

ANNOUNCEMENT

Quarterly Activities Report December 2009

29 January 2010: Brisbane, Australia – Citigold Corporation Limited (Citigold) (ASX:CTO, FSE:CHP) is pleased to report progress for the Quarter ended 31 December 2009 in mine operations at the Charters Towers Gold Project.



The highlights for the Quarter include:

- **Gold production up 110% on previous Quarter to 5,563 ounces**
- **Highest quarterly and half yearly production**
- **Average per ounce revenue was A\$1,225**
- **Average cash cost A\$481 per ounce**
- **Planning underway to reactivate mining on City reefs**

SUMMARY

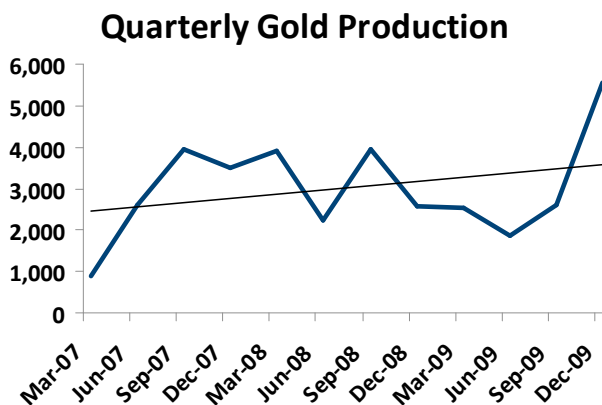
A new management team was in place at Charters Towers from October, with a clear objective to drive gold production growth. As a result, production for the Quarter was 5,563 ounces. This was above the indicated production level in the December update and a 110% increase on the previous Quarter. With two strong quarters growth this is the best half year.

The profitability and efficiency of the operations has trended upward since commencement of production, with revenue rising to almost \$7 million per quarter in December 2009, representing an increase of over 800% in 3 years.

Ore feed to the mill was from stoping and development ore from the Warrior operation.

The high tech geophysics program continues to add value to the mapping of the underground high grade areas.

As part of the overall gold production growth at Charters Towers, planning is underway for the reactivation of the Company's City Central Decline mining area. This area represents a large part of the overall gold deposit. Increasing gold production is one of the ways to unlock the substantial value of the deposit for shareholders.



MINING TO DATE ENCOURAGING

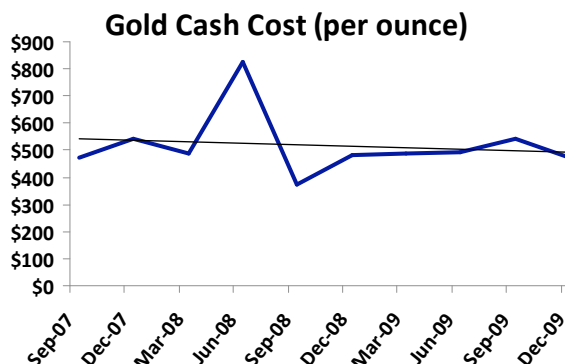
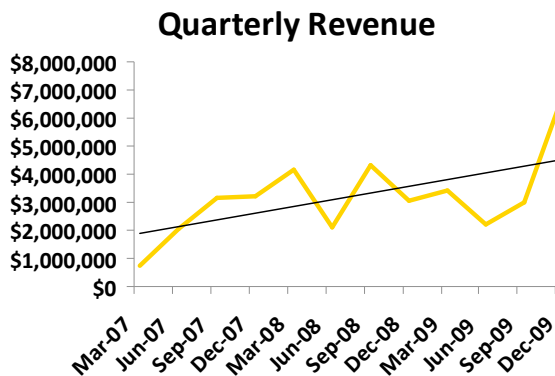
With production for the current Quarter the highest since operations at Warrior commenced it is prudent to reflect on the past few years of production results. These results were all achieved alongside the continuing development of the mine.

The chart on page 1 shows the quarterly production since operations commenced with the trend line clearly in the upward direction. Although production is lower than expected the chart shows that gold production is continuing to trend up.

The profitability and efficiency of the operations is displayed in the two charts on the right. The top chart shows that revenue has continued to trend upward since commencement of production rising from below \$1 million per Quarter in 2007 to almost \$7 million per quarter in December 2009.

The bottom chart on the right shows the cash cost per ounce of production. This has remained relatively flat around A\$500 per ounce illustrating the Company's focus on ensuring it remains a low cost producer even in these times of strong gold prices. As gold production materially increases Citigold expects economies of scale to lower costs further.

