

ANNOUNCEMENT

Quarterly Activities Report December 2012

31 January 2013: Brisbane, Australia – Citigold Corporation Limited (“Citigold” or “Company”) (ASX:CTO, FSE:CHP) is pleased to report progress for the quarter ended 31 December 2012 on its operations at the Charters Towers Gold Project in Queensland.

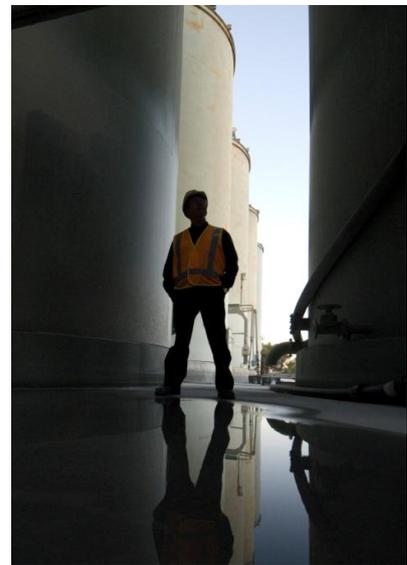
SUMMARY

The Quarter was a period of getting the Business into a position for growth in 2013. The focus had not been on gold production, having already proven the Charters Towers reefs can be efficiently mined, but rather on preparation for the major funding and the Company’s growth in 2013. Building on the right foundation is key.

During the quarter the mine continued to produce gold although production was similarly low as the last quarter at 547 ounces. The plant only processed Citigold ore for the first 3 weeks of November. The mining crew focused on mine development and a program of cross skill training.

This preparation included –

- Further strengthening of Citigold’s relationship with LionGold Corp Ltd of Singapore through a share placement, at above market prices, increasing their holding to 18%.
- Commencement of a further review of the mining plan for the major expansion to ensure that capital and operating expenditures and development timing are optimised.
- A Joint Venture meeting was held with Anhui Geology & Mining Investment International Ltd (Anhui) to consider their two prime exploration targets and a proposed substantial two year exploration work program through 2013/14.
- In November, exploration diamond core drilling was carried out for the geophysics down hole probes and a geophysics test program was undertaken. This onsite technical advancement of the cutting edge geophysics “sulphide hunting” program aims to improve drilling efficiency by locating the major gold bearing sulphide targets instead of the usual pattern drilling. The first targets identified will be tested in this current quarter.
- Citigold’s investment in Gateway Mining was sold because it was noncore and no longer seen as a part of the Company’s future.



- Site management and staffing were restructured to improve efficiencies. This was completed as part of the on-going program to increase efficiencies, thus ensuring costs are minimised whilst the development funding is finalised.
- The major capital works expansion funding discussions were advanced.
- The large planned expansion was benchmarked, at full planned capacity, against a similar scale Australian gold mine. This indicated that Citigold's budgets are realistic with regards to volumes of work and costs of production.
- An inspection and review of one of the major operating mines on the Pataz-Parcoy gold province in Peru was undertaken. This gold province and Charters Towers have the same mineral formation process, host rocks, high-grades and geometry. The Pataz-Parcoy underground gold miners produce an estimated 500,000 ounces per annum. Grades at one of the mines visited were 12 grams per tonne through the plant. Charters Towers aims to produce 336,000 ounces per annum at full production.



SITE RESTRUCTURED FOR GROWTH

During the quarter the site at Charters Towers underwent a staffing and management restructure to position the company for the future development of the Charters Towers Gold deposit.

This restructure resulted in a streamlining of staff to ensure the focus is on the underground and Mr Danny Stanford was appointed as the new Site Senior Executive (SSE). Mr Stanford replaces Dr Brian White who remains with the company as Technical Director.

Mr Stanford has over 20 years of experience in all aspects of mining from exploration, mine development, operations in both open cut and underground mines and final rehabilitation.

