RC drilling by PosGold in a joint venture with Charters Towers Mines NL that covered parts of the Central area areas.</li> <li>• 1981-84 - Diamond-drilling by the Homestake/BHP joint venture in the Central area.</li> <li>• 1975, 1981-82, and 1987 - Diamond and RC drilling in central by A.O.G., CRA and Orion respectively.</li> </ul> </li> <li>• Citigold retains all diamond core and a collection of core drilled by other companies is its on-site core-yard.</li> </ul>
Geology	Deposit type, geological setting and style of mineralisation.	<ul style="list-style-type: none"> <li>• Mineralisation at Charters Towers is referred to as "orogenic" style vein mesothermal gold deposit. See <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a></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 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.</li> </ul>

## SECTION 2 REPORTING OF EXPLORATION RESULTS continued

(Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
Drill hole Information	<p>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:</p> <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 metres) of the drill hole collar</li> <li>– dip and azimuth of the hole</li> <li>– down hole length and interception depth hole length.</li> </ul> <p>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.</p>	<ul style="list-style-type: none"> <li>• There are over 3,300 drill holes in the project area, and it is impracticable to list them all in this report. Drilling since 2004 has been tabulated on the Company's web site and significant results listed in the Quarterly reports.</li> </ul> <p>Summary information on and statistical analysis of the drilling is contained in the Company's 2012 Mineral Resources and Ore Reserves report at:</p> <p><a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a></p>
Data aggregation methods	<p>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</p> <p>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.</p> <p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	<ul style="list-style-type: none"> <li>• The intercepts reported on in any public release are described in sufficient detail, including gold maxima and subintervals, to allow the reader to make an assessment of the balance of high and low grades in the intercept.</li> <li>• All sample interval lengths are presented as "Depth from" and "Depth to" and intercept length.</li> <li>• Assay results for Ag, Pb and Au are presented as ppm. In addition, Au (gold) is presented as grade x width, in metre-grams per tonne (m.g/t), particularly where intervals are less than one metre, to put the results into perspective as the minimum mining width is one metre.</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	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</p>	<ul style="list-style-type: none"> <li>• All intercepts presented in tables in Quarterly Reports are reported as down-hole lengths unless stated as True Widths.</li> <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 reported as intercept widths may not necessarily represent true widths in some cases.</li> <li>• All tables clearly indicate "From" and "To" intervals.</li> </ul>
Diagrams	<p>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.</p>	<ul style="list-style-type: none"> <li>• There are over 3,300 drill holes in the project area, and it is impracticable to list them all in this report.</li> </ul> <p>Significant drill hole collar locations are shown on Figure 14-11, page 87, of the 2012 Mineral Resources and Ore Reserves Report (<a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>).</p>
Balanced reporting	<p>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.</p>	<ul style="list-style-type: none"> <li>• Almost every drill hole completed on the property from 2004 to 2011 is available from the Citigold website (<a href="http://www.citigold.com/mining/exploration">http://www.citigold.com/mining/exploration</a>). Drilling was suspended during 2012 and resumed in 2013.</li> <li>• Drill holes not included (regardless of intercepts and grade) are those that were drilled specifically for down-hole 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> <li>• Higher grade drill holes (above 0.5m.g/t) are reported in Quarterly Reports.</li> </ul>

# REVIEW OF OPERATIONS continued

## SECTION 2 REPORTING OF EXPLORATION RESULTS continued

(Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	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.	<ul style="list-style-type: none"> <li>The Project has produced some 100,000 ounces of gold. Details such as bulk density, metallurgical characteristics, groundwater and geotechnical data are covered in the 2012 Mineral Resources and Ore Reserves Report which can be found at <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>. Bulk sampling and geophysical survey results are reported Quarterly as available.</li> </ul>
Further work	<p>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</p> <p>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</p>	<ul style="list-style-type: none"> <li>Future work will concentrate on in-fill drilling between drill hole intercepts in the Central area to increase the data density required to convert Inferred Resources to Indicated.</li> </ul>



## SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

(Criteria listed in Section 1, and where relevant in Section 2, also apply to this section)

Criteria	JORC Code explanation	Commentary
Database integrity	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.  Data validation procedures used.	Databases were manually audited and checked on three occasions by external consultants since 1998 and most recently by Snowden in 2011. The SURPAC computer program has an automatic error checking procedure that checks for duplication and column errors.
Site visits	Comment on any site visits undertaken by the Competent Person and the outcome of those visits.  If no site visits have been undertaken indicate why this is the case.	The Competent Person (under the JORC Code) responsible for this report, Mr Christopher Alan John Towsey MSc BSc(Hons), DipEd, FAusIMM, CPGeo, MMICA, MAIG, has been associated with the Project for 15 years from 1999 as a consultant geologist and employee. He joined the Company on full-time staff as General Manager Mining in July 2002, was promoted to Chief Operating Officer ('COO') in January 2004 and lived on-site at Charters Towers as COO and Site Senior Executive managing the day-to-day operations of the underground mining operations of the Imperial Mine from October 2009 to January 2011. He has remained as a consultant geologist to the Company since January 2011. On 21 February 2014 he was appointed as a Non-Executive Director of Citigold Corporation Limited. He inspected the operations in April and September 2011, and again the 19th and 20th December 2011, inspecting the Central Decline underground down to the Brilliant Block Shaft 180m vertically below the city, and inspecting the 830 and 840 production levels in the Sons of Freedom ore body in the Imperial Mine 5 km southeast of the city. He last visited the site on 22 September 2014. He was abreast of daily operations up until April 2011, and since 21 Feb 2014.
Geological interpretation	Confidence in (or conversely, the uncertainty of ) the geological interpretation of the mineral deposit.  Nature of the data used and of any assumptions made.  The effect, if any, of alternative interpretations on Mineral Resource estimation.  The use of geology in guiding and controlling Mineral Resource estimation.  The factors affecting continuity both of grade and geology.	The geology is well known as the field has been mined since 1871 with some 180 km of underground drives and production of 6.6 million ounces of gold from 6 million tonnes of ore. The mineralisation is contained in fractures or shear zones (reefs) which have good geological continuity and predictability up to 2km along strike and down dip, but the reefs have an almost random distribution of ore grades within the reef. The reefs are widely spaced (usually →400m apart) and therefore drill intersections, especially with oriented drill-core, are usually clearly linkable to known reefs. The grade is known not to be continuous, making estimation of a Proved Reserve grade difficult without underground driving or bulk sampling. The statistical range derived from Ordinary and Indicator Kriging suggests a range of 6m to 8m (the distance an assay can be reliably projected away from the known point) but high grade areas have been found very close to sub-economic grade areas, meaning that a strike drive or potential stoping area often maintains an economic grade when averaged over say 200m. Drilling has also been found to underestimate the grade when compared to areas that have been mined and stoped. The variability in grade is compensated for by applying a mining factor, payability, to the resources – payability is the percentage of a nominated mineralised reef that can be economically mined based on previous production records. This variability is covered in the 2012 Mineral Resources and Ore Reserves report , which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	There are 25 mineralised bodies included in the Mineral Resource estimate. These are up to 2 km along strike. Mineral resources are estimated to a maximum depth of 1200 m down dip. The tops of bodies in the Resources are terminated at 50 m below surface, as it is unlikely the top 50 m under the city can be safely mined without disturbing existing buildings and infrastructure such as rail lines and highways. Drilling has intersected mineralised structures down to 2000m depth. There are 30 significant drill intersections deeper than 1,000 metres, of which 27 are deeper than 1,100 metres and 18 deeper than 1,200 metres. The deepest significant intersection is 1,817.2 metres (0.4 grams per tonne Au), and the best gold grade deeper than 1,200 metres was 20.54 grams per tonne Au.

# REVIEW OF OPERATIONS continued

## SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES continued

(Criteria listed in Section 1, and where relevant in Section 2, also apply to this section)

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques	<p>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</p> <p>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</p> <p>The assumptions made regarding recovery of by-products.</p> <p>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).</p> <p>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</p> <p>Any assumptions behind modelling of selective mining units.</p> <p>Any assumptions about correlation between variables.</p> <p>Description of how the geological interpretation was used to control the resource estimates.</p> <p>Discussion of basis for using or not using grade cutting or capping.</p> <p>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</p>	<p>Drilling has been separated into two main domains, the Central and Southern areas. For Inferred Mineral Resources, there was no cutting of high grades or exclusion of high-grade outliers, as log-probability plots indicated no anomalous populations. Indicated Mineral Resources used a Top Cut of 50 g/t. A lower cut-off of 1 metre-gram per tonne was used to define the reef outlines and 3 metre-grams per tonne used to define Resources. Reefs were modelled in SURPAC to produce 3D solids. Grades for Inferred Resources were based on the geometric mean applied over polygonal areas. Indicated Resources were based on arithmetic means of drill intersection accumulations (metre-grams per tonne) for the smaller polygons modelled for Indicated status. Validation by comparing recovered ounces from stoped areas with ounces defined ahead of mining has been satisfactory.</p>
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	All tonnages are estimated on dry weight as all material is below the base of oxidation. Moisture content becomes an issue only for mill feed after mining and does not affect <i>in situ</i> Resources.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	See Chapter 14 of the 2012 Mineral Resources and Ore Reserves Report. A lower cut-off grade of three grams of gold per tonne of mineralized material (grams per tonne Au) over a minimum sample true width of one metre (expressed as 3 metre-gram per tonne Au). No Top Cut was applied to Inferred Mineral Resources as explained in Chapter 14 but an arbitrary Top Cut of 50 g/t was applied to Indicated Resources.
Mining factors or assumptions	<p>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</p>	<p>Two mining factors have been included (a minimum mining width of one metre, and a substantial discount of the tonnes (70%) based on known mine payability on the reefs).</p> <p>See Chapter 14 of the 2012 Mineral Resources and Ore Reserves Report.</p>

## SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES *continued*

(Criteria listed in Section 1, and where relevant in Section 2, also apply to this section)

Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	Over 100,000 ounces of gold and 45,000 ounces of silver have been produced since 1998. From 2006 to 2012, the Company's Quarterly Reports to the Australian Securities Exchange listed the gold recovery from the plant. Recoveries were in the range of 95% to 98% recovery of gold entering the plant. A recovery of 95% has been used in the mining factors for estimating Ore Reserves and estimating mining and processing costs.  See Chapter 13 of the 2012 Mineral Resources and Ore Reserves Report.
Environmental factors or assumptions	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	The Project has been mining since 1994 with an accepted EMOS and granted mining leases and Environmental Authorities ('EA'). The Tailings Storage Facility was constructed in 1997 and is inspected annually by a qualified consultant engineer. The site normally does not release water from the site due to the high local evaporation rates, but has approval to release provided discharge waters are compliant with the conditions of the EA.
Bulk density	Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.  The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.  Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	The Project normally mines primary ore from underground. Oxidised ore was only mined in two trial open pits (Stockholm and Washington in 1997-2000). No oxidised material is included in Resources or Reserves. Extensive density measurements were carried out. A bulk density of 2.7 t/m <sup>3</sup> was used. See section 14.5.4 <i>Tonnage Estimates</i> in the 2012 Mineral Resources Report .for tables of density data (Tables 14.10 and 14.11 in the 2012 report).
Classification	The basis for the classification of the Mineral Resources into varying confidence categories.  Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).  Whether the result appropriately reflects the Competent Person's view of the deposit.	The confidence level is $\pm 30\%$ for the contained ounces in the Inferred Mineral Resource, because two mining factors have been included (a minimum mining width of one metre, and a substantial discount of the tonnes (70%) based on known mine payability on the reefs).
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	The last peer review of the Mineral Resources was by Snowden Associates in June 2012. Snowden concluded that the 2012 Technical Report is written in accordance with the 2004 JORC Code. In addition, Snowden considers that CitiGold's approach to estimating Mineral Resources at Charters Towers are reasonable based on the nature of the mineralisation, the methodology adopted in preparing the estimate and the history of operations in the goldfield. There have been no material changes to Resources or Reserves since the 2012 report.