During the past Quarter the Company amended its production estimate for the Quarter. This resulted from a mining area producing a relatively small tonnage compared to the original geological model. A very high grade intersection had biased the ounces in a way that had not occurred before. Interestingly subsequent development of the ore body along strike to the west of this area is producing new ounces that may eventually come close to the 'lost' ounces over the last Quarter. This confirms that the Company needs to continue to open up the reef so that there can be multiple stoping panels that will help improve the reliability of production estimates.



MINING OPERATIONS

Ore Production

During the Quarter ore was principally hauled from two levels of the WS19 panel on the 720 and 705 levels, with additional ore from an upper (closer to surface) 875 Level.

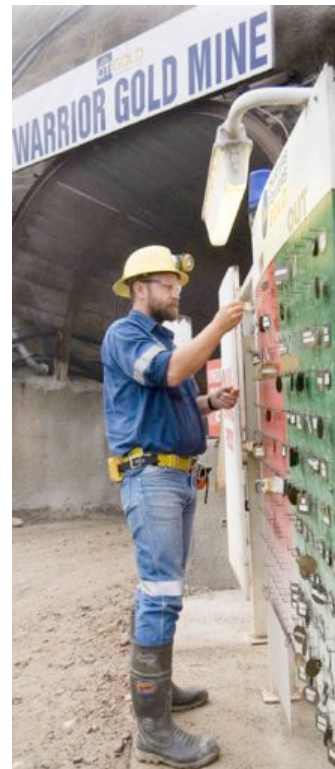
Development driving continued on the 705 and 720 Levels in the western WS19 and WS21 panels, and on the eastern side of the mine on upper 820 east level.

The underground gold production is still limited by the rate at which the high-grade areas can be defined for the mine plan. This development scheduling is still behind but the rate is improving and management is focused on optimising the pre-mining work so that development and gold output can progress faster. The processing plant still has substantial spare capacity.

New capital development during the Quarter was reduced and focus shifted to in-ore development and stoping extraction of the ore.

In-ore development took place along the 705 and 720 levels preparatory to stoping, and on the upper 875 Level to open up new stoping areas. Total in-ore development metres for the Quarter were 432 metres.

The Warrior mining area contains an Inferred Mineral Resource of 4.4 million tonnes at 14 grams per tonne, containing 1.9 million ounces of gold. This is part of the overall Charters Towers Resource, as illustrated in the technical report on the Company's website.



Gold Production

Gold production totalled 5,563 ounces for the Quarter, an increase of 110% on the 2,609 ounces for the previous Quarter. This was 10% above the revised target of 5,000 ounces for the Quarter.

The average sale price received was A\$1,225 per ounce during the Quarter and the average cash cost was A\$481 per ounce.

Currently the Company is both building the mine and operating it. The building costs are capitalised and subsequently amortised as the mine life reduces in accordance with accounting standards. Only the amortisation is included in the calculation of the per ounce cash cost. Once construction is complete and expansion capital works expenses end, cash costs are forecast to be under \$400 per ounce.

Average gold recovery for the Quarter from the ore feed to the process plant remains high at 98%.

HEALTH, SAFETY AND ENVIRONMENT

There were no Lost Time Injuries, significant health issues or reportable environmental incidents during the Quarter.



EXPLORATION

A total of 5,600 metres of core was drilled in this Quarter and 28 holes completed. Additionally, some of the diamond drill rigs were used during the Quarter to re-open and clean out previous holes in order to continue to refine the down hole geophysics test work. This significantly lowers the cost of completing this test work.

Mapping, rock chip and sediment sampling continued on the broader regional areas under Exploration Permits.

During the Quarter a new Exploration Permit for Minerals, EPM 16979 was granted by the Department of Mines and Energy. This EPM is 300 square kilometers in size and adjoins existing tenure. The EPM is located about 25 kilometres west of Charters Towers and contains a series of known gold prospects. This is a further consolidation of the regional exploration ground out side of the core Charters Towers field.

Citigold has extensive prospective exploration ground holdings at Charters Towers outside the drilled 10 million ounce gold deposit and the overall central goldfield area that conceptually contains the previously announced 50 million ounce upside target mineralisation. The Company is considering how these 'outer areas', highlighted by geological sampling and mapping that are prospective for additional mines, may be explored faster.

GEOPHYSICS

The geophysical test work using down hole induced polarization (DHIP) is continuing. Evaluation and fine tuning of the interpretation continues. Considerable modeling work is still to be done on drill holes tested before the Christmas break and this backlog will be a priority from February.

