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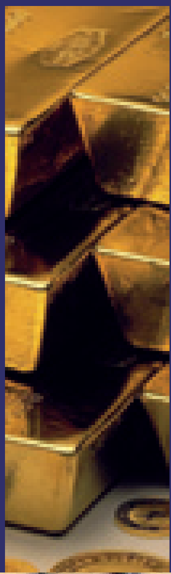
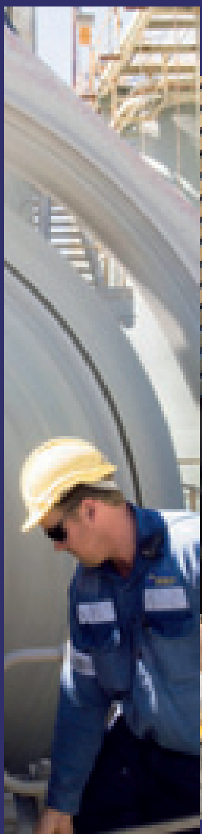
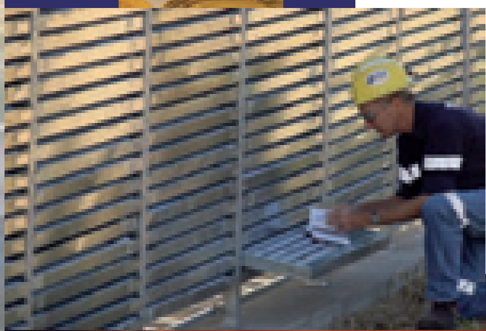
CITIGOLD corporation

2010







CITIGOLD CORPORATION LIMITED
ANNUAL REPORT 2010

CORPORATE and REGISTERED OFFICE
Level 15, IBM Centre,
348 Edward Street,
Brisbane, 4000 Qld, Australia
Telephone: +61 7 3834 0000
Facsimile: +61 7 3834 0011
Email: brisbane@citigold.com

CHARTERS TOWERS MINE SITE
Clermont Highway, PO Box 10,
Charters Towers, Qld, 4820, Australia
T:+61 7 4787 8300 F:+61 7 4787 8600
Email: mine@citigold.com

DIRECTORS
John J Foley (Chairman)
Mark J Lynch (Managing Director)
Dr Brian White (Director)

COMPANY SECRETARY
Matthew Martin

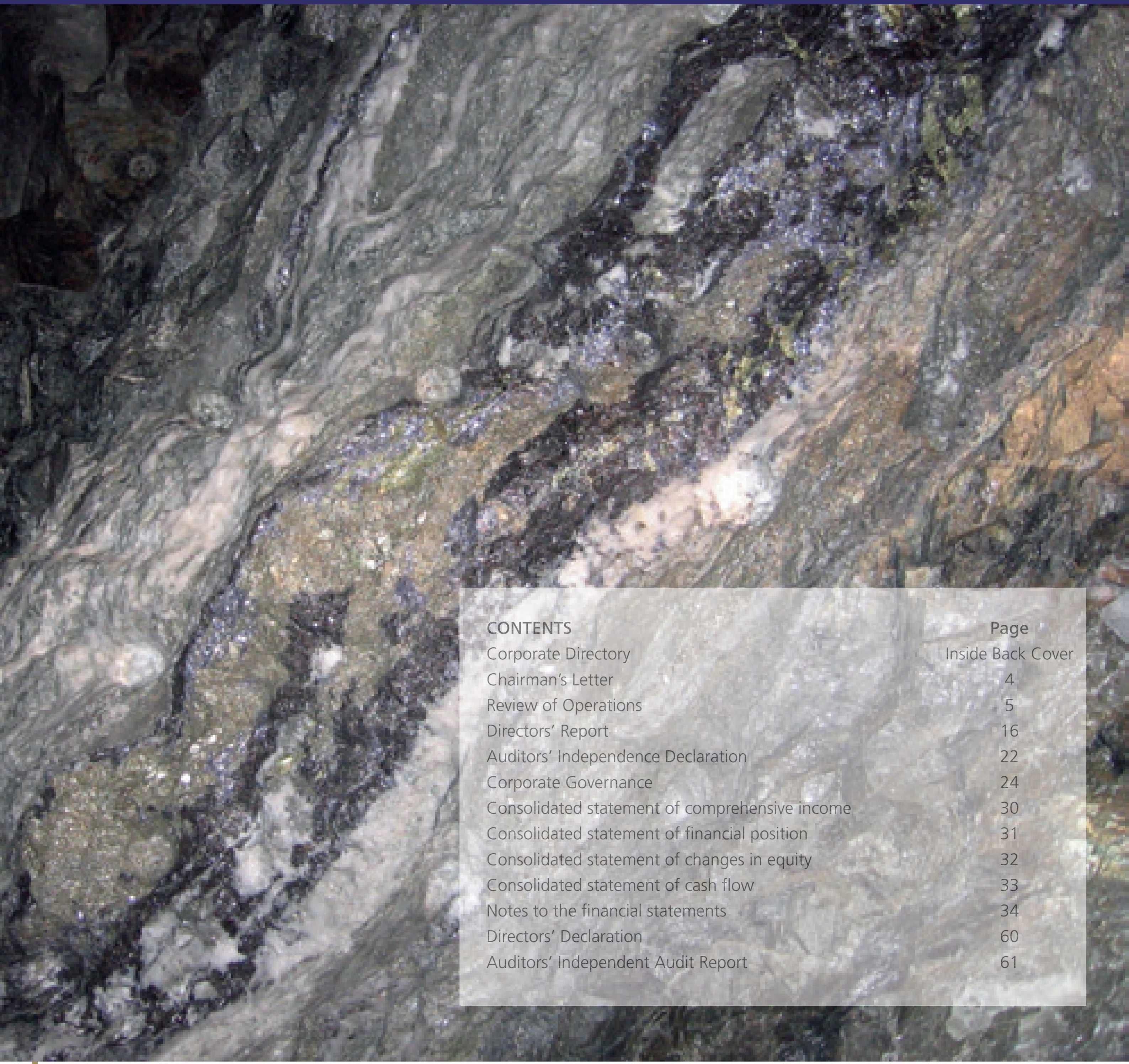
EXCHANGE LISTING
Australia (ASX) Code 'CTO'

