

ANNOUNCEMENT

Quarterly Activities Report June 2010

30 July 2010: Brisbane, Australia – Citigold Corporation Limited (Citigold) (ASX:CTO, FSE:CHP) is pleased to report progress for the quarter ended 30 June 2010 on its operations at the Charters Towers Gold Project.

The highlights for the Quarter include:

- **High grades continue in the Sons of Freedom reef**
- **Second ore body opened up**
- **International gold company now top 5 shareholder**
- **Capital raisings advancing to develop the City area**
- **Cash operating cost \$538 per ounce**
- **Revenue \$1,405 per ounce**
- **Gold production for year ended 30 June was 16,000 ounces**

SUMMARY

This quarter has seen the advancement of funding negotiations for the development capital required to commence serious expansion of gold production towards the goal of 300,000 ounces of gold from the combined Imperial and City mine areas. This included signing of the next stage Letter of Intent (LOI) agreement for the City area and the separate welcoming of an international gold mining company as one of Citigold's top shareholders.

Ore tonnes and therefore gold production were down with the focus diverted to the capital development of the Sons of Freedom reef and the 735 Level of the Warrior reef. Of particular interest is the success of the new development plan for the Sons of Freedom reef where the declines are located in the ore body, eliminating the majority of waste development. This, along with the plan to adopt the same method to increase ore headings on the Warrior reef, should assist lifting ore and gold production by the end of 2010.

Drilling during the quarter was completed on 27 holes with three intersections expanding the known mineralised areas on the Warrior reef.



Mr Towsey, COO, underground inspecting the ore heading on the 855 level in the Sons of Freedom. The heading contains a gold vein 0.5 metre wide at grade of 326 grams per tonne gold.

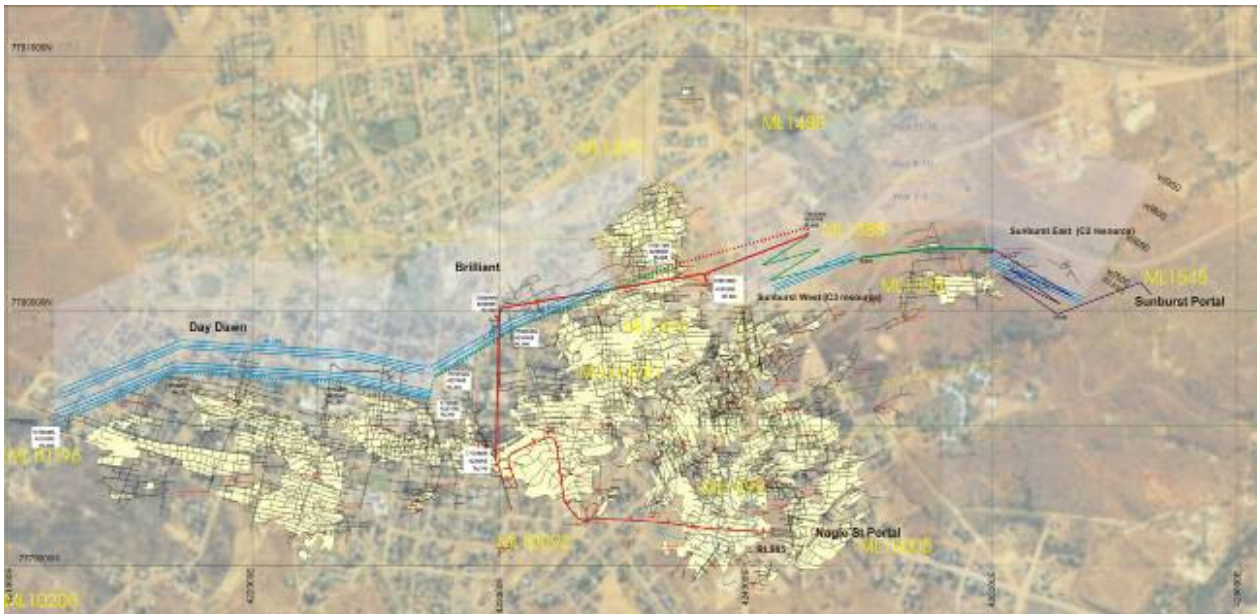
MINE DEVELOPMENT FUNDING

Overall capital expenditure on Citigold's Charters Towers Gold Project has been conservatively small, in mining terms, since formation of the Company. The management team now considers that significant capital can be invested efficiently for gold production expansion. This new investment is directed to opening up the underground workings to provide 15 ore headings (mine faces) so that increased high grade tonnages of ore are brought to the surface.