CAPITAL RAISING

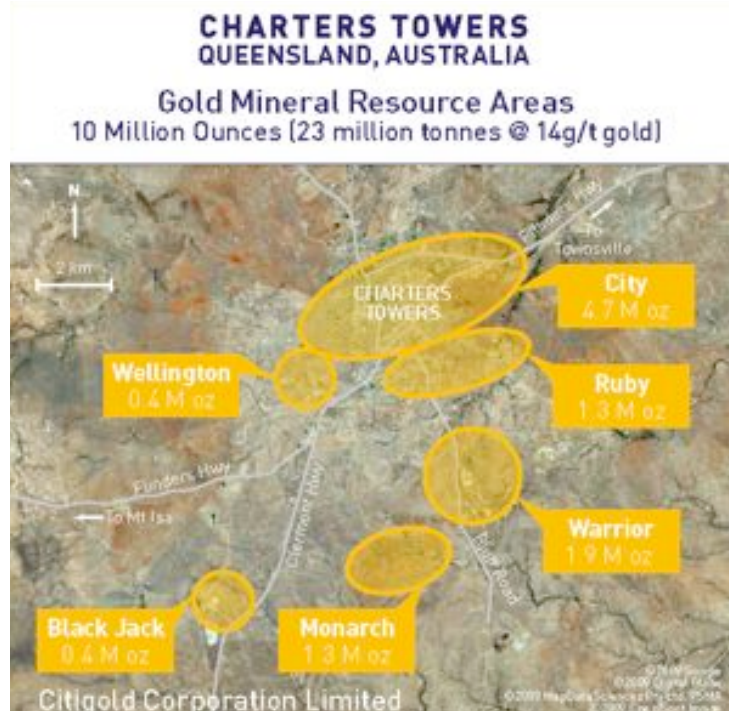
The Company remains free of bank debt and has been progressing towards a positive cash flow. Overall Citigold has achieved the development of the large Charters Towers gold deposit through efficiency of expenditure at each stage. Therefore management feels confident to start investing in planning the reactivation of the City's Central Decline mining area and expanding gold mining operations with the recently announced 2010 Share Purchase Plan (SPP) to assist.

The City reefs contain 4.7 million ounces of the overall 10 million ounce resource (23 million tonnes at 14 grams per tonne gold), as outlined in the image on the right.

The City reefs are a defined major past gold producing area and the current gold resource is along strike and down dip.

This planning will include optimising and sourcing the funding for the major expenditure to reactivate the City mines.

With a strong gold price outlook Citigold believes now is the ideal time to commence the planning stage to bring this exciting area into production.



The Directors intend to personally take up their full SPP entitlement.

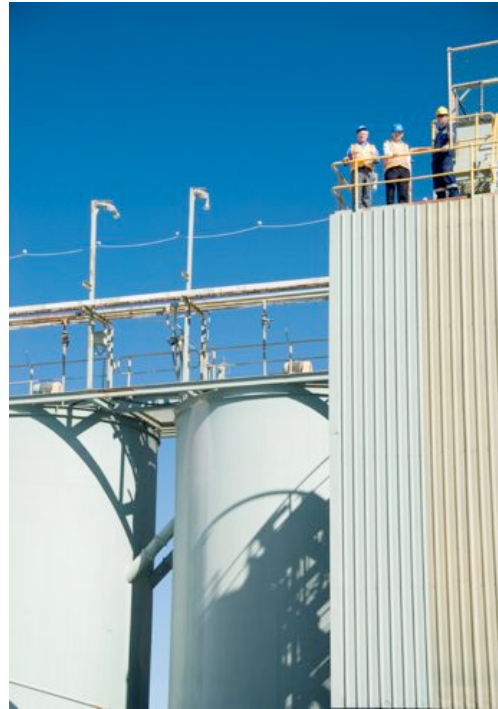
SHAREHOLDERS

The number of shareholders in Citigold has continued to grow throughout 2009, with the current number of shareholders exceeding 11,000.

The 2009 year was not a strong year for the share price. The management team will continue to work hard to advance the project and add value for shareholders and look forward to an improved 2010.

The last calendar year saw the sell down of the Dubai Group shareholding in the Company. While specifics are not available the financial problems and cash requirements of the Dubai Group, were well reported in the worldwide media.

As a part of the efficiency focus of Citigold's Board and management the Company has applied to remove its shares from the Nasdaq Dubai stock market. The exchange has not expanded as expected and suffers from poor liquidity and high costs. Also few Citigold shares are held there with the majority of Dubai based investors choosing to hold their stock on the ASX. This change will have no effect on Citigold's primary listing on the Australian Securities Exchange (ASX), under the ASX code CTO or the quotation on the Frankfurt stock exchange in Germany.