OTHER TRADING PLATFORMS
USA ADR's Code 'CTOHY'
Germany FSE Code 'CHP'

SHARE REGISTRY
Computershare Investor Services Pty Limited
Level 19, 307 Queen Street,
Brisbane Qld 4000
Telephone: 1300 552 270

AUDITOR
K S Black & Co
Level 24, 19-21 Martin Place,
Sydney NSW 2000

BANKS
ANZ
HSBC



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Business Overview

Citigold Corporation Ltd (Citigold) is an Australian gold mining and exploration company, producing gold from the wholly owned Charters Towers goldfield in north east Australia, 1000 kilometres north of Brisbane, Queensland, and 130 kilometres south east from the major coastal port of Townsville.

Citigold holds 100% of the central goldfield. A Mineral Resource of 23 million tonnes at an average grade of 14 grams per tonne, containing 10,000,000 ounces of gold (331 tonnes), has been defined to JORC reporting standards. This gold deposit is currently the largest high grade gold resource in Australia. The Company has invested over $160 million acquiring and developing the goldfield. Citigold is currently extracting gold at a low cost and plans to build up gold production from its underground mines in stages towards 300,000 ounces annually with a life of over 20 years.

In addition to the 148 square kilometres central goldfield, Citigold controls a further surrounding area of over 1,000 square kilometres of exploration land with identified targets and potential for major discoveries.

The prime focus of Citigold's strategic plan is unlocking the value of the gold assets at Charters Towers for the benefit of shareholders. Driving the process is a core team of leading mining professionals technically and practically skilled in the Charters Towers geology and mining operations.

Citigold's mission is to efficiently expand gold production, targeting a 50% cash surplus on gold revenues through mechanised mining of the high grade reefs. Citigold's deposits at Charters Towers will be developed through two major adjacent, but separate mines, feeding a common gold extraction plant. The two key mines are the now operational Imperial mine (including Warrior) and the soon to be recommissioned City mine. Successful regional exploration could result in other mines being developed over time.

Citigold's gold is shipped to an Australian gold refiner where it is processed and sold into global markets.

Shareholders Welcome at Mine

Shareholders are always welcome to visit the mining operations at Charters Towers by prior arrangement. Please contact the Brisbane office to co-ordinate your visit to the mine site. Four weeks notice is appreciated

Chairman's Letter

Dear Shareholder,

I am pleased to report another year of growth, with the company making its maiden operating profit, a modest $73,000 but a marked turn around on previous losses. This is a major milestone in the progress of Citigold towards self-sustainability.

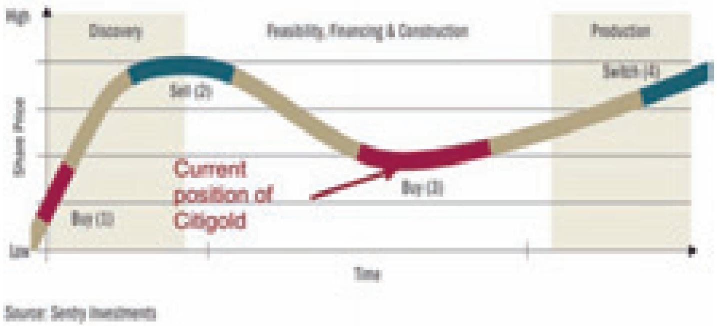
We achieved a number of notable accomplishments in 2010, with revenue up over 50% to a record $20 million. Our gold operating margin remained consistent at 45%, generating a record operating cash flow of over $6.7 million, an increase of 150% from the previous year. As production ramps up we expect to increase gold price leverage and cash flow generation.

