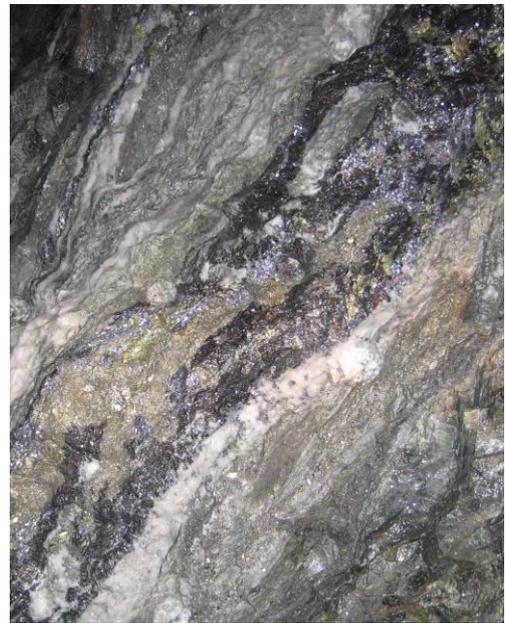


## ANNOUNCEMENT

### Quarterly Activities Report March 2012

**30 April 2012: Brisbane, Australia** – Citigold Corporation Limited (“Citigold” or “Company”) (ASX:CTO, FSE:CHP) is pleased to report progress for the quarter ended 31 March 2012 on its operations at the Charters Towers Gold Project in Queensland.

During the quarter the mine continued to extract and stockpile gold ore; the tailings storage facility (TSF) underwent a substantial expansion in storage capacity; the processing plant only operated for a short period, due to the TSF expansion, extracting 584 ounces of gold at a cash operating cost of \$540 per ounce on revenue of A\$1,588 per ounce; planning for the expansion of the Central and Imperial mines continued; capital works expansion funding progressed and the financial results for the half year were announced.



#### MINE PRODUCTION AND DEVELOPMENT

Gold produced for this quarter totalled 584 ounces due the closure of the process plant for the TSF upgrade. The mill recommenced operation on 28 March 2012. The average gold sale price received was A\$1,588 per ounce down slightly from the previous quarter. The average cash cost per ounce was A\$540 similar to the December 2011 quarter.

During this period mining continued with the ore being stockpiled in anticipation of the recommencement of processing. Average gold recovery from the ore feed to the process plant remains high at above 95%.



Underground development during the Quarter was focused on the Imperial area’s Sons of Freedom (SOF) cross reef.

Development was undertaken on the 905 and South Inclines. There was a total of 133 metres of in ore level development during the quarter. Production was from the 870 to 885 stoping blocks.

**Process Plant** - At the end of the December quarter planned expansion works on the TSF commenced. The only gold production during the quarter was from gold ore in circuit from the end of last quarter.

This was the first expansion of the TSF since it was originally constructed. The current dam stage 1 had reached its capacity limit and this work was a routine matter to maintain the 1 in a 100 year rainfall freeboard.

Gold extraction from the plant continued through the stripping of carbon and gold in circuit while maintenance works were ongoing. Maintenance works were also carried out on the process plant. During the earthworks, to lift the TSF wall height, there was no processing of ore.



The earthworks were constantly interrupted due to persistent rainfall during the construction period.



The increase in capacity was aided by the excavation of all the clay material needed for the increase in wall height coming from within the perimeter of the northern end of the TSF. This efficiency created additional internal volume with overall capacity increased to almost 400 mega litres.

## EXPLORATION

Work continued on interpretation of previous drilling, geophysical and geotechnical works, as well as mapping, rock chip and sediment sampling on the broader regional areas under Exploration Permits.

Planning for the next stage of the geophysics program was undertaken during the quarter. The geophysics program seeks to limit the required drilling to an efficient focus solely on the high grade areas to aid the conversion of Mineral Resources into Ore Reserves. The sulphides are a proxy for the gold and this is what is being detected by the geophysical techniques.

Citigold's quest to use specialist geophysics to "see between the drill holes" is gaining momentum and clarity is emerging via modelling. This highly technical and specialist work will add substantial value to the business of mining when the system is perfected.

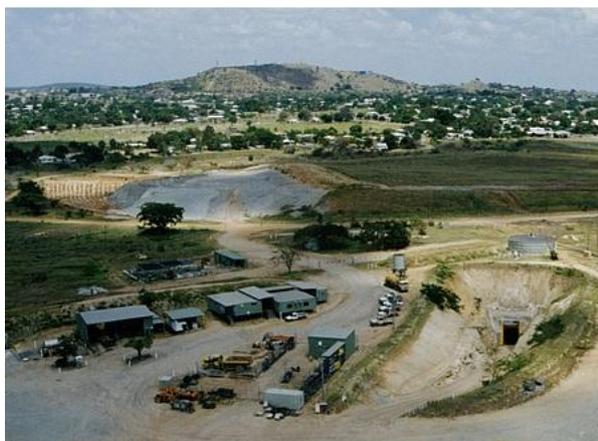


The Company's large Mineral Development Licence Application, MDLA 252, covering an area of 17 square kilometres to the north of the Central mining area and abutting existing MDL's held by Citigold is progressing towards regulatory grant. Upon granting the overall MDL's would increase from 51 square kilometres to 68 square kilometres. These are in addition to the 26 square kilometres of Mining Leases held.