# REVIEW OF OPERATIONS continued

## SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES continued

(Criteria listed in Section 1, and where relevant in Section 2, also apply to this section)

Criteria	JORC Code explanation	Commentary
Discussion of relative accuracy/confidence	<p>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</p> <p>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</p> <p>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p>	<p>The confidence level is <math>\pm 30\%</math> for the contained ounces in the Inferred Mineral Resource, because two mining factors have been included (a minimum mining width of one metre, and a substantial discount of the tonnes (70%) based on known mine payability on the reefs).</p>



## SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES

(Criteria listed in Section 1, and where relevant in Sections 2 and 3, also apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	<p>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</p> <p>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</p>	<p>The Indicated Mineral Resource is 3,200,000 tonnes at 7.6 grams per tonne gold and 5.1 grams per tonne silver, containing 780,000 ounces of gold and 520,000 ounces of silver.</p> <p>The Probable Ore Reserve is derived from, and not additional to, the Indicated Mineral Resource.</p> <p>There are 16 separate mineralised bodies in the Indicated Mineral Resource, and of these 16, fourteen met the criteria to be classified as ore bodies in the Probable Ore Reserve.</p>
Site visits	<p>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</p> <p>If no site visits have been undertaken indicate why this is the case.</p>	<p><i>The Competent Person</i> (under the JORC Code) responsible for this report, Mr Christopher Alan John Towsey MSc BSc(Hons), DipEd, FAusIMM, CPGeo, MMICA, MAIG, has been associated with the Project for 15 years from 1999 as a consultant geologist and employee. He joined the Company on full-time staff as General Manager Mining in July 2002, was promoted to Chief Operating Officer ('COO') in January 2004 and lived on-site at Charters Towers as COO and Site Senior Executive managing the day-to-day operations of the underground mining operations of the Imperial Mine from October 2009 to January 2011. He has remained as a consultant geologist to the Company since January 2011. On 21 February 2014 he was appointed as a Non-Executive Director of Citigold Corporation Limited. He inspected the operations in April and September 2011, and again the 19th and 20th December 2011, inspecting the Central Decline underground down to the Brilliant Block Shaft 180m vertically below the city, and inspecting the 830 and 840 production levels in the Sons of Freedom ore body in the Imperial Mine 5 km southeast of the city. He visited the site on 19 January 2012 and again on 29-30 April 2014. He was abreast of daily operations up until April 2011 and since 21 Feb 2014. His last site visit was 22 September 2014.</p>
Study status	<p>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</p> <p>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</p>	<p>The project has been mining since 1993 and has produced over 100,000 ounces of gold in trial mining, which constitutes a full Feasibility Study, even though there is no single document with that title. Mining Leases have been granted, a two million tonne capacity tailings storage facility constructed and a processing plant built and operated since 1994. Actual mining costs have been obtained, together with purchased mining equipment and over \$200 million already invested. Material Modifying Factors have been tested under actual production conditions and validated.</p>
Cut-off parameters	<p>The basis of the cut-off grade(s) or quality parameters applied.</p>	<p>See Chapter 14 of the 2012 Mineral Resources and Ore Reserves report, which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>. A lower cut-off grade of three grams of gold per tonne of mineralized material (grams per tonne Au) over a minimum sample true width of one metre (expressed as 3 metre-gram per tonne Au). No Top Cut was applied to Mineral resources as explained in Chapter 14.</p> <p>For conversion of Indicated Mineral Resources to Probable Reserves, a lower cut-off grade of 4 g/t gold was used to allow for physical losses and dilution during mining. An arbitrary top cut of 50 grams per tonne Au was applied to high assays in Ore Reserve estimation to reduce any potential biasing effect of the high-grades. This is a conservative approach, as there is no statistical basis for cutting high grades, as discussed in the Inferred Mineral Resources section, and several of the Central ore bodies averaged recovered grades of over 50 grams per tonne for tens of years when mined previously.</p>

# REVIEW OF OPERATIONS continued

## SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES continued

(Criteria listed in Section 1, and where relevant in Sections 2 and 3, also apply to this section)

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	<p>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</p> <p>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</p> <p>The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling.</p> <p>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</p> <p>The mining dilution factors used.</p> <p>The mining recovery factors used.</p> <p>Any minimum mining widths used.</p> <p>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</p> <p>The infrastructure requirements of the selected mining methods.</p>	<p><b>Mining method -</b> Underground. Longhole open stoping, 10m sub-levels</p> <p><b>Minimum mining width -</b> 1metre</p> <p><b>Dilution -</b> 10% after ore sorting</p> <p><b>Gold losses -</b> 5% after ore sorting</p> <p><b>Payability -</b> Variable - 30% to 52%</p> <p><b>Pillars left -</b> 0% due to payability factor</p> <p><b>US Gold Price -</b> USD \$1,300</p> <p><b>Exchange Rate -</b> 0.91</p> <p><b>Aus Gold Price -</b> AUD \$1,429</p> <p><b>Driving cost -</b> AUD \$3,000 per metre, 3.5m square</p> <p><b>Driving cost equivalent -</b> 2.1 Ounces per metre, 3.5m square</p> <p><b>Mill recovery -</b> 95% of mill feed</p> <p>All necessary infrastructure has already been built and some 100,000 ounces of gold already produced. For details of the Mining factors and assumptions, see Chapter 15 of the 2012 Mineral Resources and Ore Reserves report, which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>.</p>
Metallurgical factors or assumptions	<p>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</p> <p>Whether the metallurgical process is well-tested technology or novel in nature.</p> <p>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</p> <p>Any assumptions or allowances made for deleterious elements.</p> <p>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the ore body as a whole.</p> <p>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</p>	<p>Metallurgical characteristics are well-understood, having operated the processing plant since 1993 and recovered over 100,000 ounces of gold and 45,000 ounces of silver. Actual mill recoveries varied from 95% to 98% of mill feed. Mill recovery used for future projections is 95% of mill feed. See Chapter 13 of the 2012 Mineral Resources and Ore Reserves report, which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>.</p>

## SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES *continued*

(Criteria listed in Section 1, and where relevant in Sections 2 and 3, also apply to this section)

Criteria	JORC Code explanation	Commentary
Environmental	The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	<p>This risk is assessed as Low Risk.</p> <p>The Company has an approved Environmental Management Overview Strategy (EMOS) and Environmental Authority in place and has been conducting mining and processing operation since 1993, and expects to be able to continue to do so. In addition a Plan of Operations, in compliance with the EMOS, has also been approved by the DRNM. These operating documents are in compliance with Queensland's stringent Environmental Protection Act and Regulation.</p> <p>The Tailings Storage facility has already been built and used since 1997. Adjacent land alongside has been acquired for any future expansion. Dry stacking of tailings above ground is being evaluated.</p> <p>The Company is continuing discussion with the Department of Environment, Heritage and Protection in regards to the adequacy of financial assurance provided for the purpose of mine rehabilitation. The potential liability can be up to a maximum of \$7.6 million.</p>
Infrastructure	The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	Most of the infrastructure is in place, paid for and operational. Power is drawn from the State grid. The Project is mostly self-sufficient in water but could draw on local municipal supplies if necessary. There is major town in the Project area that supplies all accommodation, services, transport and medical backup that may be required. There is a major port, international airport and city to the east, 1.5 hours drive by sealed highway, at Townsville with a population of 189,238 (30 June 2013).
Costs	<p>The derivation of, or assumptions made, regarding projected capital costs in the study.</p> <p>The methodology used to estimate operating costs.</p> <p>Allowances made for the content of deleterious elements.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.</p> <p>The source of exchange rates used in the study.</p> <p>Derivation of transportation charges.</p> <p>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</p> <p>The allowances made for royalties payable, both Government and private.</p>	<p>Operating, transport, treatment, refining and capital costs are based on actual costs since 2006. A gold price of US\$1300, an exchange rate of 0.91 and an Australian dollar gold price of \$1430 were used, based on analysis of the supply and demand by the World Gold Council, and actual prices and exchange rates over the last 5 years. The deposit has low arsenic, selenium and mercury levels, and gold doré bars produced by the Company have met the refiner's specifications since 1994 without penalty.</p> <p>Royalties are currently at 5% of the gross revenue received from precious metal sales. This set by the Queensland State Government and is subject to periodic change outside the Company's control. The Government has not announced any plans to change the gold royalty. Transport costs of the final product are minimal – the maximum projected output is 330,000 ounces per year weighing 10.3 tonnes, or 197 kg per week. Raw doré gold is air-freighted to the refinery in Perth, Western Australia. Actual cash cost for the September 2013 Quarter was A\$569, down from A\$588 the previous Quarter (June 2013).</p>
Revenue factors	<p>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</p> <p>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</p>	<p>These are covered in Chapters 14-16, 19, 21 and 22 of the 2012 Mineral Resources and Ore Reserves report , which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>.</p> <p>Future metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns are simply unknown. Assumptions have been made based on the best available actual data and trends estimated by professional bodies and investment groups.</p>

# REVIEW OF OPERATIONS continued

## SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES continued

(Criteria listed in Section 1, and where relevant in Sections 2 and 3, also apply to this section)

Criteria	JORC Code explanation	Commentary
Market assessment	<p>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</p> <p>A customer and competitor analysis along with the identification of likely market windows for the product.</p> <p>Price and volume forecasts and the basis for these forecasts.</p> <p>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</p>	<p>Refined gold and silver are directly exchangeable for cash. There are no sale contracts, hedging contracts, forward sales or royalty contracts currently in place that lock the Company into any fixed sales arrangements. The Company has an agreement to refine its doré bullion at the Perth Mint precious metals refinery in Western Australia at market refining prices. There is an opportunity, but no obligation, for the Perth Mint to sell the gold and silver on the Company's behalf if instructed by the Company. The Company retains full flexibility to choose if, when and where it sells its gold and silver, and whether or not to enter into hedging or royalty agreements. See Chapters 19,21 and 22 of the 2012 Mineral Resources and Ore Reserves report , which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>.</p>
Economic	<p>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</p> <p>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</p>	<p>The NPV in the 2012 report based upon Citigold's financial model, was estimated at A\$742 million based on a Discounted Cash Flow rate of 20%. See Chapter 22 of the 2012 Mineral Resources and Ore Reserves report , which can be found at: <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>.</p>
Social	<p>The status of agreements with key stakeholders and matters leading to social licence to operate.</p>	<p>This risk is assessed as Low Risk. There are no known social or heritage matters that are seen as having the potential to stop the Project proceeding. Any proposed governmental changes to royalties, mining legislation, environmental protection or transport regulations would apply to the whole of either Queensland's or Australia's mining sector, and would therefore not proceed without timely discussion and time to implement.</p>
Other	<p>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</p> <p>Any identified material naturally occurring risks.</p> <p>The status of material legal agreements and marketing arrangements.</p> <p>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</p>	<p>The Company holds all the necessary land and permits it requires and has been mining since 1994. There are no legal matters in hand that appear likely to interfere with expanding the Project.</p>

## SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES *continued*

(Criteria listed in Section 1, and where relevant in Sections 2 and 3, also apply to this section)

Criteria	JORC Code explanation	Commentary
Classification	<p>The basis for the classification of the Ore Reserves into varying confidence categories.</p> <p>Whether the result appropriately reflects the Competent Person's view of the deposit.</p> <p>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</p>	<p>Probable Ore Reserves are derived from Indicated Mineral Resources, which in turn are based on drill and face sample data at intervals of 25 to 80 metres. The Probable Ore Reserves are derived from, contained within, and not additional to, the Indicated Mineral Resources. There are 16 separate mineralised bodies in the Indicated Mineral Resource, and of these 16, fourteen met the criteria to be classified as ore bodies in the Probable Ore Reserve.</p>
Audits or reviews	<p>The results of any audits or reviews of Ore Reserve estimates.</p>	<p>The last peer review of the Ore Reserves was by Snowden Associates in June 2012. Snowden concluded that the 2012 Technical Report is written in accordance with the 2004 JORC Code. In addition, Snowden considers that Citigold's approach to estimating Ore Reserves at Charters Towers are reasonable based on the nature of the mineralisation, the methodology adopted in preparing the estimate and the history of operations in the goldfield.</p>
Discussion of relative accuracy/ confidence	<p>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</p> <p>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</p> <p>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</p> <p>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p>	<p>The confidence level is <math>\pm 10</math> to 15% for the contained ounces in the Probable Ore Reserve.</p> <p>Assay duplicate precision has been audited and found to be within <math>\pm 10\%</math> of the mean value, which is within acceptable limits for commercial assays. Selective re-assay of samples was undertaken following inspection of results where particularly high or anomalous assays were noted. Assay results were reviewed statistically, by cumulative frequency plots and histograms, and log normality of data sets was established for the mineralised zones. See the Company 2012 Mineral Resources and Ore Reserves Report, available on the Company's web site at <a href="http://www.citigold.com/mining/technical-reports">http://www.citigold.com/mining/technical-reports</a>, pages 45 to 64. The normal range of precision from commercial laboratories (as used by the Company) is 10% to 15% (Bumstead, 1984 – see the 2012 Report), meaning that repeat samples vary from the average of the samples by up to 10% to 15%. Given that the precision of the most accurate starting number, the laboratory assay, is already <math>\pm 10\%</math> to 15%, it is not possible to estimate contained ounces or confidence limits to a higher accuracy.</p>

### 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 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 an employee and Executive Director of Citigold Corporation Limited. 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. 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 Reserves 2012

# DIRECTORS' REPORT

The directors present their report together with the financial report of Citigold Corporation Limited and the consolidated financial report of the consolidated entity for the year ended 30 June 2014 and the auditor's report therein.

## 1. DIRECTORS

The names and the relevant details of Directors of the Company in office during or since the end of the financial year are as follows.

### CURRENT DIRECTORS



**M J Lynch** FAICD, MAusIMM

Appointed 02/07/1993

Actively involved in gold exploration and mining for over 28 years. Mr Lynch has extensive hands-on experience in mine operations and management from the pegging of mining leases through to pouring gold bars. During his corporate career he has maintained a competitive focus on business efficiency centred on strategic planning and innovation. He has held the position of Director of the Queensland Resources Council for six years and is currently a Fellow of the Australian Institute of Company Directors and Member of the Australasian Institute of Mining and Metallurgy.

Executive Chairman, Member of Nomination, Remuneration, Risk, Safety and Environment Committees

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**J J Foley** BD, LLB, BL (Dub)

Appointed 02/07/1993

Graduating in law from the University of Sydney in 1969, Mr Foley was admitted to practise as a barrister in New South Wales in 1971. He was called to the Irish Bar in 1989 and admitted as a Member of the Honourable Society of Kings' Inns in Dublin. Mr Foley has over 30 years' experience in the gold mining industry, has been a guest speaker at the World Gold Council in New York and is a past Director of the Australian Gold Council.

