

ASX Release
31 July 2013

Citigold Corporation Limited Quarterly Activities Report For the Quarter Ended 30 June 2013

HIGHLIGHTS AND SIGNIFICANT DEVELOPMENTS

Charters Towers Gold project

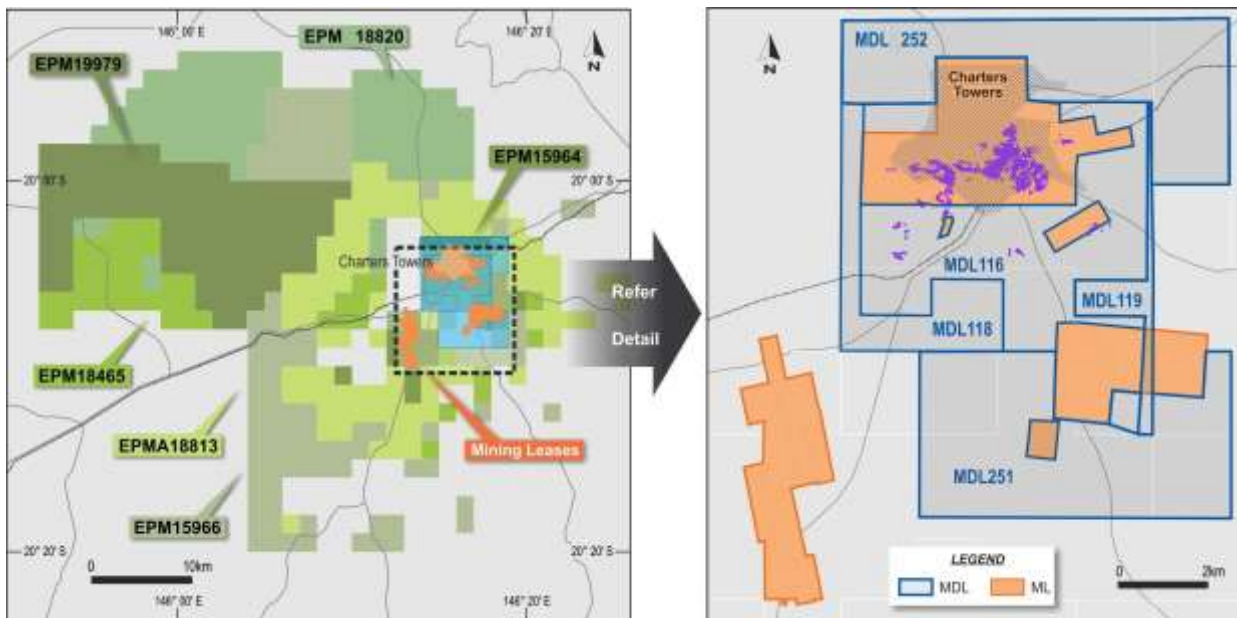
- Citigold and Express-Link Management Limited (“ELM”) \$100 million funding agreement further advanced.
- Key conditions precedent, FIRB and Shareholder approval, received. Funding advance has commenced. Receipt of second tranche anticipated shortly.
- Charters Towers mine project implementation plan commenced.
- Talented site based management team expands at Charters Towers.
- Large program of on-going geophysics and drilling aimed at mapping the high grade zones commenced.
- The initial target of 50,000 ounces per annum allows the company to be self sufficient with adequate cash generation to self fund the projected expansion costs towards the targeted 330,000 ounces per annum full production rate.
- Focus directed towards an accelerated roadmap for a strong lift in gold output.



