



Quarterly Report

For the period ending 30 September 2013

The September 2013 Quarter has seen FIRB and Citigold shareholder approval for the \$100 million funding deal. This funding should see Citigold grow into a major gold producer. The funding has given the team the confidence to start the re-commissioning of the central decline while the geological teams focus on the Resource conversion work at the Imperial mine.

HIGHLIGHTS

- Citigold and Express-Link Management Limited (“ELM”) \$100 million funding agreement received approval from Citigold shareholders and FIRB with a total of \$10 million received by the end of the Quarter.
- Work started on the re-commissioning of the Central Mine, with the installation of new ground support and services advancing 100 metres down the decline by the end of the Quarter.
- Corporate management and the Board restructured, complementing the newly expanded site management team to ensure the mine expansion is complete on time and to budget.
- An on-going geophysics program including surface IP, detailed ground-based magnetics, TEM and spectral dielectric resonance surveys is underway with preliminary outcomes showing some encouraging results.
- There was focus on efficiencies to ensure a smarter, faster and lower cost approach to obtaining results. This adaptive approach already resulted in a drop in the cost of drilling for core of approximately 30% and plans for further cost savings through improved methods and automation.
- 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.





Central area mine site, low community and environmental impact

CENTRAL MINE RE-COMMISSIONING COMMENCED

Over the last few years Citigold has invested considerable time and effort 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 developing the Charters Towers Goldfield into a large, high grade, low cost gold miner.

The Central mining area is already an established mine site and has an overall area of about 16 square kilometres. Citigold undertook the initial exploration and trial mining at the Central mining area in the 1990's after acquiring the first part of the Charters Towers goldfield, with full control of the goldfield being achieved in 2004. Citigold's mine plan for the design and development work has been undertaken with the aim of producing over 200,000 ounces per annum from the Central Mine.

Small scale production was sourced from the Imperial mining area. However, with some of the expansion funding already received, the focus has shifted to capital expansion. As such, the team spent the second half of the Quarter focusing on preparing the Central area to resume mining. This will allow the expansion to occur at both the Imperial and reactivated Central mining area simultaneously.

Work on the refurbishment in the Central area commenced. It is anticipated this work will run until the end of Calendar 2013.

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 re-commissioning works undertaken during the quarter included:

- The installation of ground support including the fibrecruting of the initial section of the Central mine decline. Planned ground support advance is 20 metres per day.
- Installation of a 110 kilowatt fan in the Victoria Main Underlie.
- Installation of an interim power generation facility while the electrical services required to connect to mains power are completed.
- Design work on a granite storage area was completed following a design review and submitted to an Architect for drafting.
- Work on upgrading the plant and equipment maintenance facility on site continued.



Production increased to 1,761 ounces for the quarter with cash costs lower at \$569 per ounce

IMPERIAL MINING OPERATIONS

Only small scale production was sourced from the Imperial mining area during the Quarter due to a shift in focus from production to development. This included the moving of mining personal and machinery to the Central mine during the Quarter.

The geology team continued to advance the program of on-going 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.

Gold Production

Gold produced for this Quarter totalled 1,761 ounces, up from 733 ounces during the previous quarter. This small production was from the core crew of miners that during the Quarter were moved to the Central mine to advance the re-commissioning of the decline to enable both declines (Imperial and Central) to be developed simultaneously in 2014. As such, there will be no production in the next quarter.

The average gold price received was A\$1,422 per ounce, up slightly on the previous Quarter. The average cash cost per ounce was A\$569, down from A\$588 the previous Quarter. Average gold recovery through the process plant remains high.

Exploration

A major drilling and geophysics program has been implemented aimed at defining the inferred mineral resources and expanding areas of known mineralisation. Details are discussed in following sections.

Additionally, we are in discussions and ongoing consultation with Anhui Geology & Mining Investment International Ltd (Anhui) regarding the restructuring of Citigold's outside area exploration holdings and associated target areas. These discussions are aimed at ensuring the best and most successful use of both Citigold's and Anhui's time and resources.

Safety

There was one Lost Time Injury. A drilling contractor had an employee fracture his ankle.

There were no significant health issues or material environmental incidents.



GEOLOGY – SMARTER, FASTER, BETTER, CHEAPER

The geology team headed by Dr Simon Richards is implementing several new strategies and targeted mineral definition programs to assist with the rapid Resource conversion that will help grow production throughout 2014.

Multiple geology and geophysics programs running in parallel will take advantage of the structural and compositional characteristics of the geology present at the Charters Towers Goldfield. The programs will rely on, but also build upon the plethora of classical geological knowledge of the area including detailed information on the physical properties of the host rock, the well known structural characteristics of the mineralised fractures, and the documented correlation between high grade gold and high lead and zinc mineralisation.

Some of these programs will utilise new technologies to “digitally” see in unprecedented detail into specific parts of the Earth’s crust, therefore reducing the necessity for definition of the known ore bodies by drilling. Additionally, existing techniques will be used in new and innovative ways to increase speed and reduce cost to meet the same targets.

Some of the systems being used to increase targeting efficiency include:

- Dielectric Resonance Spectroscopy,
- Customised DH X-hole tools,
- Surface and Down Hole IP, and
- Ground TEM.