Non-Executive Director, Member of Audit and Finance, Nomination, Remuneration and Risk, Safety and Environment Committees

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**A Panchariya**

Appointed 22/9/2013

Mr Panchariya is active in private and investment banking fields. He was President of Euram Bank Asia Limited and has since taken his experience to emerging markets worldwide with a focus on Africa. This includes providing formal advice to Governments on infrastructure development, finance, mining and agriculture. He is currently the Consul General of Liberia to Dubai, UAE, the principal of Global Finance & Capital Limited, and a director of Al Brooge Securities LLC, Global Capital Advisors and Cardinal Capital Partners Limited.

Non-Executive Director. Member of Audit and Finance, Nomination, Remuneration Committees

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**R Tan**

Appointed 06/02/2013

Mr Tan, is the Acting CEO, General Counsel, Executive Director and Company Secretary of Singapore's SGX listed LionGold Corp Ltd, has 30 years corporate law experience and heads their legal and compliance affairs worldwide. He was previously with Singapore law firm Robert Wang and Woo LLP for more than 15 years becoming Partner and Head of the Corporate and Commercial Department. Raymond has extensive experience in dealing with numerous aspects of corporate law and regulatory issues for public listed companies, specialising in corporate governance, compliance and finance. He also is currently non-executive Chairman of ASX listed Signature Metals Ltd and non-executive independent director of SGX listed ISR Capital Limited.

Non - Executive Director, Member of Audit and Finance Committee



**C Towsey** BSc(Hons), MSc, Dip Ed, FAusIMM, CP(Geo), MAIG  
Appointed 21/02/2014

Mr Towsey has worked in 26 countries in mining, exploration and OHSE auditing. He specialises in gold and base metals underground mining and exploration, with recent coal mining development and operational experience. He is a previous Director of the Qld Resources Council, and has held Chief Geologist, Exploration Manager, General Manager, COO and Managing Director positions in exploration, underground gold mining and drilling companies. He has also held the statutory positions of Site Senior Executive in gold and coal mines. Mr Towsey is a Fellow of the Australasian Institute of Mining and Metallurgy, a member of the Australian Institute of Geoscientists and a Chartered Professional (Geology).

Executive Director, Member Risk, Safety and Environment Committees

## RETIRED DIRECTORS

**B White** BSc(Mining) Hons, PhD, MBA, Hon FAusIMM (CP), FIE(Aust), CEng, FAIM, MMICA, RPEQ  
Appointed 16/08/2010, Resigned 28/11/2013

Dr White is a mining engineer with a professional career spanning more than 40 years covering all facets of the minerals industry. His experience includes operational management, project development, planning, design and consultancy, in gold and base metals.

**K Koh** BSc(Actuarial)  
Appointed 17/1/2011, Resigned 21/2/2014

Mr Koh graduated from City University London in 1980 majoring in Actuarial Studies. He has held senior executive positions in financial investment houses such as Maybank Securities, Commerce International Bank and Seagroatt & Campbell during his 30 year career

**N Ng**  
Appointed 04/07/2014, Resigned 23/6/2014

Mr Ng was the Chief Executive Officer and Managing Director of Singapore's SGX listed LionGold Corp Ltd, is a veteran of the financial industry with over 28 years' experience. He was CEO of leading Southeast Asian investment stockbroking house, DMG & Partners Securities Pte Ltd, from 2007.

## COMPANY SECRETARY



**J Haley** B. Com and MBA, GradCert (Marketing), Grad. Dip. CSP, FCA and FTIA.  
Appointed 28/11/2013

Mr Haley has over 30 years experience with almost half of this in the mining industry. Mr. Haley is the Company Secretary and CFO of Metallica Minerals Limited (ASX-MLM), and has also previously acted as Company Secretary of several other ASX listed companies, including MetroCoal Limited (ASX-MTE) and Planet Metals Limited (ASXPMQ). Mr. Haley is a Fellow of the Institute of Chartered Accountants, and holds a Bachelor of Commerce and a Master of Business Administration from the University of Queensland.

## RETIRED

**B V Staden**  
Resigned 28/11/2013

## MEETINGS OF DIRECTORS

The number of directors' meetings (including board committees) held and the number of meetings attended by each director during the year ended 30 June 2014 was:

# DIRECTORS' REPORT continued

Name	Board Meeting		Audit and Finance		Risk, Safety and Environment		Remuneration		Nomination	
	A	B	A	B	A	B	A	B	A	B
M J Lynch	9	9	*	*	1	1	*	*	*	*
J J Foley	9	9	2	2	1	1	1	1	1	1
A Panchariya	5	2	1	1	*	*	1	1	1	1
R Tan	9	8	2	2	*	*	*	*	*	*
C Towsey	2	2	*	*	*	*	*	*	*	*
B White	6	6	*	*	1	1	*	*	*	*
K Koh	7	3	1	1	*	*	*	*	1	1
S Panchariya	4	3	*	*	*	*	*	*	*	*

\* Not a member of the relevant committee

Column A- Number of meetings held during the time the director held office or was a member of the relevant committee

Column B- Number of meetings attended

## DIRECTORS' INTERESTS

The relevant interest of each director in the shares and options issued by the companies within the consolidated entity and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with s205G (1) of the Corporations Act, at the date of this report is detailed in the following table.

Director	Ordinary shares	Share Options
J J Foley	4,736,450	-
M J Lynch	81,347,083	-
C Towsey	175,737	-
R Tan	-	-
A Panchariya	-	-
TOTAL	86,259,270	-

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of the directors and senior management is set out in the Remuneration Report of the Directors' Report,

## 2. PRINCIPAL ACTIVITIES

During the year the principal activities of the consolidated entity consisted of production, development and exploration of the Charters Towers goldfield. There has been no significant change in the nature of these activities during the year.

## 3. DIVIDENDS – CITIGOLD CORPORATION LIMITED

No amount has been paid or declared by way of dividend by the Company during the year. The directors do not recommend a dividend at this time

## 4. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs on the consolidated entity during the financial year were as follows:

- (a) An increase in ordinary shares in the Company from 1,352,907,765 to 1,495,764,906 as a result of:

Type of Issue	Issue Price	Number of shares Issued
Share placement	\$0.07	142,857,141

Net cash received was used to continue the exploration, development and general activities of the Company.

See Note 18 of the Financial Statements.

## 5. SHARE OPTIONS

Details of unissued shares or interest under options as at the date of this report are:

Issuing Entity	Number of options	Exercise Price	Expiry date of Option
Citigold Corporation Limited	20,000,000	\$0.03	20 June 2016
Citigold Corporation Limited	7,997,917	\$0.12	28 June 2015

## 6. POST BALANCE DATE EVENTS

Nil.

## 7. REVIEW OF OPERATIONS

A review of the consolidated entity's operations during the year and the results of these operations are disclosed in pages 3 to 19 of the Report.

## 8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the consolidated entity are:

- (a) the continuation of exploration activity aimed at increasing resources and reserves,
- (b) the continuation of mining activity at Charters Towers.

Additional comments on expected results are included in the Review of Operations.

## 9. INDEMNIFICATION AND INSURANCE

During the financial year the Company paid premiums to insure all Directors and Officers of the Company against claims brought against the individual while performing services for the Company and against expenses relating thereto, other than conduct involving a wilful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract, the nature of liabilities insured against and the premium paid cannot be disclosed.

The Company has not otherwise, save as enshrined in the Company's Constitution, during or since the end of the financial year, in respect of any person who is or has been an officer of the Company:

- (a) indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- (b) paid or agreed to pay a premium in respect of a contract insuring against a liability from the costs or expenses to defend legal proceedings.

## 10. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings

## 11. ENVIRONMENTAL REGULATIONS

Entities in the consolidated entity are subject to significant environmental regulation in respect to its exploration and mining activities in gold.

The organisation has developed criteria to determine areas of 'particular' or 'significant' importance, with regard to environmental performance. These are graded 1 to 4 in terms of priority.

Level 1 incident - major non compliance with regulatory requirements resulting in potential political outcry and significant environmental damage of both a long and short term nature.

Level 2 incident - significant non compliance resulting in regulatory

action, however, environmental damage is only of a short term nature.

Level 3 incident - minor non compliance, however, regulatory authority may be notified.

Level 4 incident - non compliance with internal policies and procedures. The incident is contained on site.

In the last year the following incidents have occurred.

	Level 1	Level 2	Level 3	Level 4
Incidents	-	-	1	-

The Company has an internal reporting and monitoring system with regard to environmental management on the site. The Company employs an environmental officer to monitor all water quality, noise and air quality issues as well as liaise with the community on activities that may impact on the local area.

## 12. AUDIT/NON-AUDIT SERVICES AND AUDITOR INDEPENDENCE

The fees paid or payable for services provided by the auditor of the Company are set out in Note 5 of the Financial Statements. The Auditor's independence declaration is included on page 31.

## 13. REMUNERATION REPORT - AUDITED

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- (a) Principles used to determine the nature and amount of remuneration
- (b) Details of remuneration
- (c) Service agreements

### A. Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

# DIRECTORS' REPORT *continued*

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

While the Board has overall responsibility for the executive structure and outcomes, it has appointed a Nomination and Remuneration Committee for advice and makes recommendations on remuneration matters.

The performance of the consolidated entity and company depends on the quality and dedication of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance, dedicated and high quality personnel.

The Remuneration Committee annually considers the appropriate levels and structure of remuneration for Directors and Key Management Personnel relative to the Company's circumstances, size and nature of business, as well as company performance. This is done by reference to independent data and advice.

The Company competes for labour in the broader resources industry. In selecting, retaining and remunerating directors and executives the committee considers the appropriateness taking into account the corporate and operational regulatory environment that a mining enterprise operates in these days in Australia that places substantial and ever increasing burdens of responsibility upon these officers of the Company in addition to the usual business performance.

Reward structures are transparent and are aligned with shareholders' interests by:

- being market competitive to attract and retain high calibre individuals motivated and skilled in the business of the Company;
- recognising the contribution of each senior executive to the continued growth and success of the Company;
- encouraging, recognising and rewarding high individual performance; and
- ensuring that long term incentives are based on total shareholder return outperformance over a period of three years.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

## *Non-Executive Directors Remuneration*

Non-executive directors are paid fixed fees. In addition, Non-Executive directors may also be remunerated for additional service, for example, if they take consulting work on behalf of the company outside the scope of their normal Directors duties. Fees and payments to non-executive directors are set to attract individuals of appropriate calibre and reflect the demands which are made on, and the responsibilities of, the directors. Non-Executive directors'

fees and payments are reviewed annually by the Remuneration Committee and determined based on comparative roles in the external market.

In order to maintain their independence and impartiality, the fees paid to Non-Executive Directors are not linked to the performance of the Company. Non-Executive Directors have no involvement in the day to day management of the Company.

ASX listing rules requires that the aggregate Non-Executive Directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 17 November 2010, where the shareholders approved an aggregate remuneration of \$400,000.

## *Executive Remuneration*

The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward may consist of the following

- Fixed remuneration
- Variable performance incentives
  - Short term incentives
  - Long term incentives

The combination of these comprises the executive's total remuneration.

## **Fixed Remuneration**

Fixed remuneration consist of base salary, superannuation, long service leave and non-monetary benefits are reviewed annually by the Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

## **Variable Performance Incentives**

### *Short-Term Incentives*

The short-term incentives program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets and to improve company's short term and long term performance. These incentives are meant to reward executive only when performance targets are met to increase shareholders value. They are granted to executives based on individual contribution to profit, production costs, leadership contribution and safety outcomes. Short-term incentives are currently paid in cash. No short-term incentives were paid during the reporting period.

### Long-Term Incentives

The long-term incentives include performance rights or share-based payments. Options were previously awarded to executives over a period of three years based on long-term incentive measures. These included increase in shareholders value and gold production. No options were issued or exercised by any executive during the reporting period. The Remuneration Committee may revisit the long-term equity-linked performance incentives specifically for executives during the year ending 30 June 2015.

The majority of bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee.

### B. Details of remuneration

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Citigold Corporation Limited are set out in the following tables.

The following persons were Directors and/or key management personnel of the Group during the year:

M.J. Lynch	(Executive Chairman)
J.J. Foley	(Non Executive Director)
A. Panchariya	(Non Executive Director -Appointed 22 September 2013)
R. Tan	(Non Executive Director)
C. Towsey	(Executive Director- Appointed 21 February 2014)
M.B. Martin	(Chief Executive Officer)
B. White	(Executive Director- Resigned 28 November 2013)
K. Koh	(Non Executive Director- Resigned 21 February 2014)
N. Ng	(Non Executive Director - Resigned 23 June 2014)
S. Panchariya	(Non Executive Director - Resigned 22 September 2013)

### Payments to Directors and Key Management Personnel

2014	Short term benefits				Post-employment benefits	Share-based payments	Total
	Cash salary and fees	Cash Bonus	Non-monetary benefits	Related party Payments <sup>1</sup>	Superannuation	Options	
<b>Directors</b>	\$	\$	\$	\$	\$	\$	\$
J J Foley	82,380	-	-	23,746	7,620	-	113,746
M J Lynch	470,072	-	-	-	-	-	470,072
C Towsey	49,818	-	-	9,557	4,608	-	63,983
B White	85,183	-	-	-	7,879	-	93,062
<b>Other Key Management Personnel</b>							
M B Martin	392,625	-	-	-	19,994	-	412,619
<b>TOTAL</b>	<b>1,080,078</b>	<b>-</b>	<b>-</b>	<b>33,303</b>	<b>40,101</b>	<b>-</b>	<b>1,153,482</b>

2014	Short term benefits				Post-employment benefits	Share-based payments	Total
	Cash salary and fees	Cash Bonus	Non-monetary benefits	Related party Payments <sup>1</sup>	Superannuation	Options	
<b>Directors</b>	\$	\$	\$	\$	\$	\$	\$
J J Foley	90,000	-	-	94,985	-	-	184,985
M J Lynch	486,875	-	-	-	-	-	486,875
B White	222,115	-	-	-	-	-	222,115
<b>Other Key Management Personnel</b>							
M B Martin	372,653	-	-	-	19,994	-	392,647
<b>TOTAL</b>	<b>1,171,643</b>	<b>-</b>	<b>-</b>	<b>94,985</b>	<b>19,994</b>	<b>-</b>	<b>1,286,622</b>

<sup>1</sup>The related party payments are payments to entities related to the Directors and/or Key Management Personnel for work carried out by that entity or the hire of equipment owned by that entity.