Mr Stanford has worked his way up through the ranks of the mining industry from the humble beginnings as a machine operator to Underground Mine Manager. Mr Stanford has worked at similar scale operations to the forecast Charters Towers project including Red Dome and Selwyn.

Mine Planning for Major Expansion

Citigold's Charters Towers deposits will be developed through two major inter-related and adjacent mines feeding a common gold extraction plant. The Charters Towers Imperial Mine has already proved the Company's ability to efficiently mine the Charters Towers reefs and continues at small scale production pending the expansion.

The Company has invested substantial funds into acquiring, permitting and developing the goldfield to date. The vision and commitment to the future expansions remain steadfast. LionGold, the Company's largest shareholder has itself undergone substantial growth over the last two years. We believe LionGold will play an important role in Citigold's future ambitious growth eventually expanding into a 300,000 ounces per annum miner.

Citigold has already extracted 100,000 ounces of gold from the Charters Towers gold field, by mining and processing the ore in an efficient and low cost manner. In addition, Citigold has been able to employ the required skilled mining staff due to its proximity to the town. This work has facilitated refining the mining method, thus greatly reducing the technical risk of the

project. The aim is a fully mechanised method with further increased automation as the project expands.

The structures that contain the mineralisation are well understood. These and other key features of the gold mineralisation and the overall project make this probably one of the only large high grade Australian deposit with immense gold production potential remaining outside of the large scale international tier one gold miners.

Mineral Resources and Ore Reserves

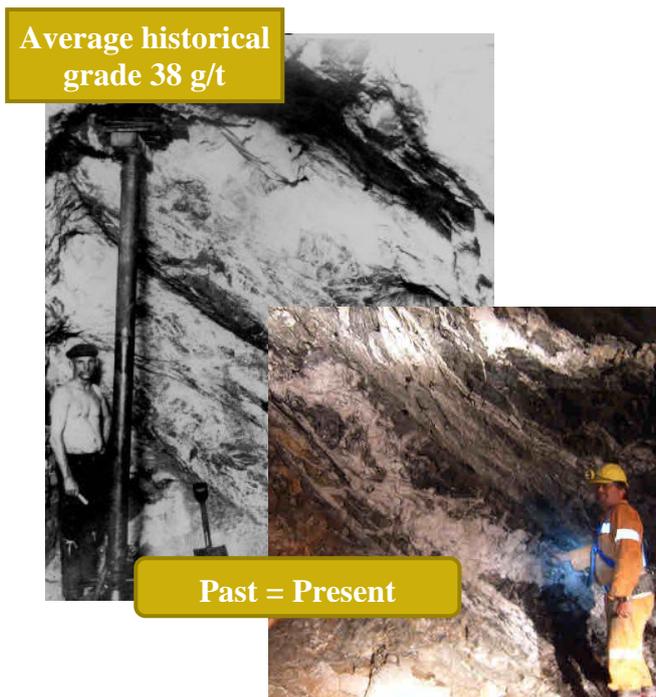
Category	Tonnes	Grade (g/t Au)	Cut off (g/t Au)	Contained Ounces
Inferred Mineral Resource	25,000,000	14.0	3.0	11,000,000
Indicated Mineral Resource (includes Probable Ore Reserve)	3,200,000	7.6	4.0	780,000
Probable Ore Reserve (derived from and contained within Indicated Mineral Resource)	2,500,000	7.7	4.0	620,000

for full details see Technical Report on the Mineral Resources and Reserves at www.citigold.com click Mining > Technical Reports > Mineral Resources and Reserves 2012

The Company has gained a detailed knowledge of the gold deposit through mining, a significant amount of drilling in addition to comprehensive research of the old mine workings. The application of two mining factors to the Resource estimate enables the independent consultant, Pathfinder Exploration, 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 both outlined in the table above.

Snowden Mining Industry Consultants Pty Limited (“Snowden”) was engaged by Citigold to do a Peer Review of the Technical Report Mineral Resources and Reserves 2012. Snowden concluded that the Technical Report is written in accordance with the 2004 JORC Code. In addition, Snowden considers that Citigold’s approach to estimating Mineral Resources and 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.