GATEWAY MINING

The takeover of Gateway Mining that was concluded in October, with a 46% holding in the company, resulted in the issue of 16.2 million shares to previous Gateway shareholders. Citigold is the dominant shareholder but has no plans to make immediate changes. Gateway is currently focused on advancing its exploration projects.

AGM

The annual general meeting of the Company was held this year in Canberra on 16 November 2009. Citigold in recent years has rotated the venue of its AGM to assist all of its Australian shareholders to attend at least one AGM. Over the last 3 years a general meeting has been in Sydney, Melbourne and Brisbane. This year the AGM was held in Canberra at the Old Parliament House. Attendance was again good with over 80 shareholders present. All resolutions were passed on a show of hands with proxies, although not required, similarly supporting the resolutions.

We thank all shareholders for their continued support and will work diligently to further progress the growth of the business in 2010.

For further information contact:

Mark Lynch

Managing Director/CEO

Matthew Martin

Company Secretary

STRATEGIC BUSINESS SUMMARY

Citigold Corporation is a gold producer controlling Australia's richest major goldfield at Charters Towers in North Queensland. The high-grade deposit contains a gold resource of 10 million ozs (23 Mt @ 14 g/t) with exceptional growth potential. Gold output targets growing to 300,000 ozs per year with gold production cash costs under A\$350 per oz. (See www.citigold.com for full resources report)

Cautionary Note: This release may contain forward-looking statements that are based upon management's expectations and beliefs in regards to future events. These statements are subjected to risk and uncertainties that might be out of the control of Citigold Corporation Limited and may cause actual results to differ from the release. Citigold Corporation Limited takes no responsibility to make changes to these statements to reflect change of events or circumstances after the release.

The following statements apply in respect of the information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves: The information is based on, and accurately reflects, information compiled by Mr Christopher Alan John Towsey, who is a Corporate Member and Fellow of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Towsey is a geologist and employed by CTO as Chief Operating Officer. 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 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CITIGOLD CORPORATION LIMITED

ABN

30 060 397 177

Quarter ended ("current quarter")

31 December 2009

Consolidated statement of cash flows

	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	6,065	9,952
1.2 Payments for (a) exploration and evaluation	(1,668)	(3,285)
(b) development	(2,740)	(5,152)
(c) production	(2,591)	(3,923)
(d) administration	(988)	(1,775)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(245)	(461)
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(2,167)	(6,644)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(34)	(92)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(34)	(92)
1.13 Total operating and investing cash flows (carried forward)	(2,201)	(6,736)

1.13	Total operating and investing cash flows (brought forward)	(2,201)	(6,736)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	4,207	5,498
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(1,264)	(1,657)
1.18	Dividends paid	-	-
1.19	Other - (Conversion of Options)	-	-
	- (Issue of Convertible Notes)	-	-
	- (Costs of financing activities)	-	-
	Net financing cash flows	2,943	3,841
	Net increase (decrease) in cash held	742	(2,895)
1.20	Cash at beginning of quarter/year to date	209	3,846
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	951	951

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	152
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments comprise executive salaries, consultancy fees and superannuation guarantee charge thereon.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,500
4.2 Development	2,000
Total	3,500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	951	209
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Held by Third Parties) Term Deposit	-	-
Total: cash at end of quarter (item 1.22)	951	209

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased	EPM 16979	100% controlled	0%	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	900,265,513	900,265,513		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	32,016,870 3,750,000 6,534,144 16,177,729	32,016,870 3,750,000 6,534,144 16,177,729	16 cents 20 cents Nil 2 CTO shares for every 5 GML shares	16 cents 20 cents Nil Fully paid
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	1,330,357 2,000,000 15,384,615 6,562,500 7,395,382 3,00,000	Nil Nil Nil Nil Nil Nil	<i>Exercise price</i> 37 cents 20 cents 26 cents 50 cents 23 cents 27 cents	<i>Expiry date</i> 14 May 2010 1 March 2011 26 March 2011 10 April 2011 30 April 2011 16 October 2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	122,222 5,625,000	Nil Nil	45 cents 50 cents	20 November 2009 27 November 2009
7.11 Debentures <i>(totals only)</i>	Nil	Nil		
7.12 Unsecured notes <i>(totals only)</i>	Nil	Nil		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company Secretary)

Date: 29 January 2010

Print name: Matthew Martin

Additional Information

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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