# DIRECTORS' REPORT continued

## C. Service Agreements

### Executive Chairman

Contract Term: 5 years, Commenced January 2011  
Base Salary: \$468,830, inclusive of superannuation, may be reviewed annually by the Remuneration  
Termination Payments: Payment on early termination by the Group, other than for gross misconduct, equal to 1 years of employment.

### Chief Executive Officer

Contract Term: Ongoing, Commenced December 2005  
Base Salary: \$445,000, inclusive of superannuation, may be reviewed annually by the Remuneration  
Termination Payments: Payment on early termination by the Group, other than for gross misconduct, equal to 1 year of base salary.

### Executive Director

Contract Term: Ongoing, Commenced April 2014  
Base Salary: \$350,000, inclusive of superannuation, may be reviewed annually by the Remuneration  
Termination Payments: Payment on early termination by the Group, other than for gross misconduct, equal to 3 month's base salary.

**This concludes the remuneration report, which has been audited.**

### Share options exercised during the current year

No options were exercised during the year by Key Management Personnel or Executives of the consolidated entities.

This report is made in accordance with a resolution of Directors.

For and on behalf of the Board

Dated at Brisbane this 30 day of September 2014



Mark Lynch  
Chairman

## AUDITOR'S INDEPENDENCE DECLARATION

### Declaration of independence to the Directors of Citigold Corporation Limited And Controlled Entities

As lead auditor of Citigold Corporation Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Citigold Corporation Limited and the entities it controlled during the year.



**Faizal Ajmat CA**  
**Registered Company Auditor**  
Sydney, 30 September 2014  
A.B.N. 12 977 693 143  
PO Box 1283  
GREEN VALLEY NSW 2168

Liability limited by a scheme approved under Professional Standards Legislation

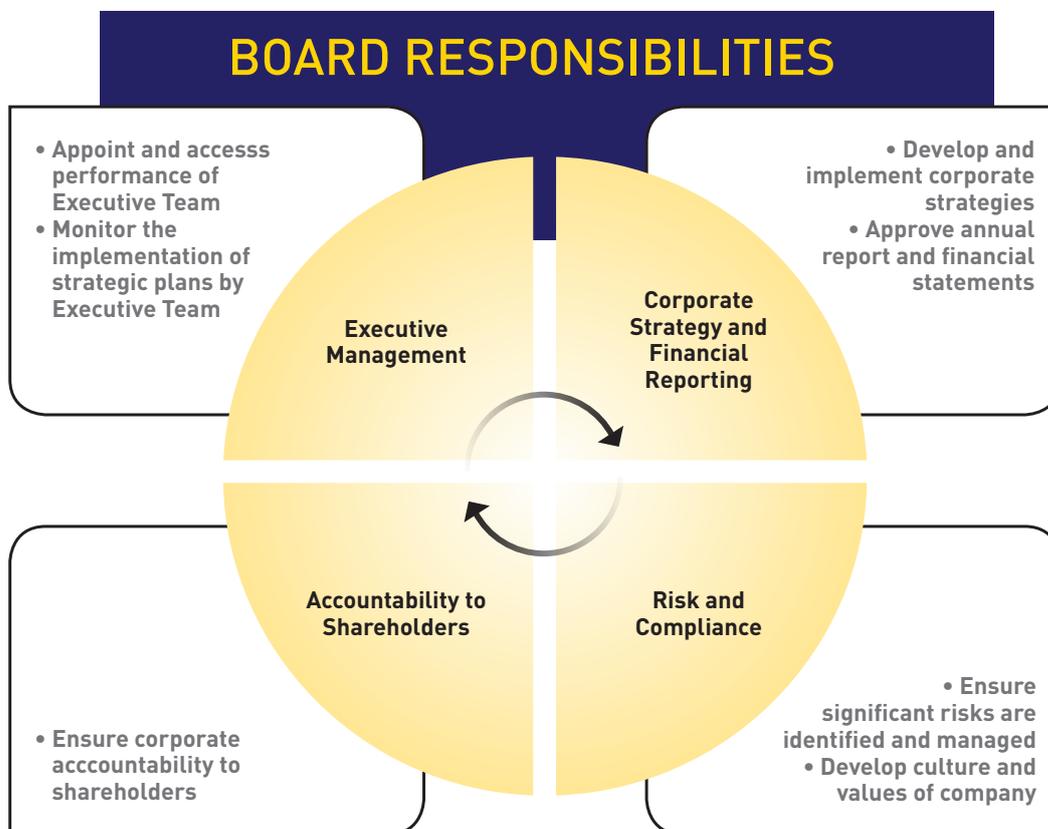
“ Good corporate governance does not just ensure the company is well managed and directed but it protects the rights and enhances the interests of shareholders ”

The Board reviews and put in place policies and practices to comply as far as is practicable with ASX Corporate Governance Council’s Principles and Recommendations. In the limited circumstances where the Company’s corporate governance practices do not correlate with the recommendations, the Company does not consider that the practices are appropriate for the Company due to the size of the Company or its Board. The Board has had a Board Charter in place since January 2008. Relevant principles are listed below.

**A. LAY SOLID FOUNDATION FOR MANAGEMENT AND OVERSIGHT**

The Board of Directors primary role is to set corporate direction, governance, defining broad policy and governs the business in such a way that protects the rights and enhances the interests of shareholders.

As the Board acts on behalf of and is accountable to shareholders, the Board seeks to identify the expectations of shareholders, as well as other regulatory and ethical expectations and obligations. The Board Charter sets out the principal function and responsibility of the Board:



The Board has delegated responsibility for the day to day operation and administration of the Company to the Chief Executive Officer (CEO) and the executive management team.

### Directors Election

Directors regularly review the board structure, size and composition to ensure it has adequate skills, expertise and experience demanded by objectives of the company. Nominations to the Board are dealt with by the Nomination Committee.

The Nomination Committee undertakes relevant checks to ensure that each director up for election brings relevant complementary skills and experience to the Board covering the areas of legal, finance and operations. Information on skills, experience and expertise relevant to the position of each of the directors up for election is distributed through the notice of Annual General Meeting so that all shareholders have the opportunity to know about the directors they are voting for.

The Company's Constitution specifies that a third of the Directors (with the exception of the Managing Director) must, by rotation, retire from office at each Annual General Meeting (AGM) such that at least two Director stands for election at each AGM. Where eligible, a Director may stand for re-election. All Board appointments are subject to shareholder approval.

It is vital that new Directors understands the nature of the business, current issues, strategic direction and expectations of Citigold in regards to the performance of Directors. New Directors are given a written agreement and full briefing on the company by the Chairman.

### Diversity Policy

Citigold believes that a diverse workforce brings about different range of ideas, perspective and experience that will help the company realize its corporate goals. During the financial year 2013, the board adopted a diversity policy.

Citigold establish its commitment to diversity by:

- 1) Facilitating an inclusive culture that values and promotes the importance of diversity and respects differences in gender, age, ethnicity and cultural background
- 2) Attracting and selecting a skilled and diverse workforce
- 3) Ensuring that all employees have access to development opportunities and fulfill their potential
- 4) Helping employees with specific barriers to building a sustainable mining career such as domestic and cultural responsibilities by developing flexible work arrangements
- 5) Setting, reviewing and reporting annually measureable targets

While subjecting the following objectives of appointment be made on basis of merit, the board has adopted these targets over the next two financial years:

Measurable Target	Results
1. At least 15% female employees	Achieved
2. To have at least one female board member and one woman in senior management	There is currently no woman represented in board or senior management. However, the company actively seeks for people of high calibre.

### Review of Directors, Board and Management Performance

Citigold considers the evaluation of directors and senior executive performance as important in establishing a culture of performance and accountability.

The Board and Director's performance is reviewed on an annual basis. The goals of review are based upon each director's contribution to specific Board objectives and the objectives of board committees in which the director participates. The Chairman provides each director with confidential feedback on performance and it is used to develop a development plan for each director. This year, the remuneration and nomination committee have carried out performance review of the CEO.

At the AGM, the shareholders will have the opportunity to voice their opinion on the performance of the Board. Furthermore at least at every third AGM, the shareholders can exercise their right to remove the Non-Executive Director from office if the shareholders deem that the non-executive director's performance is not up to standard.

## B. STRUCTURE THE BOARD TO ADD VALUE

The Board has several committees to facilitate the execution of its duties. Each committee has its own autonomy with authority delegated to it by the Board and the manner in which the committee is to operate. Citigold believes that the current committees are appropriately sized as it has adequate skills, expertise and experience to discharge its responsibilities.

Current committees of the Board are:

- the audit and finance committee
- the remuneration committee
- the nomination committee
- the risk management committee
- the health, safety and environment committee

# CORPORATE GOVERNANCE continued

## **Audit and Finance Committee**

The audit and finance committee comprises of the following Non-Executive Directors: J Foley (Chairman), R Tan and A Panchariya. Citigold believes that the current committees are appropriately sized as it has adequate skills, expertise and experience to discharge its responsibilities.

The main responsibilities of the audit and finance committee are to supervise the audit function, review the integrity of the company's financial reporting and ensure compliance with financial reporting and related regulatory requirements.

## **Remuneration Committee**

The Remuneration committee consists of the following Non-Executives and Executive Director: J Foley (Chairman), A Panchariya and M Lynch. As noted previously, Citigold believes that the current committees are appropriately sized as it has adequate skills, expertise and experience to fulfil its responsibilities.

The Remuneration Committee's key responsibilities are:

- assist and advise the Board on remuneration guidelines and practices
- review and make recommendations on remuneration packages and other terms of employment for directors and senior executives
- review the company's recruitment, retention and termination guidelines and procedure for senior management

## **Nomination Committee**

The Nomination committee consists of the following Non-Executives and Executive Director: J Foley (Chairman), A Panchariya and M Lynch. As noted previously, Citigold believes that the current committees are appropriately sized as it has adequate skills, expertise and experience to fulfil its responsibilities.

The Nomination Committee's key responsibilities are:

- assess necessary and desirable competencies of board members
- review board succession plans
- evaluate board and individual director's performance
- review of remuneration framework for non-executive directors

## **Risk Committee**

The risk committee consists of the following Non-Executive and Executive Directors: J Foley(Chairman), M Lynch and C Towsey.

The Risk Committee's key responsibilities are:

- review internal processes for determining and managing key risk areas
- evaluate company's risk management system and highlight company's major risks
- review all suspected and actual fraud, thefts and breaches of laws

## **Health, Safety and Environment Committee**

The health, safety and environment committee consists of the following Non-Executive and Executive Directors: J Foley (Chairman), C Towsey and M Lynch. The objectives of the committee are as follows:

- ensuring the Company adopts, maintains and applies appropriate health, safety and environment policies and procedures;
- ensuring that the Company maintains effective health, safety and environment related internal control and risk management systems; and
- providing a formal forum for communication between the Board and senior management in health, safety and environment matters, both Company specific and otherwise.

## **Board Composition**

The Board is comprised of five (5) Directors, being three (3) Non-Executive Directors and two (2) Executive Director. A majority of the Board is Non-Executive Directors.

The skills, experience and expertise relevant to the position of each Director who is in office at the date of this report, their meeting attendances and their term of office are detailed in the Directors' Report. Each Director brings relevant complementary skills and experience to the Board covering the areas of legal, finance and operations.

## **Independence**

In accordance with the Board Charter and ASX Recommendations, the majority of the Board comprises of non-executive directors. All Non-Executive Directors are regarded as independent and free of any relationship that may conflict with the interest of the Company.

Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interest of the director and the interest of the Company. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matter in which they may have a conflict of interest.

## **Director Induction and Education**

Citigold Corporation Limited has a policy to educate new Directors about the nature of the business and current issues, strategic direction and expectations of Citigold in regards to the performance of Directors. New Directors undergo an induction process in which they will be given a written agreement and full briefing on the company by the Chairman. This is followed by a meeting with key executives, tour of mining operation and presentation. Directors and the senior executives are also given access to continuing education opportunities to develop their skills and knowledge in the area of governance processes and in the company's industry.

### Independent Professional Advice and Access to Company's Information

Subject to annual limit or Board approval, Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent, professional advice at the Company's expense. Directors also have the right of access to all relevant information that may help them in exercising their duties subjected to protocol set out in the Board Charter.

## C. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

All directors, executives and staff of the consolidated entity are required to abide by all legal requirements, the Listing Rules of the Australian Securities Exchange, the Corporations Act with the regard to trading in the Company's securities and appropriate standards of ethical conduct with regard to the operation of the consolidated entity.

