

2017 CORPORATE GOVERNANCE STATEMENT FOR FINANCIAL YEAR ENDING 30 JUNE 2017

This Statement sets out how Citigold Corporation Limited (ABN 30 060 397 177) achieved compliance with ASX Corporate Governance Principles and Recommendations throughout the financial year ending 30 June 2017.

Governance disclosures referred to in this document, as well as the Company’s Annual Report, are located on the Company’s website at www.citigold.com/corporate/corporate-governance

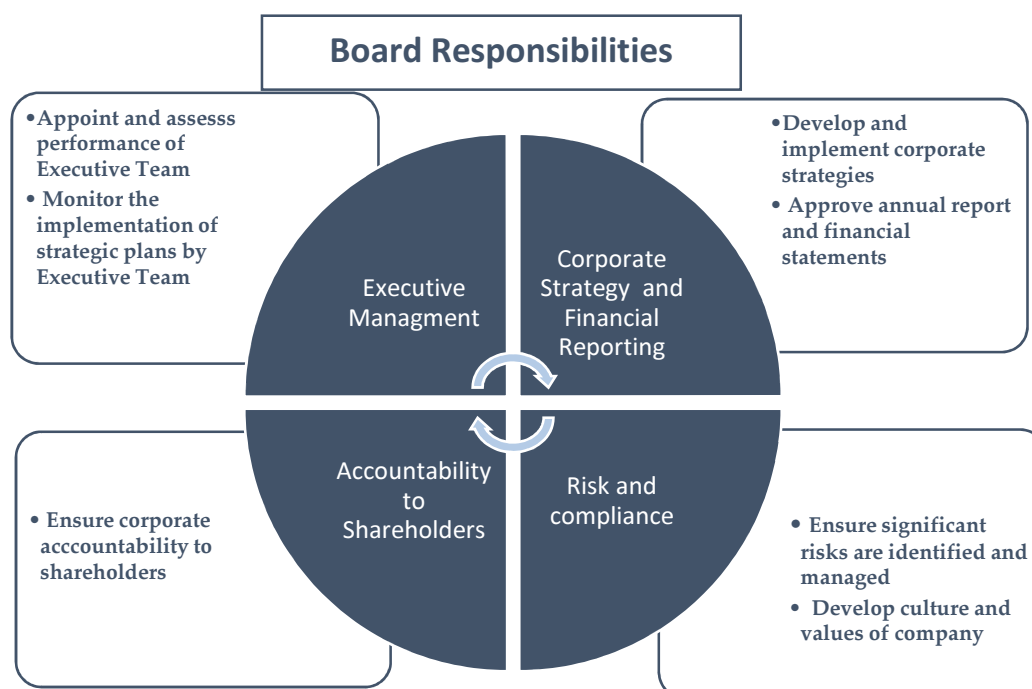
In developing Citigold Corporation Limited’s (Citigold) corporate governance framework, the Board has taken into consideration the ASX Corporate Council’s *Corporate Governance Principles and Recommendations 3rd Edition*. This statement outlines how Citigold’s corporate governance practices and policies align with those recommendations and in the occasion where the Company’s corporate governance practices do not correlate with the recommendations, where the Company does not consider that the practices are appropriate for the Company due to the size of the Company or its Board.

As the Company develops and grows in complexity the requirements will differ and the Board reviews the policies and procedures adopted, on an annual basis, to make sure that they align to the current requirements. The 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 annually 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, who review the appropriate external checks before the Director or senior executive is appointed.

The Nomination Committee ensures 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 must, by rotation, retire from office at each Annual General Meeting (AGM). If the number is not a multiple of 3, then the number nearest to but not exceeding one-third shall retire from office. Where eligible, a Director may stand for re-election.

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

The Company Secretary will assist the Board to operate in an efficient manner. The Company Secretary is accountable to the Board, through the Chairman, for all matters to do with the proper function of the Board.

Diversity Policy

Citigold believes that a diverse workforce brings about different range of ideas, perspective and experience that will help the company realise its corporate goals.

Citigold establishes 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) Assisting personnel fulfill their potential by providing access to development opportunities when they arise.
- 4) Helping personnel 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 measurable targets.

While subjecting the following objectives of appointment to be made on basis of merit, the Board has adopted these targets:

TARGET	30 June 2017
>15% Female personnel	10% Female personnel- Mine is in care and maintenance mode no further recruitment is being conducted at this point in time. This will be reviewed when off care and maintenance.
>1 Female Board Member	No Female Board Member or senior executive at this time – Board number was reduced to four in 2015 and in keeping with reduced business activity, remaining this way during 2017.

Review of Directors, Board and Management Performance

Citigold considers the evaluation of Directors' and senior executives' performance as important in establishing a culture of performance and accountability. Each Director is provided with a written agreement setting out the terms of their appointment.