The geophysics programs have been paired with unconventional numerical forward modelling of the structure within the Charters Towers Goldfields to add yet another layer of information to our growing knowledge base. This modelling is used to support existing geological data and aid in the more precise definition of target areas. In addition, the numerical modelling has helped shed light on issues that are unable to be resolved using conventional geological techniques.

In parallel with adopting new geophysical techniques, existing techniques are being used in innovative ways to reduce the time and cost involved in reaching the Resource. For example, reverse circulation pre-collars with diamond tails has achieved higher metre rates (greater than 50% when compared to diamond drilling alone), resulting in faster definition of target structures, and is cheaper to achieve results (greater than 30% when compared to diamond drilling alone).



The geology team is also implementing new systems to ensure that the interpretation of all results, including information gained from both geophysics and conventional drilling, are completed in an accurate, efficient and cost effective manner. The team is introducing new geology focused 3D software to better integrate, visualise and model results thereby making interpretations faster and more robust. The software has been refined over the last 9 months to ensure that it will do all that is required by the Charters Towers based team and will go live during the December 2013 Quarter.

CORPORATE

Corporate Management Restructure

During the Quarter, Citigold announced a restructuring of corporate management to lead the Company through the next stage of growth.

Previously Citigold has reported that the operations management team at Charters Towers has undergone a complete change with new key technical appointments across all sectors of operations. These new appointments of industry leaders in geology, mine engineering, personnel, health, safety and environment will drive growth.

The next step was to restructure corporate management to execute the Board endorsed strategy of aggressive growth, using innovation to ensure low capital and operating costs. The changes and appointments made during the Quarter were:

- Mark Lynch was appointed Executive Chairman;
- Matthew Martin was promoted to Chief Executive Officer (CEO);
- Dave Ang was appointed Chief Financial Officer (CFO);
- Brent Van Staden was appointed Company Secretary;
- Arun Panchariya was appointed as a non-executive Director; and
- Nicholas Ng was appointed as a non-executive Director.

The Board of Directors comprises one executive and six non-executive Directors, including John Foley.

Citigold plans to develop the Charters Towers project into a large gold producer. This is a substantial task that will only be achieved by an executive and operations management team that has the dedication and skill to execute the strategy set by the Board. All are enthusiastic and keen to be part of the team that develops a large and innovative mine at Charters Towers.



Financial Highlights

The revenue from gold production was up substantially due to the increase in production. With the focus shifting during the quarter to the development of the Central mine and the rapid Resource definition work, almost \$3 million was spent on development and exploration this Quarter.

The cash balance at the end of the September Quarter, was higher than the previous quarter and was bolstered by the receipt of gold sales in early October. The subsequent tranches of convertible notes under the ELM funding deal, commencing with \$15 million, will be allotted in due course.

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.

Annual Report Published

The financial results continue to prove Citigold's ability to mine the Charters Towers goldfield profitably. The Company has spent the last four years de-risking the project and developing a solid platform for growth. The Board and management plan to capitalise on this over the coming years.

Total expenditure decreased 23.5% for Citigold over the 2013 financial year from \$13.78 million in the 2012 financial year to \$10.5 million this year. This is the result of close financial management, scaling back of operations and further demonstrates the viability of a deposit.

Highlights for the year include:

- LionGold acquire strategic stake of 18%
- Management team restructured for growth
- \$100 million development funding deal in place
- Board restructured for dynamic growth phase
- Expansion plans for Imperial and Central mines
- Net assets of almost \$200 million

We thank all shareholders for their continued support and will work diligently to further progress the growth of the business in 2014.

For further information contact:

Matthew Martin – Chief Executive Officer
ceo@citigold.com

Or visit the Company's website – www.citigold.com

COMPETENT PERSON STATEMENT

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, 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.

Corporate Profile

DIRECTORS

Mark Lynch (Executive Chairman)
John Foley (Director)
Kim Koh (Director)
Nicholas Ng (Director)
Arun Panchariya (Director)
Raymond Tan (Director)
Brian White (Director)

COMPANY SECRETARY

Brent Van Staden

EXCHANGE LISTING

Australia (ASX) Code 'CTO'

SHARE REGISTRY

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AUDITOR

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AGM 26 November 2013



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*

*** 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.**

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 September 2013

Consolidated statement of cash flows

	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	1,937	1,937
1.2 Payments for		
(a) exploration and evaluation	(1,896)	(1,896)
(b) development	(1,010)	(1,010)
(c) production	(907)	(907)
(d) administration	(1,330)	(1,330)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(154)	(154)
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(3,360)	(3,360)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1,641)	(1,641)
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	(1,641)	(1,641)
1.13 Total operating and investing cash flows (carried forward)	(5,001)	(5,001)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(5,001)	(5,001)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(1,603)	(1,603)
1.18	Dividends paid	-	-
1.19	Other - (Conversion of Options)	-	-
	- (Issue of Convertible Notes)	7,000	7,000
	- (Costs of financing activities)	-	-
	Net financing cash flows	5,397	5,397
	Net increase (decrease) in cash held	396	396
1.20	Cash at beginning of quarter/year to date	730	730
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,126	1,126

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	208
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	-
4.4	Administration	1,000
Total		5,000

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	1,126	730
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)		1,126	730

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>	10	Nil	\$1,000,000	\$1,000,000
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	7	Nil	\$1,000,000	\$1,000,000
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:


(Director)

Date: 31 October 2013

Print name: Mark Lynch

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.