### Code of Conduct

A Code of Conduct (the Code) as adopted by the Board sets out ethical standards expected of all directors, executives and employees. The Code is reviewed and updated as necessary to generally reflect industry standards of integrity and professionalism. The Code covers:

- professional conduct
- customer and supplier relations
- other employees
- compliance with laws and regulations
- conflicts of interest
- confidential information

### Trading in Citigold's shares

As stated in Citigold's share trading policy, employees, officers and directors who have access to, or knowledge of, material inside information from or about the company are prohibited from buying, selling or otherwise trading in the Company's stock or other securities until the release of this information to the public through the ASX. "Insider" information includes any information concerning the company's financial position, strategy or operations which, if made public, would be likely to have a material effect on the price or value of the securities of the company and the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the securities.

## D. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

As part of Citigold's commitment to a transparent system for auditing and reporting of company's financial performance, the company has established the Audit and Finance Committee. The Audit and Finance Committee supervise the audit function including

the appointment of the external auditor, the preparation of financial statements. In fulfilling its responsibilities, the Audit and Finance Committee regularly provide a forum for communication between the board, management and the external auditors. A formal charter for the Audit and Finance Committee has been adopted since September 2005. The Audit and Finance Committee has adopted and complies with a formal charter.

The Chief Executive Officer and Chief Financial Officer have declared in writing that the financial statements for the year ended 30 June 2014 represent a true and fair view of Citigold's financial position and performance and that the reports conform to relevant accounting standards.

## E. MAKE TIMELY AND BALANCED DISCLOSURE

All Directors, executives and staff of the consolidated entity are made aware of the ASX's continuous disclosure requirements and operate in an environment where emphasis is placed on full, timely and honest disclosure to the market.

The board adopts a Continuous Disclosure Policy to ensure that information considered material by the company is immediately lodged with ASX. Moreover, Citigold's website contains recent and historical information, including ASX announcements, financial reports and presentations.

## F. RESPECT THE RIGHTS OF SHAREHOLDERS

Citigold is committed in providing shareholders with timely, detailed and factual company information.

Information is communicated to shareholders through:

- The annual report which is accessible by all shareholders
- The half-yearly report which is made available by way of an ASX release
- The Annual General Meeting
- ASX releases in accordance with the consolidated entity's continuous disclosure obligations
- Information available on the Company's website at [www.citigold.com](http://www.citigold.com)

Shareholders are invited to advise the Company of their email addresses. ASX announcements, once released, are then able to be emailed directly to the shareholder.

In addition, all shareholders are encouraged to attend the AGM and use the opportunity to ask questions.

The Company's external auditor attends the company's annual general meeting and is available to answer shareholder questions

# CORPORATE GOVERNANCE continued

about the conduct of the audit and the preparation and content of the auditors report.

## **G. RECOGNISE AND MANAGE RISK**

The Risk Committee will assist the Board of Directors in the effective discharge of its responsibilities for business, market, credit, equity and other investment, financial, operational and liquidity risk management and for the management of the Group's compliance obligations.

The risk management approach that the Board employs includes a) assessing internal policies and processes for determining and managing key risk areas such as non-compliance with laws regulations standards and best practice guidelines, litigation and claims and other relevant business risk b) having a sound risk management system, policies and internal control c) Meeting of key stakeholders to understand and discuss the company's control environment.

Citigold currently operates on a NOSA Five Star Integrated Risk Management System. This is a commercial product originally produced by the National Occupational Safety Association, operated by Citigold, with the results audited annually by external consultants. This system identifies aspects of risks of the operation, particularly those related to safety, health, environment and social impact. Citigold's operations are subject to regulation and regular inspection and monitoring by the Queensland State Government Department of Mines and Energy and the Environmental Protection Authority.

The CEO and CFO have not given a written statement to the board in accordance with best practice recommendation 7.2 of the ASX Corporate Governance Council's Principles and Recommendations because the board considers that its direct management and oversight of risk ensures a sound system of risk management and internal compliance and control that is operating efficiently and effectively in all material respects.

## **H. REMUNERATE FAIRLY AND RESPONSIBLY**

### **Board Remuneration**

Non-Executive Directors' remuneration may not exceed the limit approved by shareholders.

### **Executive Remuneration**

The Remuneration Committee, consisting of two Non-Executive Directors, advises the Board on remuneration policies and practices. The Committee can make recommendations on remuneration packages and other terms of employment for executive directors and senior executives. Executive remuneration and other terms of employment are reviewed by the Committee

when necessary having regard to performance, market conditions and relevant comparative information and independent expert advice.

Further details in relation to Director and Executive remuneration can be found in the director's report

## **I. RECOGNISES THE IMPORTANCE OF ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY ISSUES**

Citigold Corporation Limited recognises the importance of environmental and occupational health and safety (OHS) issues and is committed to the highest levels of performance. To help meet this objective an Environmental, Health and Safety Management System (EHSMS) has been established by mine management. The EHSMS is a tool that allows the systematic identification of environmental and OHS issues and assists their management in a structured manner.

Through the EHSMS, the consolidated entity aims to:

- comply with all relevant legislation
- continually assess and improve the impact of its operations on the environment
- encourage employees to actively participate in the management of environmental and OHS issues, and
- use energy and other resources efficiently. Information on compliance with significant environmental regulations is set out in the Directors' Report.

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Notes	2014	2013
		\$	\$
Revenue		4,035,911	3,461,486
Cost of Sales		(3,368,022)	(2,365,867)
Gross Profit		667,889	1,095,619
Other Income	2	1,357,391	284,746
Employee benefits expense		(3,653,441)	(2,302,078)
Depreciation and amortisation expense	3	(620,997)	(554,075)
Finance costs	4	(528,480)	(997,323)
Consulting expense		(491,729)	(1,486,106)
Other expenses	3	(4,402,796)	(2,229,059)
Loss recognised on disposal of interest in former associate		-	(594,442)
<b>(Loss)/Profit before income tax expense</b>		<b>(7,672,163)</b>	<b>(6,782,718)</b>
Income tax	6	-	-
<b>(Loss)/Profit after tax from continuing operations</b>		<b>(7,672,163)</b>	<b>(6,782,718)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>(53,588)</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Share of other comprehensive income of associate			
Total comprehensive income		(7,672,163)	(6,836,306)
Profit attributable to:			
(Loss)/Profit attributable to non controlling interest		(12)	(59)
(Loss)/Profit attributable to members of the company		(7,672,151)	(6,782,659)
		(7,672,163)	(6,782,718)
Total comprehensive income attributable			
(Loss)/Profit attributable to non controlling interest		(12)	(59)
(Loss)/Profit attributable to members of the company		(7,672,151)	(6,836,247)
		(7,672,163)	(6,836,306)
Basic and diluted EPS (Cents per share)	7	(0.54)	(0.52)

The above statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	Notes	2014	2013
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	9	186,971	732,680
Trade and other receivables	10	1,232,921	540,755
Inventories	11	326,421	1,027,746
<b>Total current assets</b>		<b>1,746,313</b>	<b>2,301,181</b>
<b>Non - current assets</b>			
Property, plant and equipment	12	208,566,297	204,983,082
Other financial assets	13	553,204	553,204
<b>Total non current assets</b>		<b>209,119,501</b>	<b>205,536,286</b>
<b>Total assets</b>		<b>210,865,814</b>	<b>207,837,467</b>
<b>Current liabilities</b>			
Trade and other payables	14	8,016,475	4,810,285
Borrowings	15	1,020,269	1,003,350
Provisions	17	1,358,966	1,064,613
<b>Total current liabilities</b>		<b>10,395,710</b>	<b>6,878,248</b>
<b>Non current liabilities</b>			
Borrowings	15	135,315	2,291,100
Provisions	17	619,013	571,280
<b>Total non-current liabilities</b>		<b>754,328</b>	<b>2,862,380</b>
<b>Total liabilities</b>		<b>11,150,038</b>	<b>9,740,628</b>
<b>Net assets</b>		<b>199,715,776</b>	<b>198,096,839</b>
<b>Equity</b>			
Issued capital	18	207,868,247	197,868,247
Reserves	19	39,257,542	39,966,442
Accumulated losses	20	(47,479,096)	(39,806,945)
Total equity attributable to shareholders of the company		199,646,693	198,027,744
Non Controlling Interest		69,083	69,095
<b>Total equity</b>		<b>199,715,776</b>	<b>198,096,839</b>

The above statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Issued Capital \$'000	Asset Revaluation Reserve \$'000	Capital Reserve \$'000	Share based payments reserve \$'000	Value of conversion rights	Retaining Earning \$'000	Attributable to Owners of parent \$'000	Non controlling interest \$'000	Total \$'000
CONSOLIDATED									
<b>Balance as at 1 July 2013</b>	<b>197,868,247</b>	<b>37,851,949</b>	<b>571,430</b>	<b>834,163</b>	<b>708,900</b>	<b>(39,806,945)</b>	<b>198,027,744</b>	<b>69,095</b>	<b>198,096,838</b>
Profit for period						(7,672,151)	(7,672,151)	(12)	(7,672,163)
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(7,672,151)	(7,672,151)	(12)	(7,672,163)
Issue of Convertible Bonds	-	-	-	-	(708,900)	-	(708,900)	-	(708,900)
Owners contribution, net of transaction cost	10,000,000	-	-	-	-	-	10,000,000	-	10,000,000
<b>Balance as at 30 June 2014</b>	<b>207,868,247</b>	<b>37,851,949</b>	<b>571,430</b>	<b>834,163</b>	<b>-</b>	<b>(47,479,096)</b>	<b>199,646,693</b>	<b>69,083</b>	<b>199,715,775</b>
<b>Balance as at 1 July 2012</b>	<b>189,868,247</b>	<b>37,905,537</b>	<b>571,430</b>	<b>834,163</b>	<b>-</b>	<b>(33,024,286)</b>	<b>196,155,091</b>	<b>69,154</b>	<b>196,224,245</b>
Profit for period						(6,782,659)	(6,782,659)	(59)	(6,782,718)
Share of other comprehensive income of associates	-	(53,588)	-	-	-	-	(53,588)	-	(53,588)
Total comprehensive income	-	(53,588)	-	-	-	(6,782,659)	(6,836,247)	(59)	(6,836,306)
Issue of Convertible Bonds	-	-	-	-	708,900	-	708,900	-	708,900
Owners contribution, net of transaction cost	8,000,000	-	-	-	-	-	8,000,000	-	8,000,000
<b>Balance as at 30 June 2013</b>	<b>197,868,247</b>	<b>37,851,949</b>	<b>571,430</b>	<b>834,163</b>	<b>708,900</b>	<b>(39,806,945)</b>	<b>198,027,744</b>	<b>69,095</b>	<b>198,096,839</b>

The above statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

as at 30 June 2014

	Notes	2014	2013
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		5,373,967	3,715,370
Payments to suppliers and employees		(7,464,217)	(13,384,249)
Interest and other costs of finance paid		(472,816)	(877,848)
Net cash (used in) /provided by operating activities	8	(2,563,066)	(10,546,727)
<b>Cash flows from investing activities</b>			
Interest received		19,335	30,863
Receipt for property, plant and equipment		2,086,008	-
Payment for property, plant and equipment		-	(1,070,357)
Proceed from sale of investment of associate		-	1,262,397
Development costs paid		(7,240,220)	(7,724,126)
Net cash (used in)/ provided by investing activities		(5,134,877)	(7,501,223)
<b>Cash flows from financing activities</b>			
Proceeds from issues of equity securities		7,000,000	15,000,000
Proceeds from borrowings		222,722	3,000,000
Repayment of borrowings		(70,488)	(2,401,491)
Net cash provided by/(used in) financing activities		7,152,234	15,598,509
Net (Decrease)/ Increase in cash and cash equivalents		(545,709)	(2,449,441)
Cash and cash equivalents at the beginning of the financial year		732,680	3,182,121
Cash and cash equivalents at end of the financial year	9	186,971	732,680

The above statement should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2014

The financial report of Citigold Corporation Limited for the year ended 30 June 2014 covers Citigold Corporation Limited as an individual entity as well as the consolidated entity consisting of Citigold Corporation Limited and its subsidiaries as required by the Corporations Act 2001.

Citigold Corporation Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the ASX Limited.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation and presentation of the year financial report. The financial reports include separate financial statements for Citigold Corporation Limited as an individual entity and the consolidated entity consisting of Citigold Corporation Limited and its subsidiaries.

#### Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain noncurrent assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

#### a) Basis of consolidation

The financial report of the Citigold Corporation Group ("the consolidated entity") includes the consolidation of Citigold Corporation Limited and its respective subsidiaries. Subsidiaries are entities controlled by the parent entity. Control exists where either parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial report from the date control commences until the date control ceases. The effects of all transactions between entities within the Citigold Corporation Group have been eliminated.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where the Citigold Corporation Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interests. Non-controlling interests in the results and equity of subsidiaries are shown

separately in the consolidated statement of profit or loss and other comprehensive income and statement of financial position respectively.

#### b) Foreign Currency Translation

The results and financial position of each entity are expressed in Australia dollars, which are the functional currency of Citigold Corporation Limited and the presentation currency for the consolidated financial statements.

In preparing the financial statements of individual entities, transaction in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At balance date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at rates prevailing on the date when fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### c) Loan and Borrowings

Loan and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, less any impairment. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the loans and borrowings using the effective interest method.