The Company is currently in negotiations with several interested parties about raising the significant capital through joint ventures, debt and equity placement. The capital funding is aimed at further enhancing the current operations as well as recommencing the City operations.

The large joint venture aimed at providing the capital to develop the City mining area into a substantial gold producer of at least 200,000 ounces per annum was further advanced during the quarter with the signing of an LOI between Henan Jinqu Gold Company Limited (Jinqu) and Citigold. This signing builds upon the Memorandum of Understanding (MOU) previously signed and follows on from their technical inspection of Citigold's Charters Towers operations.

The stated intent of Jinqu and Citigold is that the LOI will be replaced by a comprehensive Joint Venture Agreement. The agreement is subject to due diligence by both parties and FIRB approval.



With full funding in place Citigold will be able to implement an aggressive growth plan.

At Charters Towers, unlike some deposits, it is possible to operationally isolate specific parts of the goldfield for separate joint ventures. The joint ventures can then share parts of the existing infrastructure providing benefits to all. A joint venture brings in funding, skills and a shared goal of profitable gold production.

Under the proposal Citigold plans to retain ownership of 90% of the goldfield's defined gold Resource and mineral lands. As the City mining area comes into production Citigold will be able to invest more funds into drilling the undrilled parts of the goldfield and thereby aim to grow the gold resource above the current 10 million ounces.

In addition to the signing of the LOI Citigold also announced on 26 July 2010 that it has received an initial investment of \$2,000,000 from Zhaojin Mining Industry Company Limited ("Zhaojin") through its wholly owned subsidiary Sparky International Trade Company Limited.



Citigold's CEO, Mr Lynch and Zhaojin senior management during a recent site visit to one of Zhaojin's gold mining operations

Zhaojin is listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock Code HK1818) and operates an integrated large-scale gold production business. The company is one of the leading gold producers in the Peoples Republic of China with mine production for the 2009 calendar year of 360,000 ounces of gold and stated JORC equivalent gold reserves of over 7 million ounces**. Zhaojin's main production techniques and systems are similar to advanced mechanised underground mining operations around the world.

Zhaojin and Citigold share a similar focus on gold mining as well as the use of technology and management systems to achieve cost advantages. This efficiency focus means Zhaojin's gold production cash operating costs are a comparatively low US\$271 per ounce.

Both companies are continuing negotiations for a larger deal that may see Zhaojin take a more substantial position in Citigold and its large 10 million ounce* gold deposit and mining operations at Charters Towers.

MINE DEVELOPMENT AND PRODUCTION

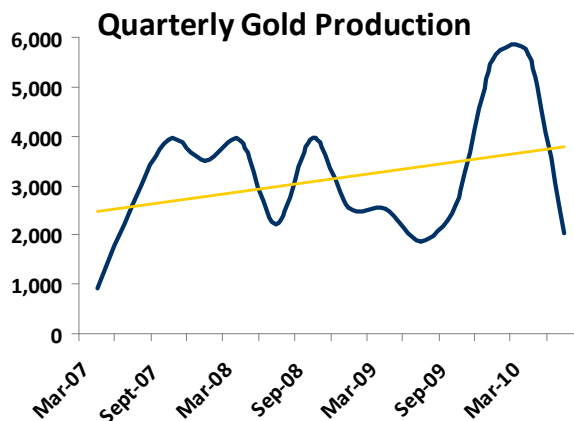
The Imperial mine area further advanced during the quarter with opening up of multiple ore headings in the Sons of Freedom cross reef in addition to workings on the Warrior reef.

The Imperial mine area comprises the Warrior reef (mine) and all the surrounding reefs and gold resources covering an area of 25 square kilometers (5km x 5km). This area has been defined so that it can be referred to separately from the City mine area of approximately 16 square kilometers.



The Imperial area contains 5.1 million tonnes at 14 grams per tonne gold for 2.2 million ounces of the overall 10 million ounce Inferred Mineral Resource*. The Warrior reef is now a part of this overall and larger Imperial mine.