The exploration joint venture farm-in agreement with Anhui Geology and Mining Investment Co. Ltd (Anhui) covers Exploration Permits and applications with an area of over 1,200 square kilometres all within a 50 kilometre radius of Charters Towers Post Office. The mining area of central Charters Towers is excluded from the joint venture.

During the quarter designing of the exploration program continued.

## EXPANSION OF GOLD PRODUCTION



During the quarter approval was received to commence the initial stages of recommissioning mining in the Central area. These initial works require a relatively small amount of funding and will mean that production can commence faster once the larger capital works expansion funding is in place.

With planning for the re-commissioning of the Central mining area progressing throughout the quarter the management team is confident that these initial works will enable the acceleration of the development of the Central mine.

The Central and Imperial mines are two independent accesses to the one overall Charters Towers Gold Project that includes the adjacent gold processing plant.

There are essentially two phases to the expansion towards full production. The initial phase is through the \$100 million capital works funding over 2 years, previously mentioned, that is expected to lift gold production to 100,000 ounces per annum.

The Project can be then be further expanded to 300,000 ounces per annum with an additional \$130 million of capital works investment over a further 2-3 year period that would be funded by cash flows from the first phase of the project.

Over the last few years Citigold has invested considerable time and resources to understanding the Charters Towers reefs and applying the most effective mining methods. Maintaining a low cost focus has sometimes meant that mining has taken longer than the company would have preferred. However, the valuable knowledge gained at Imperial, and originally through the earlier Central underground exploration, now gives the company sufficient understanding and knowledge to give us the platform to ramp up production.

## **HEALTH AND SAFETY**

There were no Lost Time Injuries during the quarter.

## **CORPORATE UPDATE**

### ***Financial Highlights***

Due to the process plant not being operated in the quarter revenue was down substantially. This impacted on the net operating cash flow going from a positive in the previous quarter to negative \$2 million this quarter. The main reason for the negative cash flow was the fact that the development expenditure remained over \$2 million in the quarter. This expenditure relates to the opening up of additional stoping areas and included the development of escape ways and substation bays.

The Company raised about \$1.5 million through an unsecured loan and machinery sale. The Company continued to repay down its equipment leases. These lease repayments make up the majority of borrowings being repaid.

With gold production underway again in April the cash flow from gold sales will increase substantially. This increase in cash flow should result in a positive net operating cash flow similar to the December quarter. This is in addition to any capital raising activities undertaken by the Company.

This quarter is expected to see advancement of the major capital works funding negotiations. Interest in partnering with Citigold is increasing as are the options for the type of funding. The Company is again being pursued to do the funding through debt which has the advantage of being non-dilutive for shareholders. Both equity and debt discussions are continuing. The Company has current capacity to do an equity raising as a part of the overall funding mix.

The completion of the major capital works funding will see a transformation change in the Company with the ability to unlock the enormous wealth contained in the large high-grade gold deposit for shareholders.

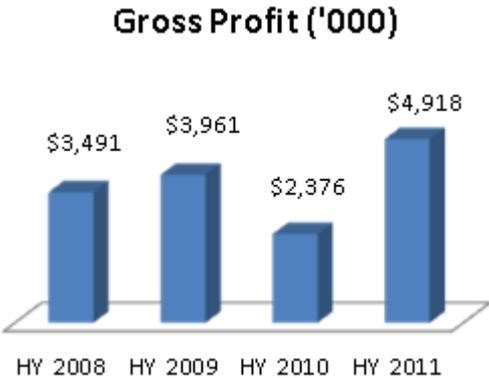
**Half Yearly Report**

During the quarter the 2011 Half Yearly report was released. The report showed a good improvement in profitability and optimisation of its asset and operational effectiveness despite increasing industry wide upward cost pressures, further confirming the Company’s low cost model of mining the Charters Towers deposit. Cost reduction is a continuing focus of the Company.

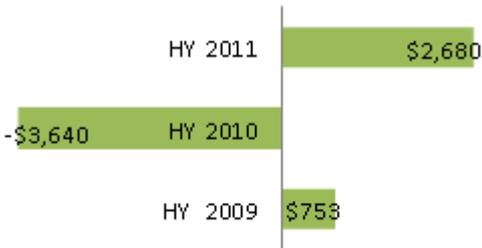
Citigold declared a net profit after tax for the period of \$853,879, compared with a loss of \$1.8 million over the same period last year. The profit is not only as a result of an increase in gold price, but also a 50% drop in cost of goods sold based on similar production.