#### d) Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### e) Trade and other receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 2 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off.

#### f) Employee benefits

- 1) Provision for wages and salaries, annual leave and long service leave

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2014

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.

### 2) Share-based payment transactions

The fair value of options granted under the Citigold Corporation Limited Directors and Executive share option plan are recognised as an employee benefit expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined by using the Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Citigold Corporation Limited ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet production targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

### g) Exploration, evaluation and development expenditure

Exploration and evaluation costs are written off in the year they are incurred, apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and the expenditure is expected to be recouped through sale or successful development and exploration of the area of interest or where exploration and evaluation activities in the

area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Development expenditure is capitalised in the year it is incurred.

### h) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

### i) Taxation

#### *Current tax*

Current tax is the expected tax payable on the taxable income for the period, using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### *Deferred Tax*

Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the assets and liability give rise to them are realised or settled, based on tax rates and tax laws that have been enacted by the reporting date.

Current and deferred tax for the period is recognised as an expense or income in the statement of profit or loss and other

comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is recognised directly in equity.

#### *Tax consolidation*

The parent entity company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Citigold Corporation Limited is the head entity in the tax-consolidated group.

#### *Goods and services tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flow on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### **j) Investment in associates**

Under AASB 128, an associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

#### **k) Inventories**

Gold in solution form and ore is physically measured or estimated and valued at the lower of cost and net realisable value. Costs include direct costs and appropriate portion of fixed and variable production costs.

Consumables are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand using the first in first out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **l) Leased assets**

Assets held under leases which result in entities in the consolidated entity receiving substantially all the risks and rewards of ownership of the asset (finance leases) are capitalised at the lower of the fair value of the property, plant and equipment or the estimated present value of the minimum lease payments. The corresponding finance lease obligation is included within interest bearing liabilities. The interest element is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period. Finance lease assets are amortised at a straight line method over the estimated useful life of the asset. Operating lease assets are not capitalised and rental payments are included in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

#### **m) Financial Assets**

The group classifies its financial assets as available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

##### *Available-for-sale financial assets*

Available-for-sale financial assets comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category, and are classified as non-current assets. After initial recognition, these investments are measured at fair value with gains or losses recognised as a separate component of equity (available-for-sale investments revaluation reserve). Where losses have been recognised in equity and there is objective evidence that the asset is impaired, the cumulative loss, being the difference between the acquisition cost and current fair value less any impairment loss previously recognised in the statement of comprehensive income, is removed from equity and recognised in the statement of profit or loss and other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2014

Reversals of impairment losses on equity instruments classified as available-for-sale cannot be reversed through statement of comprehensive income. Reversals of impairment losses on debt instruments classified as available-for-sale can be reversed through the statement of profit or loss and other comprehensive income where the reversal relates to an increase in the fair value of the debt instrument occurring after the impairment loss was recognised in the statement of profit or loss and other comprehensive income.

The fair value of quoted investments are determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

### *Impairment of Financial Assets*

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flow of the investment have been impacted.

For equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have take place in technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously charged to equity, is recognised in the statement of profit or loss and other comprehensive income

In respect of available for sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

### **n) Trade and other payables**

Trade payables and other accounts payable are recognised when entities in the consolidated entity become obliged to make future payments resulting from the purchase of goods and services. These amounts are unsecured and have 30-60 day payment terms.

### **o) Property, plant and equipment**

Development Properties are measured at cost less accumulated depreciation.

Freehold land is not depreciated.

All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset only when it is probable that a future economic benefit associated with the item will flow to the Company and the cost can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

### *Depreciation of property, plant and equipment*

The carrying amounts of property, plant and equipment (including the original capital expenditure and any subsequent capital expenditure) is depreciated to its residual value over the useful economic life of the specific assets concerned or the life of the mine or lease, if shorter. The rates vary between 4% and 40%

Depreciation is calculated on a straight line basis so as to write off the net cost or other re-valued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

### **p) Provision for restoration and rehabilitation**

Entities in the consolidated entity are generally required to decommission and rehabilitate mine and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with its environmental policies. The expected cost of any approved decommissioning or rehabilitation programme is provided when the related environmental disturbance occurs, based on the interpretation of environmental and regulatory requirements.

Where there is a change in the expected decommissioning and restoration costs, an adjustment is recorded against the carrying value of the provision and any related asset, and the effect is then recognised in the statement of profit or loss and other comprehensive income in the year incurred.

The provisions referred to above does not include any amounts

related to remediation costs associated with unforeseen circumstances. Such costs are recognised when environmental contamination as a result of oil and chemical spills or other unforeseen events gives rise to a loss which is probable and reliably estimable. The cost of other activities to prevent and control pollution is charged to the statement of profit or loss and other comprehensive income as incurred.

**q) Contributed Equity**

*Ordinary shares are classified as equity.*

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

**r) Earnings per share**

1) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of the Group, adjusted for the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year. The weighted average number of issued shares outstanding during the financial year does not include shares issued as part of the Employee Share Option Plan that are treated as in-substance options.

2) Diluted Earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**s) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

*Sale of goods*

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

*Other income*

Other income is recognised on a receivable basis.

**t) Government grants**

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them that the grants will be received.

Government grants are recognised in profit and loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate.

**u) Borrowing Costs**

Borrowing costs are expensed in the statement of profit or loss and other comprehensive income unless capitalised to qualifying assets.

**w) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Company's and consolidated entity's assessment of the impact of these new standards and interpretations is that the application of the standards and interpretation will have no material impact on the Company's or Consolidated Entity's financial reports.

**2. REVENUE AND OTHER INCOME**

	Consolidated	
	2014	2013
	\$	\$
Interest received	19,335	30,863
Sundry Income	1,338,056	253,883
<b>Total</b>	<b>1,357,391</b>	<b>284,746</b>

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 3. EXPENSES

	Consolidated	
	2014	2013
	\$	\$
Insurance	283,059	217,991
Office administration costs	893,549	543,042
Royalty Payments	196,796	166,813
Corporate administration	204,068	170,811
Tenement charges and costs	458,913	464,895
Travel expenses	193,444	168,638
Professional fees	171,911	151,664
Loss on sale of asset	2,001,056	345,205
<b>Total</b>	<b>4,402,796</b>	<b>2,229,059</b>
Depreciation and Amortisation Expense		
Plant and Equipment	620,997	554,075
Operating Lease Expense		
Operating Lease Expenses	6,720	64,517
Superannuation Expense		
Superannuation Expense	311,681	188,543

### 4. FINANCE COSTS

	Consolidated	
	2014	2013
	\$	\$
Other Interest	382,815	872,661
Interest on Leases	11,511	-
Other Funding Costs	134,154	124,662
<b>Total</b>	<b>528,480</b>	<b>997,323</b>

### 5. AUDITORS REMUNERATION

	Consolidated	
	2014	2013
	\$	\$
Audit and review of financial reports- KS Black & Co	34,845	34,247
<b>Total</b>	<b>34,845</b>	<b>34,247</b>

## 6. INCOME TAX EXPENSE

	Consolidated	
	2014	2013
	\$	\$
Prima facie income tax benefit calculated at 30% (2013: 30%) on the (loss)/profit from continuing operations	(2,301,649)	(2,034,815)
Deferred tax benefit accrued/(utilised):	2,301,649	2,034,815
Income tax attributable to net loss for year	-	-

At 30 June 2014 consolidated deferred tax assets of \$46,959,433 (\$ 40,518,714 at 30 June 2013) arising from carried forward income tax losses calculated at a tax rate of 30% (30 June 2013, 30%) have not been recognised as an asset.

The benefit of these losses will only be obtained if:

- (i) the company and / or the consolidated entity derive future assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;
- (ii) the company and / or the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) future changes in tax legislation do not adversely impact on the utilisation of the carried forward tax losses.

## 7. EARNINGS PER SHARE (EPS)

### a) Basic earnings per share

The calculation of basic earnings per share at 30 June 2014 was based on the loss attributable to ordinary shareholders of \$7,672,163 (loss of \$6,782,659 in 2013) and weighted average number of ordinary shares outstanding during the financial year ended 30 June 2014 of 1,424,140,641 (1,302,809,918 in 2013), calculation as follows:

	Consolidated	
	2014	2013
	\$	\$
Profit (loss) for the period*	(7,672,163)	(6,782,659)
Weighted average number of ordinary shares		
Opening Balance	1,352,907,765	1,238,622,051
Effect of shares issued in December	71,232,876	64,187,867
Total weighted average number of ordinary shares used in calculating basic earnings per share	1,424,140,641	1,302,809,918
Profit/(Loss) per share – cents	(0.54)	(0.52)

\* all attributable to ordinary shareholders

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 8. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2014	2013
	\$	\$
Net Profit/ (Loss) for the year	(7,672,163)	(6,782,718)
Adjustments for:		
Depreciation and Amortisation	620,997	554,075
Interest Received	(19,335)	(30,863)
(Increase)/ decrease in Trade and other receivables	(692,166)	(310,726)
(Increase)/ decrease in inventories	701,325	(824,581)
(Decrease)/ increase in trade and other payables	4,156,190	(2,298,392)
Increase/ (decrease) in Employee provisions	342,086	(853,522)
Net Cash provided by/ (used in) operating activities	(2,563,066)	(10,546,727)

### 9. CASH AND CASH EQUIVALENTS

	Consolidated	
	2014	2013
	\$	\$
Bank Balances	186,971	732,680
Cash and cash equivalents	186,971	732,680

### 10. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014	2013
	\$	\$
CURRENT		
Security Bonds	18,674	18,674
Other Receivables and Accrued Income	953,482	9,625
Prepayments	219,749	377,398
GST paid on acquisitions	41,016	135,058
Total	1,232,921	540,755

All of the above receivables are held by a credit worthy party. Recoverability of the receivables is highly probable.

### 11. INVENTORIES

	Consolidated	
	2014	2013
	\$	\$
Current		
Consumables	326,421	392,177
Ore Stockpile and in circuit	-	635,569
Total	326,421	1,027,746

## 12. PLANT, PROPERTY AND EQUIPMENT

	Consolidated	
	2014	2013
	\$	\$
<b>Plant, Property and Equipment</b>		
Exploration, Evaluation and Development expenditure		
Costs brought forward in respect of areas of interest:	123,224,117	114,636,480
Costs incurred in period	7,785,581	8,587,637
Less: Accumulated amortisation	(1,142,988)	(1,142,988)
<b>Total exploration, evaluation and development expenditure</b>	<b>129,866,710</b>	<b>122,081,129</b>
<b>Development Property</b>		
Costs brought forward	74,439,914	74,439,914
Less: Accumulated amortisation	-	-
<b>Total development property</b>	<b>74,439,914</b>	<b>74,439,914</b>
<b>Freehold Land and Buildings</b>		
- at cost		
Carrying amount at beginning of year	2,518,548	518,548
Less: Sale of land during year	(2,367,500)	-
Add: Purchase of land during year	-	2,000,000
<b>Carrying amount at end of year</b>	<b>151,048</b>	<b>2,518,548</b>
<b>Plant and Equipment</b>		
At Cost	15,867,033	19,502,240
Less: accumulated depreciation	(11,758,408)	(13,558,749)
<b>Carrying amount at end of year</b>	<b>4,108,625</b>	<b>5,943,491</b>
<b>Total Carrying Value</b>	<b>208,566,297</b>	<b>204,983,082</b>

### Reconciliation of Plant and Equipment:

	Consolidated	
	2014	2013
	\$	\$
<b>Plant and Equipment</b>		
Carrying amount at beginning of year	5,943,491	7,340,722
Net additions/(sale) during year	(668,508)	20,356
Less: depreciation charged in year	(620,997)	(554,075)
Transfer/Reclassification	(545,361)	(863,512)
<b>Carrying amount at end of year</b>	<b>4,108,625</b>	<b>5,943,491</b>

### Leased Plant and Machinery

Entities in the consolidated entity lease production and development equipment under a number of hire purchase and finance lease agreements. At the end of each lease the entity has the option to purchase the equipment at a beneficial price. For the additions in the group during the period, \$203,159 worth of motor vehicles (2013: \$0) was purchased under hire purchase and finance lease.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 12. PLANT, PROPERTY AND EQUIPMENT continued

#### Exploration, Evaluation and Development expenditure

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

### 13. OTHER FINANCIAL ASSETS

	Consolidated	
	2014	2013
	\$	\$
Security deposit against restoration costs lodged with the Department of Department of Natural Resources and Mines	553,204	553,204

### 14. TRADE AND OTHER PAYABLES

	Consolidated	
	2014	2013
	\$	\$
CURRENT		
Trade creditors	5,283,623	1,176,286
Sundry creditors and accrued expenses	2,732,852	3,633,999
<b>Total</b>	<b>8,016,475</b>	<b>4,810,285</b>

## 15. BORROWINGS

	Consolidated	
	2014	2013
	\$	\$
<b>Current</b>		
<b><i>Unsecured Liabilities</i></b>		
Loan from unrelated parties	949,856	990,000
Insurance funding	13,006	13,350
<b><i>Secured Liabilities</i></b>		
Finance lease liabilities	57,407	-
<b>Total</b>	<b>1,020,269</b>	<b>1,003,350</b>
<b><i>Unsecured Liabilities</i></b>		
Convertible Bond(Note 16)	-	2,291,100
<b><i>Secured Liabilities</i></b>		
Finance lease liabilities	135,315	-
<b>Total</b>	<b>135,315</b>	<b>2,291,100</b>

### Loans from unrelated parties

The loans are all fixed interest and are callable at any time. Interest is calculated at rate of 5% to 12% per annum.