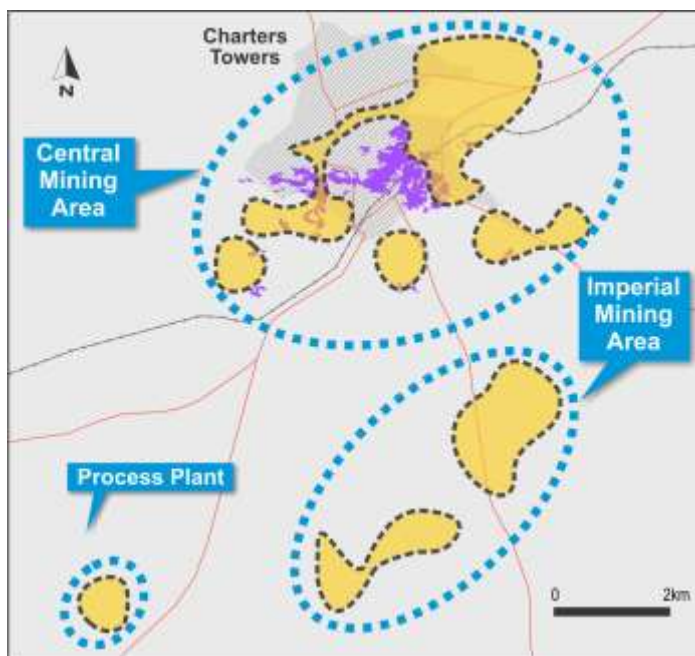
CHARTERS TOWERS GOLD PROJECT

Background

Citigold, in 2012, updated the Inferred Mineral Resource to 11 million ounces of gold in 25 million tonnes of mineralisation having an estimated gold content of 14 grams per tonne. The Probable Ore Reserve increased to 620,000 ounces of gold in 2,500,000 tonnes at 7.7 grams per tonne gold. The Mineral Reserve and Resource 2012 technical report is in accordance with regulatory requirements



With over 15 million ounces of past production and Citigold's 11 million ounces this is a giant gold producing area - on its way to becoming a super giant, if Citigold's ambitions are achieved. The Charters Towers area produced over 200 tonnes, nearly 7 million ounces, of gold prior to 1917 at an average grade of 38 grams per tonne. The gold is concentrated in sheeted veins (reefs). The regional area in recent years has produced an additional 8 million ounces.



The Company has already invested over \$200 million acquiring the land titles containing the gold deposit, data acquisition, extensive drilling, quantifying the gold deposit size, building a high grade ore processing plant, two underground mines with over 4 kilometres of underground development, state grid power transformers, mobile mining fleet, water supply pipelines, workshops and offices.

Development Strategy

Over the last few years Citigold has invested considerable focusing on funding and removing technical risk from the project. Now the ELM transaction agreement provides strong financial backing through the structured \$100 million investment into Citigold. In addition, LionGold Corp Limited based in Singapore, has become a strong partner with 18% of the issued capital. The focus will now be on project execution and development into a large high grade low cost gold miner.

This counter-cyclical development strategy timing means that Citigold will be expanding when the industry wide capacity constraints are disappearing and costs are reducing. On this basis now is a good time to build a mine.

The initial gold production target is 50,000 ounces per annum. This production rate, coupled with a targeted sub \$550 per ounce cash cost, allows the company to be self sufficient. Adequate cash generation to self fund the projected expansion, above the \$100 million, through to 330,000 ounces per annum design target.

The Charters Towers mine works, centred around the two established declines at Imperial (South) and Central (City), will initially include an extensive ore definition drilling program, power upgrades at several sites and acquisition of new freehold lands for potential surface area use. Imperial plans include a new ventilation shaft and extensions to the main underground decline. Central plans include refurbishment of the main underground decline, a major increase in dewatering capacity and an additional ventilation shaft. Maintenance and efficiency improvements will be carried out on the ore processing plant and the tailings dam will be expanded.

As this work will be done by the existing team the focus will be taken away from short term small scale production and all efforts directed towards an accelerated roadmap to a strong lift in gold output.

The management team is focused on finalising the refinements that will enable production to ramp up as efficiently as possible.

Safety

There were no Lost Time Injuries, significant health issues or material environmental incidents. There was one reportable environmental exceedance of sulphate trigger levels outlined in the Environmental Authority. This exceedance is in keeping with elevated levels expected when operating a process plant on an historic mine site.



OPERATIONS

The focus of the June 2013 Quarter continued to be on preparing for future development. Following the appointment of the new head of Charters Towers operations in January, Mr Danny Stanford as SSE (Site Senior Executive), has wasted no time in reshaping the project looking to the future. He has recently recruited several new key technical personnel including a manager for the underground operations, a senior mining engineer and several geologists.

In accordance with budgets, the geology team has commenced a large program of ongoing geophysics and drilling aimed at mapping the high grade zones. This will be followed up by a program of conventional drilling focusing on mine planning, ore body widths and grades.



Gold Production

Gold produced for this Quarter totalled 733 ounces, up from the previous quarter. This small production was from the core crew of miners Citigold has retained. The production is expected to improve next quarter. However, as the focus is on development of the mine output is anticipated to remain low.

The average gold price received was A\$1,402 per ounce, down slightly on the previous Quarter. The average cash cost per ounce was A\$588, up slightly. Average gold recovery through the process plant remains high.