With the technical aspects of the operation now complete Citigold is in advanced discussions to raise the required funds to push the development of the underground this has the goal to eventually grow production to over 300,000 ounces per annum.



MINE PRODUCTION AND DEVELOPMENT

Underground development during the Quarter was focused on the Warrior and Sons of Freedom (SOF) reefs.



Underground ore development during the Quarter was on the 905 and 910 levels in the SOF reef. On the Warrior ore body development was on the 717, 712 and 709 levels. The 'levels' are based on the RL's within the mine, with the surface nominally at RL960. The difference in the numbers from the surface RL is the metres below surface.

There was a total of 95.6 metres of in-ore level development during the Quarter. There was also a small amount of waste development completed on the 717 level in the Warrior reef area.

Citigold is building a core team of personnel who are skilled in all facets of the operation. As part of this program during November, the underground operators were trained on the operation of the process plant. During December the plant operators were trained in underground operations.

GOLD PRODUCTION

Gold produced for this quarter totalled 547 ounces, similar to the previous quarter. Due to the restructure on site, with a focus on underground operations, the processing of ore from the Imperial Mine was only conducted during the month of November. The plant will continue to operate in batch mode to ensure costs are minimised. Even with this focus on minimising costs it is anticipated that production will increase during the January Quarter based on underground ore that is expected to be stoped.

The average gold sale price received was A\$1,649 per ounce, down slightly on the previous quarters. The average cash cost per ounce was A\$533, down slightly on the previous quarter.

Average gold recovery from the ore feed to the process plant remains high. Ore feed for the process plant continued to come from the underground operation as well as some toll treating for a local contractor.

Development of levels within the Warrior area has recommenced with ore production expected to commence in the current Quarter.

EXPLORATION

With the focus of the geology department on the diamond drilling and geophysics program only minor mapping, rock chip and sediment sampling continued during the Quarter.



Geophysics

Citigold completed the next stage of testing during the quarter. Four holes were drilled for a total of 1730 metres. While, the interpretation of the ground TEM survey is not yet complete, the initial works are encouraging enough to warrant the continued planning of geophysical testing for the coming quarter.

The geophysics program is aimed at eliminating the estimated 70% of the structure that is not high-grade (not payable). This 70% discount factor has already been applied to the estimation of the current Inferred Mineral Resource.

The geophysical mapping program should greatly reduce the required drilling by allowing work to focus solely on the high grade areas to determine width and grade of the potential mining areas. This will also accelerate the conversion of Mineral Resources into Ore Reserves. The aim is to create a system that supports the Company's planned growth into a large, profitable long mine life gold producer.



Anhui Exploration Joint Venture

A Joint Venture meeting was held with Anhui Geology & Mining Investment International Ltd (Anhui) to consider the two high priority exploration targets that have been developed through their detailed research and analysis over the last two years. Anhui has proposed a substantial two year exploration work program to test the two targets within the Joint Venture Exploration Permits through 2013/14.

The Joint Venture has approved of the work program but is still subject to Anhui's further internal final approval and FIRB approval. The Joint Venture aims for Anhui to eventually farm-in and earn up to a 50% interest into Citigold's exploration tenure covered under the JV. The aim is a commercially viable discovery(s) that would be developed as a 50/50 joint venture operation.

The exploration joint venture is outside of and excluded from the 148 sq km Mining Area. This mining area is comprised mainly of Mining Leases and Mineral Development Licences that contain all of Citigold's current Mineral Resources, Ore Reserves and mining operations at Charters Towers.

HEALTH, SAFETY AND ENVIRONMENT

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

On-going safety training continued with many of the staff undergoing refresher training. This quarter will see the focus on updating many of the safety compliance systems to ensure they remain first class and Citigold's good safety record continues.