### Insurance funding

The fixed term loan will be matured on 20 August 2014 and interest is calculated at 3% per annum

## 16. CONVERTIBLE BOND

The company entered in an agreement to issue 100 million 5% AUD\$ denominated convertible bond over a 21 month period starting from 8 April 2013 at issue price of \$1 million per bond. The convertible bond has a conversion price of 7 cents per share and 3 year term period.

A total of \$10 million were received and the bonds were fully converted into ordinary shares. During the period, Express Link and Citigold have mutually agreed to terminate the balance of the bond purchase.

## 17. PROVISIONS

	Consolidated	
	2014	2013
	\$	\$
<b>Current Provisions</b>		
Employee benefits	1,358,966	1,064,613
<b>Total</b>	<b>1,358,966</b>	<b>1,064,613</b>
<b>Non Current Provisions</b>		
Employee benefits	111,209	63,476
Restoration and rehabilitation	507,804	507,804
<b>Total</b>	<b>619,013</b>	<b>571,280</b>

### Restoration, rehabilitation and environmental

The provision for restoration, rehabilitation and environmental work has been classified as a non-current provision as the obligation to perform such work will only arise on the cessation of mining. The provision, which has not been discounted to present value, is fully funded by a cash deposit of an equal or greater amount held by the Department of Natural Resources and Mines.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 18. ISSUED CAPITAL

#### Reconciliation of movement in issued capital of the parent entity

Date	Details	Number of Shares	Issue Price	\$
<b>Movements in Issued Capital 2014:</b>				
	Balance as at 1 July 2013	1,352,907,765		197,868,246
30-Dec-13	Share Placement	142,857,141	0.07	10,000,000
	Total movement during the year	142,857,141		10,000,000
	Balance for the year	1,495,764,906		207,868,246

#### Movements in Issued Capital 2013:

	Balance as at 1 July 2013	1,238,622,051		189,868,247
07-Dec-12	Share Placement	114,285,714	0.07	8,000,000
	Total movement during the year	114,285,714		8,000,000
	Balance for the year	1,352,907,765		197,868,247

#### Share Options

The terms, amount and number of options are as follows:

Number of options outstanding as at 30 June 2014:

Issuing Entity	Number of options	Exercise Price	Expiry Date of Options
Number of options outstanding as at 30 June 2014:			
Citigold Corporation Limited	20,000,000	\$0.03	20 June 2016
Citigold Corporation Limited	7,997,917	\$0.12	28 June 2015
Balance as at 30 June 2013	27,997,917		

Number of options outstanding as at 30 June 2013:

Citigold Corporation Limited	7,997,917	\$0.12	28 June 2015
Balance as at 30 June 2013	7,997,917		

#### Movement in share options

Date	Details	Number of options	Issue Price \$	\$
The movement in the company's share options during the year ended 30 June 2014 were as follows:				
20-Jun-14	Issue of options	20,000,000	-	-
	Total Movement	20,000,000	-	-

The movement in the company's share options during the year ended 30 June 2013 were as follows:

10-Dec-12	Expiry of options	(4,090,000)	-	-
	Total Movement	(4,090,000)	-	-

## Ordinary shares

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

## Capital Risk Management

The Group considers its capital to comprise its ordinary share capital plus reserves.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through its new share issues, or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

It is the Group's practice to maintain its gearing ratio within the range of 0 – 15% (2013: 0 - 15%). The Group's gearing ratio at the balance date is shown below

	Consolidated	
	2014	2013
	\$	\$
<b>Gearing Ratio:</b>		
Net debt	1,155,584	3,294,450
Total equity	199,715,776	198,096,839
Total capital	200,871,360	201,391,289
Gearing Ratio	0.58%	1.66%

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 19. RESERVES

	Consolidated	
	2014	2013
	\$	\$
<b>Composition</b>		
Asset Revaluation Reserve	37,851,949	37,851,949
Capital Profits Reserve	571,430	571,430
Conversion Rights	-	708,900
Share Based Remuneration Reserve	834,163	834,163
<b>Total</b>	<b>39,257,542</b>	<b>39,966,442</b>
<b>Asset Revaluation Reserve</b>		
Balance at beginning of the year	37,851,949	37,905,537
Revaluation (decrease)/ increase during the year	-	(53,588)
<b>Balance at end of Year</b>	<b>37,851,949</b>	<b>37,851,949</b>
<b>Capital Profits Reserve</b>		
Balance at beginning of the year	571,430	571,430
Revaluation (decrease)/ increase during the year	-	-
<b>Balance at end of Year</b>	<b>571,430</b>	<b>571,430</b>
<b>Conversion Rights</b>		
Balance at beginning of the year	708,900	-
Option (decrease)/ increase during the year	(708,900)	708,900
<b>Balance at end of Year</b>	<b>-</b>	<b>708,900</b>
<b>Share Based Remuneration Reserve</b>		
Balance at beginning of the year	834,163	834,163
Revaluation (decrease)/ increase during the year	-	-
<b>Balance at end of Year</b>	<b>834,163</b>	<b>834,163</b>

#### Asset Revaluation

The asset revaluation reserve contains net revaluation increments and decrements arising on the revaluation of non-current assets.

#### Capital Profits

Upon disposal of re-valued assets, and increments standing to the credit of the asset revaluation reserve is transferred to the capital profits reserve.

#### Share-based payment reserve

Comprises the fair value of options and performance share rights recognised as an expense.

## 20. ACCUMULATED LOSSES

	Consolidated	
	2014	2013
	\$	\$
Accumulated losses at beginning of the year	(39,806,945)	(33,024,286)
Net Profit/ (loss) attributable to members of the parent entity for the year	(7,672,151)	(6,782,659)
<b>Total</b>	<b>(47,479,096)</b>	<b>(39,806,945)</b>

### a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

## 21. FINANCIAL RISK MANAGEMENT

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

These are the principal financial instruments from which financial instrument risk arises:

- Trade receivables
- Cash at bank
- Trade and other payables

	Notes	Consolidated	
		2014	2013
		\$	\$
Cash	9	186,971	732,680
Security bonds	10	18,674	18,674
Prepayments (if these are refundable)	10	219,749	377,398
Receivables	10	994,498	9,625
Deposits (if refundable)	13	553,204	553,204
<b>Loans and Receivables (Cash and Cash equivalents)</b>		<b>1,973,096</b>	<b>1,691,581</b>
Trade creditors	14	5,283,623	1,176,286
Sundry creditors and accrued expenses (exclude accrued expenses and any statutory amounts such as PAYG/Superannuation)			
Loans from unrelated party	15	949,856	990,000
Loan- Insurance	15	13,006	13,350
Finance lease liability	15	192,722	-
Convertible Bond	15	-	2,291,100
<b>Financial liabilities at amortised cost</b>		<b>8,053,506</b>	<b>6,749,580</b>
<b>Categories of financial Instruments</b>			
Loans and Receivables (Including cash and cash equivalents)		1,419,892	1,826,640
Available for sale financial assets	-	-	-
Financial liabilities at amortised cost		(8,053,506)	(6,749,580)
<b>Total</b>		<b>(6,633,614)</b>	<b>(4,922,940)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group.

The maximum exposure to credit risk at balance date is as follows:

	Consolidated	
	2014	2013
	\$	\$
Loans and receivables	1,232,921	1,093,960
Cash and Cash Equivalents	186,971	732,680
	1,419,892	1,826,640

Included in loans and receivables is a significant customer, located in Australia accounts for 100% of trade receivables at 30 June 2014. (2013: 100%).

The maximum exposure to credit risk at balance date by country is as follows:

	Consolidated	
	2014	2013
	\$	\$
Australia	1,419,892	1,826,640

### c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. It is the policy of the Board of Directors that the Treasury maintains adequate committed credit facilities and the ability to close-out market positions. In addition, the entity carefully monitors its actual and forecast cash flow and matching them to current obligations

## 21. FINANCIAL RISK MANAGEMENT continued

### d) Financing arrangements

#### Maturity Analysis - Group 2014

	Carrying Amount	Contractual Cash flows	→ 6 mths	6- 12 mths	1-3 years	→ 3 years
	\$	\$	\$	\$	\$	\$
<b>Financial Liabilities</b>						
Trade Creditors	5,283,623	5,283,623	5,283,623	-	-	-
Finance Lease	192,722	192,722	28,704	28,704	129,460	5,854
Term Loans	949,856	949,856	949,856	-	-	-
Loans others	13,006	13,006	13,006	-	-	-
<b>TOTAL</b>	<b>6,439,207</b>	<b>6,439,207</b>	<b>6,275,189</b>	<b>28,704</b>	<b>129,460</b>	<b>5,854</b>
<b>Financial Assets</b>						
Trade debtors	20,533	20,533	20,533	-	-	-
Other receivables	973,966	973,966	973,966	-	-	-
<b>TOTAL</b>	<b>994,499</b>	<b>994,499</b>	<b>994,499</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Maturity Analysis - Group 2013

	Carrying Amount	Contractual Cash flows	→ 6 mths	6- 12 mths	1-3 years	→ 3 years
	\$	\$	\$	\$	\$	\$
<b>Financial Liabilities</b>						
Trade Creditors	1,176,286	1,176,286	1,176,286	-	-	-
Convertible Bond	2,291,100	2,291,100	-	-	2,291,100	-
Term Loans	990,000	990,000	990,000	-	-	-
Loans others	13,350	13,350	13,350	-	-	-
<b>TOTAL</b>	<b>4,470,736</b>	<b>4,470,736</b>	<b>2,179,636</b>	<b>-</b>	<b>2,291,100</b>	<b>-</b>
<b>Financial Assets</b>						
Trade debtors	9,625	9,625	9,625	-	-	-
Other receivables	-	-	-	-	-	-
Loans to related parties	-	-	-	-	-	-
<b>TOTAL</b>	<b>9,625</b>	<b>9,625</b>	<b>9,625</b>	<b>-</b>	<b>-</b>	<b>-</b>

### e) Market Risk

Market risk arises from the use of foreign currency financial instruments. It is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk).

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 21. FINANCIAL RISK MANAGEMENT continued

#### f) Interest rate risk

All loans have fixed interest rates, cash and cash equivalents are invested at variable interest rates subjecting the interest amount received to interest rate risk. The balance in cash and cash equivalents will not drop regardless of the interest rate therefore there is no down side interest rate risk.

#### Sensitivity Analysis

Consolidated - 2014	Carrying Amount AUD	+1% Profit	-1% Profit
Cash and cash equivalents			-
Tax charge of 30%			
After tax increase/ (decrease)			-

The above analysis assumes all other variables remain constant.

Consolidated - 2013	Carrying Amount AUD	+1% Profit	-1% Profit
Cash and cash equivalents	732,680	7,327	-
Tax charge of 30%	-	(2,198)	
After tax increase/ (decrease)	-	5,129	-

### 22. COMMITMENTS

#### Finance Lease Liabilities

	Consolidated	
	2014	2013
	\$	\$
Finance Lease Commitments Payable		
- not later than one year	70,714	-
- later than one year but not later than five years	147,320	-
Minimum lease payments	218,034	-
Less future finance charges	(25,312)	-
Total lease liability	410,756	-

The finance leases commitments are for finance leases over mining machinery, office equipment, motor vehicles and portable items of plant. At the end of each lease, the entity has the option to purchase the equipment at a beneficial price. The leases are on normal commercial terms and conditions and are for terms of between one and five years. The group's obligations under the leases are secured by the lessor's title to the leased assets.

## 22. COMMITMENTS continued

### Exploration expenditure commitments

The consolidated entity and the Company have the following discretionary exploration expenditure commitments in respect of exploration to maintain current mineral rights of tenure. These commitments may be reduced by renegotiation upon renewal of the tenements, or by relinquishment of tenure.

	Consolidated	
	2014	2013
	\$	\$
Exploration expenditure commitments payable:		
- not later than one year	389,200	389,200
- later than one year but not later than five years	1,463,844	1,463,844
<b>Total</b>	<b>1,853,044</b>	<b>1,853,044</b>

### Operating lease commitments

Operating Lease Commitments in respect of non-cancellable operating leases contracted for but not capitalised in the financial statements

	Consolidated	
	2014	2013
	\$	\$
Operating lease commitments payable		
- not later than one year	88,209	88,578
- later than one year but not later than five years	136,869	219,394
<b>Total</b>	<b>225,078</b>	<b>307,972</b>

The general terms of the operating lease commitments disclosed above are: Non - cancellable leases for rental of office equipment and rental of office for term of 5 years. Rentals are payable monthly. The agreements do not contain escalation clauses.

## 23. CONSOLIDATED ENTITY

	Country Of Incorporation	Ownership Interest 2014	Ownership Interest 2013	Date of Incorporation
Charters Towers Gold Pty Ltd	Australia	100	100	5 Oct 1995
Charters Towers Mines Pty Ltd	Australia	91.5	91.5	14 Mar 1984
Charters Technology Pty Ltd	Australia	100	100	13 Jan 2000
Gold Management Pty Ltd	Australia	100	100	28 Jan 2000
Gold Projects Pty Ltd	Australia	100	100	25 Jan 2000
Great Mines Pty Ltd	Australia	100	100	19 Mar 1984
Deeprack Mining Pty Ltd	Australia	81.2	81.2	18 Jun 1984
Queensland Gold Mines Pty Ltd	Australia	100	100	27 Feb 2006
Indo Citigold Pte Ltd	Singapore	51	51	21 May 2013

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 24. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate risk and currency risk arise in the normal course of the consolidated entity's business. No hedging of this risk is undertaken by the consolidated entity.