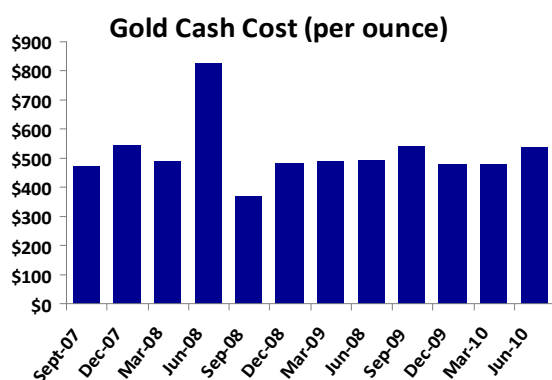
The Sons of Freedom reef was known from previous sampling to contain occasional spectacular gold grades, such as those released when it was first intersected in the Main Access decline in 2006. The continuation of these random high grades is evident in the current drives with individual high grades of several hundred grams per tonne in the vein carrying the entire working face at up to 37 grams per tonne gold. These higher grades of over 1 ounce to the tonne will go through the processing plant in the next Quarter as the faces are developed. In accordance with the official resource estimates about 30% of the overall reef area is expected to produce mineable grades.



Production continues to trend up despite this quarter's reduced production. As more ore headings become available over the next six months production should move back above the trend line towards 300,000 ounce per annum.

Mining at Charters Towers has been hindered by lack of available ore headings (mining faces) due to many different constraints, some within the company's control and some external. Over the next six months the Company plans to bring about a substantial increase in the number of ore headings in the mine after the recent successful trial in the Sons of Freedom reef ('SOF'). This method once rolled out onto the other reefs over the next two quarters, will increase the efficiency of the mechanised mining method. The majority of the access drives will be located in the mineralised zone, rather than the barren granite surrounds. This is expected to result in lower costs as the access drives will partly pay for themselves from the gold contained within the drives as well as providing additional ore headings. The coming year should see a good increase in gold output combined with lower operating costs.

These changes are planned to result in a step-change increase in the gold output from the overall mine as the development of multiple ore headings allows simultaneous production to increase tonnage output to the surface



Cash Operating Costs per ounce remains constant

Underground ore during the Quarter was from the SOF North Decline, the SOF South Decline, SOF 855 North Drive, SOF 855 South Drive, and in the Warrior reef on the 735 West Level, 735 East level, the 705 and 695 Levels. There were 326 metres of ore development and 348 metres of capital and waste development during the Quarter. Minor stoping continued from the 705 and 695 stope areas on the Warrior reef.

GOLD PRODUCTION

Gold produced for the financial year totaled almost 16,000 ounces. Gold produced for the June Quarter totaled 2,048 ounces, a decrease on the previous Quarter due to the focus on developing the Sons of Freedom reef access decline and ore drives. The constraint on gold production from the underground is still the need to increase the number of working areas. A material step-change increase in production is planned as more working faces become available later in 2010.



The average gold sale price received was A\$1,405 per ounce during the Quarter and the average cash cost was A\$538 per ounce.

Average gold recovery for the Quarter from the ore feed to the process plant remains high at 97%. The ore feed to the mill currently is low grade and development ore.

HEALTH, SAFETY AND ENVIRONMENT

There were no Lost Time Injuries, significant health issues or reportable environmental incidents during the Quarter continuing the Company's good track record.

The Lost Time Injury Frequency Rate for the 2010 calendar year to date is zero.

EXPLORATION

All exploration is focused in and around the mining operations all within a short trucking distance to the gold processing plant. Exploration is aimed at increasing the detailed knowledge of the ore body, mine planning, identifying new reefs for future drilling and increasing resources and reserves. There is considerable potential for Citigold to expand its Charters Towers gold resources and reserves with an upside potential exploration target of 50 million ounces of gold, based on undrilled repeats of known mineralised reefs. This process will require hard work, extensive drilling and application of the best technology and practices.