Exploration

As referred to above, a major drilling and geophysics program has been implemented. As relevant results come to hand they will be released.

Additionally, we are restructuring our outside area exploration holdings and target areas, in consultation with Anhui Geology & Mining Investment International Ltd (Anhui), to best use the Company's time and resources.

Innovation - Low Cost, High Profit Gold Mining

A low cost mining business will require introducing innovation and technology to the whole mining system - from geology through engineering, mining and processing. A technology focus helps ensure low costs and high profits. The goal is to be in the bottom 25% of the gold production cost curve at full production.

Technology improves safety, productivity and cost reduction. However, it can have risks and must be managed carefully. The company will first thoroughly research the potential system/technology improvements and then carry out small low risk trials, prior to progressive

implementation over time, with necessary training and engaging the minds of our people.

Citigold is fortunate that it has been studying, researching and networking with world leaders in the mining sector to access what is suited to the geometry and nature of its asset and is therefore substantially ahead of its peers.

The Company's goal (at full production) is total costs of under A\$500 per ounce. Engaging people who are the smartest in their field to collaborate and work for the Company is an important part of its strategy.

The process requires a strong degree of enthusiasm and a structured recruiting program, seeking the smartest talent in geology, engineering and project management. There are exceptionally talented people joining us at Charters Towers. Very talented people are looking at the opportunity Citigold offers to be involved in an exceptional project.

CORPORATE

Director Appointments

Two of Citigold's significant shareholders changed their nominated directors on the Board during the Quarter.

Liongold with an 18% stake, has two nominees on the Company's Board of Directors, has appointed Mr Nicholas Ng to the board, replacing Matthew Gill. Mr Ng is Liongold's Managing Director and CEO. He is a veteran of the financial industry previously leading DMG & Partners Securities Pte Ltd and the investment banking units of Rabobank International and Citicorp in Singapore.

K Sera Sera, the second largest shareholder, with one nominee on the Company's Board appointed Mr Satish Panchariya, replacing Ms Gunjan Goel. He is the Executive Chairman of K Sera Sera parent company, a financial markets specialist and a Director of a listed bullion trading company.

These changes reflect the change in Citigold's focus post the ELM funding deal entered into at the start of the Quarter.

General Meeting

The general meeting of the Company to approve the convertible component of the ELM funding deal agreed between Citigold and ELM was held on 8 July, in Townsville, Queensland.

The resolution approving the deal was passed by a unanimous show of hands in favour. The proxies, although not required, similarly strongly supported the resolution with over 99% in favour.

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

Financial Highlights

The revenue from gold production was up due to the increase in production.

With the focus on developing the Imperial mine as well as the drilling and geophysics program, almost \$2 million was spent on development and exploration this Quarter.

The similar cash balance at the end of the June Quarter, was bolstered by the receipt of the \$3 million initial tranche from ELM. The subsequent tranches of convertible notes under the ELM funding deal, commencing with \$7 million, will be allotted shortly as the conditions precedent of both FIRB and Citigold shareholder approval have been received. This puts Citigold in a position to start the aggressive ramp up of the gold production process.

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

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

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")

30 June 2013

Consolidated statement of cash flows

	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	1,521	3,461
1.2 Payments for		
(a) exploration and evaluation	(728)	(2,871)
(b) development	(1,018)	(9,744)
(c) production	(395)	(1,121)
(d) administration	(1,378)	(5,098)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(109)	(1,116)
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(2,107)	(16,490)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(239)	(815)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	1,263
(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	(239)	448
1.13 Total operating and investing cash flows (carried forward)	(2,346)	(16,042)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(2,346)	(16,042)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	15,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(375)	(4,407)
1.18	Dividends paid	-	-
1.19	Other - (Conversion of Options)	-	-
	- (Issue of Convertible Notes)	3,000	3,000
	- (Costs of financing activities)	-	-
	Net financing cash flows	2,625	13,593
	Net increase (decrease) in cash held	279	(2,449)
1.20	Cash at beginning of quarter/year to date	451	3,179
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	730	730

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	233
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	2,500
4.2 Development	1,500
4.3 Production	500
4.4 Administration	1,000
Total	5,500

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	730	451
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)	730	451

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)	Amount paid up per security (see note 3)
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				
7.5 +Convertible debt securities <i>(description)</i>	3	Nil	\$1,000,000	\$1,000,000
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	\$0.12	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 July 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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