#### Fair Values

	2014		2013	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Trade and other receivables	1,232,921	1,202,850	540,755	527,720
Cash and cash equivalents	186,971	186,971	732,680	732,680
Trade and other payables	8,016,475	7,634,738	(3,455,130)	(3,290,600)
Non-current assets (note 13)	553,204	539,711	553,204	539,869
Non-current interest bearing liabilities (note 15)	135,315	128,871	2,291,000	1,979,052

#### Securities

Fair value is based on quoted market prices at the balance date without any deduction for transaction costs.

### 25. RELATED PARTY TRANSACTIONS

#### (a) Parent entity

The ultimate parent entity within the Consolidated Group is Citigold Corporation Limited.

#### (b) Subsidiaries

Interests in subsidiaries are set out in note 23.

#### (c) Key management personnel

Disclosures relating to key management personnel are set out in note 30

#### (d) Loans to related parties

Citigold Corporation Limited has provided unsecured, interest free loans to its wholly owned subsidiaries. An impairment assessment is undertaken each financial year by examining the financial position of the subsidiary and the market in which the subsidiaries operate to determine whether there is objective evidence that the loan to each subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment.

#### (e) Loans from related parties

Citigold Corporation Limited has been provided unsecured, interest free loans from its wholly owned subsidiaries.

### 26. SUBSEQUENT EVENTS

Nil

### 27. GOING CONCERN

The financial statements have been prepared on a going

concern basis. As in previous financial periods, the ability of the consolidated entity to meet its expenditure commitments and progress with its development and exploration program is dependent upon production and continued capital raising.

### 28. CONTINGENT LIABILITIES

Citigold are continuing discussion with the Department of Environment, Heritage and Protection in regards to the adequacy of financial assurance provided for the purpose of mine rehabilitation. The potential liability can be up to a maximum of \$7.6 million.

### 29. SEGMENT REPORTING

The consolidated entity operates in the mining exploration industry. Details of the mining exploration activities are set out in the review of operations. Each company within the consolidated entity operates within the one geographic area, being Australia.

### 30. KEY MANAGEMENT PERSONNEL DISCLOSURES

#### a) Directors

The following persons were Directors of Citigold Corporation Ltd during or since the financial year:

M.J. Lynch (Executive Chairman)

J.J. Foley (Non Executive Director)

R. Tan (Non Executive Director)

A. Panchariya (Non Executive Director – Appointed 22 September 2013)

C. Towsey (Executive Director – Appointed 21 February 2014)

B. White (Executive Director- Resigned 28 November 2013)

K. Koh (Non Executive Director- Resigned 21 February 2014)

N. Ng (Non Executive Director - Resigned 23 June 2014)

S. Panchariya (Non Executive Director - Resigned 22 September 2013)

### 30. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

#### (b) Other Key Management Personnel

The following persons also have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

M B Martin Chief Executive Officer

#### (c) Key management personnel compensation

	Consolidated	
	2014	2013
	\$	\$
Short term employee benefits	1,113,381	1,229,602
Post-employment benefits	40,101	19,994
	1,153,482	1,249,596

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report on pages 25 to 29 of this report.

#### (d) Key management personnel equity interest

##### Shares

The number of shares held in the Company during the financial year by each Director and each of the Key Management Personnel of the Group, including related entities, are set out below:

2014	Balance at the start of the year	Exercise of options	Other net changes during the year	Balance at the end of the year
<b>Directors</b>				
J J Foley	4,736,450	-	-	4,736,450
M J Lynch	81,347,083	-	-	81,347,083
C Towsey	175,737	-	-	175,737
R Tan	-	-	-	-
A Panchariya	-	-	-	-
<b>Other Key Management Personnel</b>				
M B Martin	30,000	-	(30,000)	-

2013	Balance at the start of the year	Exercise of options	Other net changes during the year	Balance at the end of the year
<b>Directors</b>				
J J Foley	4,736,450	-	-	4,736,450
M J Lynch	81,347,083	-	-	81,347,083
B White	28,350	-	-	28,350
K Koh	49,000,000	-	-	49,000,000
G Goel	-	-	-	-
<b>Other Key Management Personnel</b>				
M B Martin	30,000	-	-	30,000

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 30. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

#### Options

- (a) Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options can be found in the detailed remuneration disclosures to the Directors Report.
- (b) The number of options held in the Company during the financial year by each Director and each of the Key Management Personnel of the Group, including related entities, are set out below:

2014	Balance at the start of the year	Exercise of options	Granted during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
------	----------------------------------	---------------------	-----------------------------------------	-------------------------------	--------------------------------	-----------------------------------------------

#### Directors

No Directors held options in the group during the period

#### Other Key Management Personnel

No Other Key Management Personnel held options in the group during the period

2013	Balance at the start of the year	Exercise of options	Granted during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
------	----------------------------------	---------------------	-----------------------------------------	-------------------------------	--------------------------------	-----------------------------------------------

#### Directors

No Directors held options in the group during the period

#### Other Key Management Personnel

No Other Key Management Personnel held options in the group during the period

#### LOANS TO DIRECTORS OR KEY MANAGEMENT PERSONNEL

No loans were granted to any directors or other key management personnel of the Company and the group during the period ending 30 June 2014.

#### TRANSACTION RELATING TO KEY MANAGEMENT PERSONNEL

A Key Management Personnel have provided a \$69,000 unsecured loan to the company at the interest rate of 12% per year.

## 31. PARENT ENTITY FINANCIAL INFORMATION

### (a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts

	Parent Entity	
	2014	2013
	\$	\$
<b>Balance Sheet</b>		
Current assets	1,295,487	512,987
Total assets	213,514,217	209,162,634
Current liabilities	3,975,252	3,269,087
Total Liabilities	9,382,781	9,740,628
<b>Shareholders' equity</b>		
Issued Capital	207,868,246	197,868,246
Reserves	38,686,113	39,395,013
Accumulated losses	42,422,924	39,354,882
<b>Profit and Loss</b>		
Loss for the year	3,871,718	11,516,905
Total comprehensive loss	3,871,718	11,570,493

### (b) Guarantees entered into by the parent entity

Citigold Corporation Limited has provided unsecured guarantees in respect of the provisions of financial assistance to of some of the subsidiaries within the Group. No liability was recognised by Citigold Corporation Limited in relation to these guarantees as the likelihood of payment is not probable.

### (c) Contingent liabilities of the parent entity

Refer to note 28.

### (d) Contractual commitments by the parent entity for the acquisition of property, plant and equipment.

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment.

# DIRECTORS' DECLARATION

In the opinion of the directors of Citigold Corporation Limited

- a) The financial statements and notes set out on pages 41 to 63 are in accordance with the Corporations Act 2001 including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2014 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- c) The remuneration disclosures included in pages 27 to 30 of the Directors' Report (as part of the Remuneration Report), for the year ended 30 June 2014, comply with section 300A of the Corporations Act 2001; and
- d) there are reasonable grounds to believe that the company and the group entities identified in Note 21 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2014 pursuant to Section 295A of the corporations act.

This declaration is made in accordance with a resolution of the directors.



M J Lynch  
Chairman



J J Foley  
Director

Dated at Brisbane this 30th September 2014.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIGOLD CORPORATION LIMITED

### Report on the Financial Report

I have audited the accompanying financial report of Citigold Corporation Limited (the company) and Citigold Corporation Limited and Controlled Entities (the consolidated entity) which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accompanying policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

I have also audited the remuneration disclosures contained in the Directors' report. As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of Directors and executives ("remuneration disclosures"), required by Australian Accounting Standard AASB 124: Related Party Disclosures, under the heading "Remuneration Report" in the Directors' report and not in the financial report.

### Director's Responsibility for the Financial Report and the Remuneration Report contained in the Directors' Report

The Directors of Citigold Corporation Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial report comply with International Financial Reporting Standards (IFRS).

The Directors of the company are also responsible for the remuneration report contained in the Directors' Report in accordance with s300A of the Corporations Act 2001.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration report in the Directors' Report is in accordance with Australian Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the Directors' report.

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# AUDITOR'S' REPORT continued

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIGOLD CORPORATION LIMITED (Cont'd)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Citigold Corporation Limited would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

### Auditor's Opinion

In my opinion:

- (a) the financial report of Citigold Corporation Limited and Citigold Corporation Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
  
- (b) the financial report of the company and consolidated entity also comply with IFRS as disclosed in note 1.

### Auditor's opinion on the Remuneration Report contained in the Directors' Report.

In my opinion, the remuneration disclosures that are contained on pages 28 to 32 of the Directors' Report comply with S300A of the Corporations Act 2001.

### Significant Uncertainty Regarding Going Concern

Without modifying my opinion above, financial report indicates that for the financial year ended 30 June 2014 the consolidated entity incurred a net loss after tax of \$7,672,631(2013: \$6,782,718) and had deficiency in net current assets of \$8,649,397 (2013: \$4,577,067). The cash flow forecasts project that the consolidated entity will continue to be able to meet its liabilities and obligations as and when they fall due for a period of at least 12 months from the date of signing of this financial report. The cash flow forecast is dependent upon the generation of sufficient cash flows from short term funding being pursued as at the date of signing this report, capital raising and/or other initiatives to enable the consolidated entity to fund its planned activities and be able to meet its liability and obligations as and when they fall due.



**Faizal Ajmat CA**  
**Registered Company Auditor**  
Sydney, 30 September 2014  
A.B.N. 12 977 693 143  
PO Box 1283  
GREEN VALLEY NSW 2168

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## 1. SHAREHOLDINGS AS AT 30 SEPTEMBER 2014

Range	Total holders	Number of Shares
1 - 1,000	1,438	570,660
1,001 - 5,000	1,703	5,034,137
5,001 - 10,000	1,144	9,370,437
10,001 - 100,000	3,257	126,598,491
100,001	1,150	1,354,191,181
Total	8,692	1,495,764,906

### Distribution of Members and their Shareholdings

#### Substantial Shareholdings as at 30 September 2014

Name	Number of Shares	% of Issued Share Capital
LIONGOLD CORP LTD	235,285,714	15.73
EXPRESS-LINK MANAGEMENT LIMITED	142,857,141	9.55
K SERA SERA HOLDINGS PTY LTD	96,485,307	6.45

#### Twenty Largest Shareholders as at 30 September 2014

Name	Number of Shares	% of Issued Share Capital
LIONGOLD CORP LTD	235,285,714	15.73
EXPRESS-LINK MANAGEMENT LIMITED	142,857,141	9.55
CITICORP NOMINEES PTY LIMITED	102,996,829	6.89
K SERA SERA HOLDINGS PTY LTD	96,485,307	6.45
AURORA INVESTMENTS LIMITED	68,659,983	4.59
JFO INVESTMENTS PTY LTD	34,922,258	2.34
J P MORGAN NOMINEES AUSTRALIA LIMITED	32,602,624	2.18
DMG & PARTNERS SECURITIES PTE LTD ←CLIENTS A/C→	25,439,222	1.70
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	20,661,913	1.38
UOB KAY HIAN PRIVATE LIMITED ←CLIENTS A/C→	17,920,565	1.2
JF APEX SECURITIES BERHAD ←CLIENT ACCOUNT→	11,823,136	0.79
MR WEITIAN ZHANG	9,899,129	0.66
UNDERWRITING & MINING INVESTMENT CORPORATION PTY LTD	9,832,732	0.66
MR IAN MCDONALD FRASER	9,000,000	0.6
MR IAN MCDONALD FRASER + MS JILLIAN BACON	9,000,000	0.6
MR NICHOLAS KENOS + MRS PAULINE KENOS	8,000,000	0.53
NEFCO NOMINEES PTY LTD	7,053,862	0.47
BILL FORD NOMINEES PTY LTD	6,153,981	0.41
JOHN FRANCIS LYNCH	5,669,090	0.38
MISS LILY LEE	5,500,000	0.37
Total	859,763,486	57.48

## 2. RESTRICTED SECURITIES

At the time of this report there are no ordinary shares classified as restricted securities.

## 3. ON MARKET BUY BACK

There is no current on-market buy back.

## 4. SUMMARY OF MINING TENEMENTS & AREAS OF INTEREST as at 30 September 2014

The Consolidated Entity has a 100% control of the following mining tenements at Charters Towers:

Exploration Permit Minerals	EPM 15964	EPM 15966	EPM 16979	EPM 18465	EPM 18820	EMP 18813
Minerals Development Licence	MDL 116	MDL 118	MDL 119	MDL 120	MDL 121	
Mining Lease	ML 1343	ML 1408	ML 1433	ML 1548	ML 10042	ML 10222
	ML 1344	ML 1409	ML 1472	ML 1549	ML 10048	ML 10281
	ML 1347	ML 1424	ML 1488	ML 1585	ML 10050	ML 10282
	ML 1348	ML 1428	ML 1490	ML 1586	ML 10091	ML 10283
	ML 1385	ML 1429	ML 1491	ML 1587	ML 10093	ML 10284
	ML 1387	ML 1430	ML 1499	ML 1735	ML 10193	ML 10285
	ML 1398	ML 1431	ML 1521	ML 10005	ML 10196	ML 10335
	ML 1407	ML 1432	ML 1545	ML 10032	ML 10208	



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