CORPORATE UPDATE

Placement to Strategic Investor

On 6 December 2012 Citigold announced that it had agreed with LionGold Corp Ltd (SGX: Code: A78) (LionGold) for it to invest an additional \$8 million into Citigold after the successful placement in June 2012.

LionGold Corp is an SGX-listed investment holding company focussing on gold mining, mine development and exploration.

The placement transaction saw 114,285,714 million fully paid ordinary shares issued at 7 cents per share to raise \$8 million. This placement increased LionGold's holding to 17.69% of the issued capital of Citigold.

The placement represented a 37% premium to Citigold's last traded share price on 6 December 2012 of 5.1 cents per share. This is a solid endorsement of the underlying upside value LionGold sees in Citigold's Charters Towers Gold Project.

The funds raised will be used for working capital.

Financial Highlights

The revenue from the gold production was up due to increased gold production as well as toll treating for a local contractor. This increase in revenue was offset by the additional cost of development undertaken during the quarter that resulted in Net Operating Cash Flows remaining similar to the September 2012 quarter.

With the focus on developing the Warrior reefs as well as the geophysics program, almost \$4 million was spent on development and exploration this quarter.

The cash balance improved significantly during the quarter due to the receipt of the placement funds from LionGold in addition to the receipts received due to the sale of Gateway Mining Limited (GML) shares. These additional funds will assist Citigold to reduce its overall liabilities and further advance the project over the next quarter.

The Company has no bank debt and there are no securities or debentures over the mines or their operations.

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

Citigold is clearly focused on low operating costs and efficiency. A low cost gold production business with a long life has a rare opportunity to generate strong surplus cash flow at current, higher or lower gold prices.

Gateway Mining

On 31 December 2012 Citigold announced that it had agreed to terms to sell its entire holding in Gateway Mining Limited (Gateway).

The Gateway shareholding had become a non-core asset and it was decided to focus the Company's efforts on the flagship Charters Towers Gold Project.

The sale value achieved was considered satisfactory, totalling \$2.3 million. This, combined with the investment from LionGold, will enable Citigold to further advance the development of

Citigold's large high grade gold resource, reported to JORC standard, at Charters Towers in Queensland.

The shares are being sold to several parties.

Annual General Meeting of Shareholders

The annual general meeting of the Company was held this year in Townsville on 28 November 2012.

All resolutions were passed on a strong show of hands in favour. The proxies, although not required, similarly strongly supported the resolutions from 94% to 98% in favour.

We thank all shareholders for their continued support and will work diligently to further progress the growth of the business in 2013.

For further information contact:

Matthew Martin

Company Secretary

*** for full details see *Technical Report on the Mineral Resources and Reserves at www.citigold.com click Mining >Technical Reports >Mineral Resources and Reserves 2012***

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 December 2012

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	912	1,625
1.2 Payments for		
(a) exploration and evaluation	(819)	(1,651)
(b) development	(3,073)	(5,714)
(c) production	(250)	(459)
(d) administration	(1,184)	(2,106)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(263)	(980)
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(4,677)	(9,285)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(143)	(143)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	756	756
(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	613	613
1.13 Total operating and investing cash flows (carried forward)	(4,064)	(8,672)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(4,064)	(8,672)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	11,500	15,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(1,165)	(3,171)
1.18	Dividends paid	-	-
1.19	Other - (Conversion of Options)	-	-
	- (Issue of Convertible Notes)	-	-
	- (Costs of financing activities)	-	-
	Net financing cash flows	10,335	11,829
	Net increase (decrease) in cash held	6,271	3,157
1.20	Cash at beginning of quarter/year to date	65	3,179
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	6,336	6,336

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	236
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	500
4.2 Development	1,250
4.3 Production	750
4.4 Administration	500
Total	3,000

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	6,336	65
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)	6,336	65

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 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	1,352,907,765	1,352,907,765	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	114,285,714	114,285,714	7 cents	7 cents
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>	7,997,917	Nil	12 cents	28 June 2015
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <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: 31 January 2013

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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