The Board and Director's performance is reviewed on an ongoing basis. The goals of review are based upon each Director's contribution to Board objectives and the objectives of Board committees in which the

Director participates. The Chairman has provide each Director with confidential feedback on performance in 2017 and where appropriate used to develop a development plan for each Director.

Senior Executives are reviewed on an annual basis by the Chairman of the Board. However, given that the Executive Chairman assumed the role of (CEO) late in the 2015 year, the non-executive members of remuneration committee reviewed the CEO during the 2017 year.

At the AGM, the shareholders will have the opportunity to voice their opinion on the performance of the Board. This is done via the election process and shareholders will be able to vote for Directors that are up for reelection.

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.

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

The Nomination Committee met once during the year, members in attendance are set out in the Directors report of the Annual Report.

Board Skills and Experience

The Board aims to have a diverse range of skills across its members so that they are able to cover all the skills necessary to discharge their responsibilities in order to be a proper functioning Board.

During the 2017 year the Board continued to develop and review its skills matrix to identify individual and collective relevant skills of the Board. The Matrix identified that the Board had strong skills in governance, operational experience, industry technical expertise, environmental management, financial and commercial acumen, international business, negotiation, legal and native title negotiations. The skills matrix will also be used when considering appropriate future Board members so that they complement the existing skills and experience of the Board.

Board Composition and Independence

In accordance with the Board Charter and ASX Recommendations, the majority of the Board preferably comprises 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.

Table below provides the current Directors, tenure and if they are deemed to be independent

<u>Name</u>	<u>Classification</u>	<u>Appointed</u>	<u>Independent</u>
Mark Lynch	Executive	2 July 1993	No
John Foley	Non-Executive	2 July 1993	Yes
Arun Panchariya	Non-Executive	22 September 2013	Yes
Dr Sibasis Acharya	Non-Executive	21 June 2016	Yes

The Board has reviewed the interests, positions and associations of each of the Directors, at the time of this report, determined that the non-executive members are independent. One of the Directors is an Executive Director and therefore, considered not to be independent.

The current Board has a greater proportion of non-executive members to executive members and deemed appropriate by the Board for the Company's current size and requirements, this is within the current preferred composition.

The current Chair of the Board is not independent and holds the position of CEO. This dual role was deemed by the Board to be appropriate given the current size of the Company and its current requirements.

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 full briefing on the company by the Chairman and an induction pack. This is preferably 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.

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
- Other employees
- Conflicts of interest
- Customer and supplier relations
- Compliance with laws and regulations
- 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

Audit and Finance Committee

The audit and finance committee comprises of the following Non-Executive Directors: J Foley (Chairman), A Panchariya and S Acharya. Citigold believes that the current committees is appropriately sized as it has adequate skills, expertise and experience to discharge its responsibilities. The Committee is within desired makeup, being majority of Non-Executive Directors and Chaired by an independent Director.

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.

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 this charter.

Citigold does not have an internal audit function. The Board does not consider that the Company's operations are of a size or complexity to require a dedicated internal audit function and that processes and inherent risks are sufficiently transparent as to be identified by board members.

The Chief Executive Officer and Chief Financial Officer have declared in writing that the financial statements for the year ended 30 June 2017 represent a true and fair view of Citigold's financial position and performance and that the reports conform to relevant accounting standards.

The Company's external auditor attends the company's annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditors' report.

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 Policy is to ensure that information is released in accordance with the consolidated entity's continuous disclosure obligations under the ASX listing rules. Citigold's website contains recent and historical information including 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

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.

G. Recognise and Manage Risk

Health, Safety, Environment and Risk Committee

The Health, Safety, Environment and Risk Committee consists of the following Non-Executive and Executive Directors: J Foley (Chairman), S Acharya and M Lynch. The Committee is within desired makeup, being majority of Non-Executive Directors and Chaired by an independent Director. The objectives of the Committee are as follows:

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

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 Committee in 2017 has reviewed the risk management framework and it is satisfied that it continues to be sound.

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 a Risk Management System that identifies aspects of risks of the operation, particularly those related to safety, health, and environment, financial and social impact. Citigold's operations are subject to regulation, regular inspection and monitoring by the Queensland State Government Department of Natural Resources & Mines and the Department of Environment & Heritage Protection.

The CEO and CFO have not given a written statement to the Board in accordance with best practice recommendation 7.2 and 7.3 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

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.

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 Risk Management System (EHSRMS) had been established by mine management in compliance with the Qld *Mining & Quarrying Safety & Health Act*. The EHSRMS is a tool that allows the systematic identification of environmental and OHS issues and assists their management in a structured manner.

Through the EHSRMS, 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.