Drilling

A total of 5,112 metres of core was drilled in this Quarter and 27 holes completed. The drilling concentrated principally on testing the Warrior reef structure. Assays were received from 22 holes. Of these three returned intersections expanding the known mineralised areas. These intersections are outlined below:

- CT 755 - true width of 0.2m at 14.2 g/t Au near the 710 Level, 150 m west of the WS21 ore shoot. This intersection is open to the west at the same level as areas previously stoped, and may indicate a new ore shoot.
- CT 4072 - true width of 0.5 m at 14.9 g/t Au near the 500m Level below the Western Decline, indicating new mineralisation at depth.
- CT 2137 - true width of 0.5 m at 5.9 g/t Au near the 550 m Level below the eastern end of the Western Decline. This intersection is open at depth.

It is interesting to note that underground ore headings grade much higher than grades intersected in drilling of the ore body. This is due to the uneven distribution of gold and that the relatively small drill intersection, less than 10 centimetres, are less representative than the large production size face, 2.8 by 2.8 metres.



Additionally, some of the diamond drill rigs were used during the quarter to re-open, clean out and run casing into previous holes for the next stage of the geophysics test work. This test work aims to significantly lower the cost of mapping the high grade areas of the reef.

Surface mapping of the land north of the Warrior and Sons of Freedom reefs indicates similar orientated reef structures that, subject to future successful drilling, could be additional ore sources for long term support of mining operations.

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

Geophysics

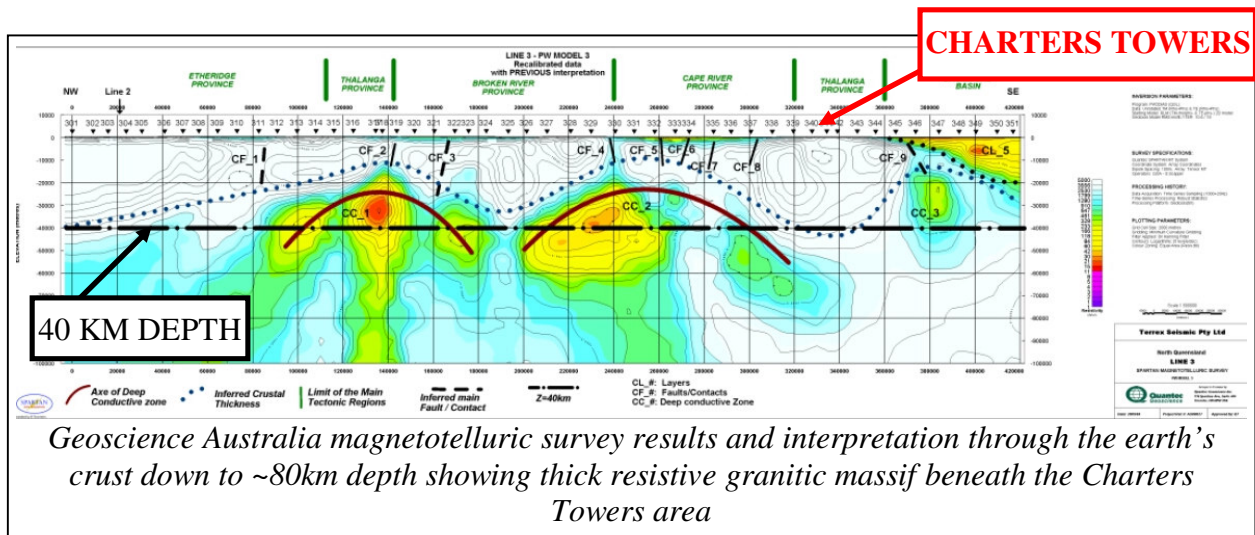
Citigold has engaged a very experienced specialist geophysical consultant to assess the geophysical results to date, provide detailed quality control on the data gathered and interpret the results. This process is ongoing, with a series of progress reports coming through that have provided strong encouragement that the geophysical programs to date have provided data that will enable advancement of the understanding of the project and provide mechanisms for remote detection of mineralised areas. No surveys were undertaken during the Quarter, pending compilation and interpretation of work to date.

Driving of access declines along the mineralised structures in both the Sons of Freedom and the Warrior reefs will permit the direct injection of geophysics current into the reefs from underground to stimulate a response from the high sulphide zones known to be associated with the high grade gold zones. The definition of the high grade gold zones by geophysics will allow better targeting of these zones, lower drilling costs and ensure a higher strike rate in the drilling to assist faster mine planning and production predictions.