The average realised gold price for the half year of A\$1,672.85 per ounce was \$300 higher than the corresponding period. With the average price of gold forecast to be US\$1,766 per ounce for 2012 (according to the published average of 26 LBMA members) the gold price looks set to continue higher over the next twelve months.

The profit from the Charters Towers Operations, after removal of the consolidated Gateway Mining’s loss of \$67,323, is even closer to \$1 million.



**Net Operating Cashflow ('000)**



Gross profit has also increased by 107% over the same period last year to \$4.9 million, despite a 5% drop in production when compared to the same period. This highlights the company’s improvement in optimising its asset and operation effectiveness despite increasing industry wide upward cost pressures. This trend shows the potential of the deposit to generate large cash flows as

the level of production grows.

Operating cash flow turned back positive generating \$2.7 million compared to a loss of \$3.6 million during the last period. Gearing ratio remains low at 1.7%. Current ratio dropped during the period whilst total liabilities remained at approximately 5% assets.

The timely improvement in Citigold’s operations enables the company to gradually move forward in preparation for the aggressive development of the Charters Towers deposit, strong in the knowledge that the production will be built on a solid foundation.

## NEW WEBSITE LAUNCHED

Citigold Corporation recently launched its new and expanded website [www.citigold.com](http://www.citigold.com) about the Company and its gold business.

The new Citigold website hosts a new look and acts as a gateway to your information needs, including information on the gold mines we are developing, the technical information on estimating gold resources, the management team and our innovative mix of proven mining technologies.



The ease of navigation of the site is further improved. The good functionality and speed of the site is being maintained.

The site improvements include suggestions from shareholders. This input is encouraged and appreciated.

Shareholders should ensure that they are registered for Company's email system CitiMail, through the Home page of the web site, to ensure that they can easily receive regular updates and the latest information.

## GATEWAY MINING

Citigold currently has a 36% shareholding in Gateway Mining Limited (Gateway) for the purposes of exposure to exploration opportunities outside of Charters Towers, where Citigold's efforts are focused.

Gateway holds a substantial portfolio of projects including Gidgee in Western Australia, Cowra in New South Wales and within the Mt Isa and Hodgkinson Basin regions of Queensland. For further information on Gateway and its exploration projects see their web site [www.gatewaymining.com.au](http://www.gatewaymining.com.au).

For further information contact:

*Mark Lynch*  
Managing Director/CEO

*Matthew Martin*  
Company Secretary

**\* for full details see Report on the Inferred Mineral Resources [www.citigold.com](http://www.citigold.com) click Mining >Technical Reports >Mineral Resources**

**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 a member of the Australian Institute of Geoscientists. Mr Towsey is a consultant geologist. 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.*

## Appendix 5B

### *Mining exploration entity quarterly report*

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.17/12/10

Name of entity

CITIGOLD CORPORATION LIMITED

ABN

30 060 397 177

Quarter ended ("current quarter")

31 March 2012

### **Consolidated statement of cash flows**

	Current quarter	Year to date (9 months)
	\$A '000	\$A '000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	933	10,721
1.2 Payments for		
(a) exploration and evaluation	(112)	(1,272)
(b) development	(2,078)	(5,655)
(c) production	(310)	(3,159)
(d) administration	(570)	(2,632)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(108)	(439)
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(2,245)</b>	<b>(2,436)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(23)	(77)
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	418	418
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>395</b>	<b>341</b>
1.13 Total operating and investing cash flows (carried forward)	(1850)	(2,095)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,850)	(2,095)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	1,042	2,571
1.17	Repayment of borrowings	(240)	(772)
1.18	Dividends paid	-	-
1.19	Other - (Conversion of Options)	-	-
	- (Issue of Convertible Notes)	-	-
	- (Costs of financing activities)	-	-
	<b>Net financing cash flows</b>	<b>802</b>	<b>1,799</b>
	<b>Net increase (decrease) in cash held</b>	<b>(1,048)</b>	<b>(296)</b>
1.20	Cash at beginning of quarter/year to date	1,472	720
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>424</b>	<b>424</b>

**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	183
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

+ See chapter 19 for defined terms.

### 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	300
4.2	Development	1,500
4.3	Production	1,000
4.4	Administration	500
<b>Total</b>		<b>3,300</b>

### Reconciliation of cash

	Current quarter \$A'000	Previous quarter \$A'000
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.		
5.1	424	1,472
5.2	-	-
5.3	-	-
5.4	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>424</b>	<b>1,472</b>

### 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			

+ See chapter 19 for defined terms.

### 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 <b>Preference +securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	<b>1,105,078,301</b>	<b>1,105,078,301</b>	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>	<b>4,090,000</b>	<b>Nil</b>	<b>30 cents</b>	<b>10 December 2012</b>
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

### *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 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company Secretary)

Date: 30 April 2012

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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+ See chapter 19 for defined terms.