Magnetotelluric Survey

Magnetotelluric (MT) data and sectional plots from the Australian Government sponsored 2007 crustal seismic survey were obtained from Geoscience Australia. The MT data shows that the Earth's crust thickens below Charters Towers to 40 kilometres depth as indicated by the deeply penetrating resistivity high.

Understanding the crustal structure is significant and confirms the stable nature of the granites, the deep source of gold fluids and may allow prediction of the pathways through which the gold reached the surface at Charters Towers. The survey allows mapping of rock boundaries and fault structures that may act as conduits and future target areas at mineable depths down to 3 to 5 km.



GATEWAY MINING

Citigold has a 46% shareholding in Gateway Mining for the purposes of exposure to exploration opportunities outside of Charters Towers where Citigold is focused. The Company believes Gateway has several interesting prospects that have the potential for major discoveries.

Gateway have signed agreements with soon to be listed Avenue Resources Limited to fund an increase in exploration activities at its Gidgee project. Gateway believes that the area is unexplored at depth, with less than 5% of holes being drilled deeper than 100 metres. Gateway believes that the agreement will bring in funding to effectively test this prospective area, whilst Gateway still retains an interest.

Gateway will continue to progress work on the tenements it retains control of, with these tenements containing a number of prospects. These include Julia's Fault, Victory Creek as well as a number of other geophysical and RAB targets.

For further information on Gateway see their web site www.gatewaymining.com.au.

CORPORATE

Capital development at the mine continues to be an important part of Citigold's growth plan. Development expenditure will remain constant or increase over time until the mine reaches optimum output.

The net operating cash outflow for the Quarter was slightly over \$1 million. The company is forecasting similar expenditure for the next quarter although variations between the expense categories forecast in the attached 5b are not unusual as the work completed in the mine varies between development and production based on most productive areas until the number of ore headings increase.

Receipts from the sale of gold totaled almost \$ 4 million during the quarter. The Company expects that in the future it will have positive and negative operating cash flows and will continue to monitor the cash flow until the large capital raising is completed. The cash flow for the September 2010 Quarter received a boost in July with the announced \$2 million investment.

There is considerable interest by international companies to join Citigold in the development of the Charters Towers gold field including the City and Imperial mine areas. Citigold is working with several parties who are at various stages of negotiating funding opportunities in Citigold. The most advanced major joint venture negotiation is now in the third stage having recently signed the second stage agreement.

For further information contact:

Mark Lynch
Managing Director/CEO

Matthew Martin
Company Secretary

* See full report at http://www.citigold.com/downloadablefiles/Inferred_Mineral_Resources.pdf

** See the following link <http://en.zhaojin.com.cn/news.php?id=220>

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 planned growth 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, 01/06/10.

Name of entity

CITIGOLD CORPORATION LIMITED

ABN

30 060 397 177

Quarter ended ("current quarter")

30 June 2010

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	3,880	19,113
1.2 Payments for		
(a) exploration and evaluation	(1,044)	(5,878)
(b) development	(1,809)	(8,504)
(c) production	(1,050)	(7,621)
(d) administration	(785)	(3,450)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(269)	(1,106)
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(1,077)	(7,401)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(49)	(173)
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	(49)	(173)
1.13 Total operating and investing cash flows (carried forward)	(1,126)	(7,574)

1.13	Total operating and investing cash flows (brought forward)	(1,126)	(7,574)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,299	7,815
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(818)	(3,584)
1.18	Dividends paid	-	-
1.19	Other - (Conversion of Options)	-	-
	- (Issue of Convertible Notes)	-	-
	- (Costs of financing activities)	-	-
	Net financing cash flows	481	4,231
	Net increase (decrease) in cash held	(645)	(3,343)
1.20	Cash at beginning of quarter/year to date	1,148	3,846
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	503	503

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	153
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	1,500
4.3 Production	1,000
4.4 Administration	700
Total	4,700

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	503	1,148
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)	503	1,148

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			

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	908,565,634	908,565,634		
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>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	2,000,000 15,384,615 6,562,500 7,395,382 3,00,000	Nil Nil Nil Nil Nil	<i>Exercise price</i> 20 cents 26 cents 50 cents 23 cents 27 cents	<i>Expiry date</i> 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				
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: 30 July 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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