During the year we continued to experience very high grades both in core drilling and in the face of the drives. The Sons of Freedom reef displayed 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.

With the success of the past year in growing revenue whilst maintaining low cost operations your Board feels now is the time to acquire the funding to push development ahead at the Charters Towers goldfield and grow this company into the mid tiered gold producer we know it can be. Whilst over the last three years production has grown slower then expected, I and your Board feel that we have built a solid foundation to now start to grow production and look forward to a strong 2011.

It is apparent from our recent success that the quality, skills and experience of our staff are at least equal to those or our larger peers. We need to build on this solid framework by replicating what we are already doing.

As successful as the previous year has been our expansion plans are far from complete. With current mining operations at the Imperial gold mine planned to expand to several new reefs and development to begin on recommissioning the City Mine, your Board and management will be giving 110% to ensure this major step change in production is achieved whilst the current strong gold prices are available.



I recently come across the chart on the right which I would like to share with you. The chart provides my perspective on where I believe the company is in the construction growth cycle and a possible insight going forward.

With the gold price reaching new daily highs and Deutsche Bank targeting a 2011 gold price of $1,450 your Board is poised to take advantage of the solid fundamentals of the deposit, skilled workforce and demand for the product. For this reason we are expecting significant growth in the coming financial year.

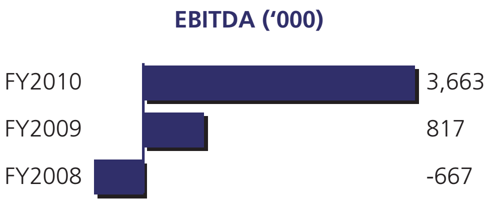
John J Foley
Chairman
Citigold Corporation Limited

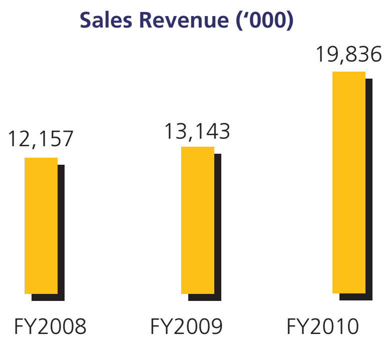
Review of Operations

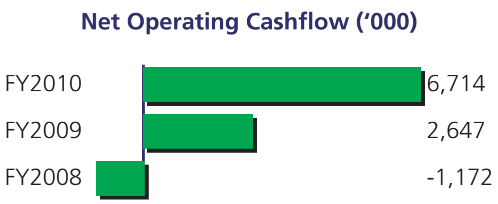
Highlights for the year include:

- Maiden operating profit of $73,000
- Average gross profit per ounce of gold was $565.
- Average gold sale price received was $1,238 up from $1,195 per ounce the previous year.
- Company gold sales are unhedged.
- Consolidated EBITDA of $3.6 million
- Consolidated revenue of almost $20 million
- Total gold production for the year of almost 16,000 ounces
- 10 million ounce gold resource with potential to increase.
- Development plan for Imperial and City mines
- Additional geological understanding of why it is a Giant deposit
- Net assets of $174 million

FINANCIAL HIGHLIGHTS







The 2010 financial year was a very positive period for Citigold. It is the first year an operating profit has been made, albeit modest, at $73,000. However the profit represents a turn around of $2.6 million when compared to a loss of $2.5 million for the same period last year. It should also be noted that the profit for the 2010 financial year also includes a loss of $164,000 relating to Gateway Mining's profit and loss for the period.

Revenue and gross profit both increased by 50% demonstrating the Company's ability to grow revenue whilst keeping the costs under control.

It was not just profitability that saw solid gains during the period. EBITDA increased almost 350%, cash flows generated from operations up almost 150% to $6.6 million and net assets up 6% to $174 million.

These strong results prove Citigold's ability to mine the Charters Towers goldfield profitably. The Company has spent the last three years developing a solid platform for growth and plans to capitalise on this over the coming years.

The gearing ratio has seen a significant improvement over the period dropping to 3.08% from 5.30% in 2009.

During the September 2010 quarter the Company issued 55,946,667 shares to raise $5.5 million.

MINING OPERATIONS

Charters Towers Development Strategy

The Company has a substantial gold asset at Charters Towers and wishes to see profitable extraction of the gold on a major scale. The Company has invested over $160 million to acquire and develop the goldfield. Obtaining control of this large and unique gold asset was done cost efficiently and this benefit resides in the Company for shareholders.

At the Imperial mine, Citigold is developing a mine planning and development system that is suitable for a large scale mining operation. While the mechanised system is taking longer than expected to optimise, the Company's conservative approach aims to ensure a safe and low operating cost mining method for long term gold production.

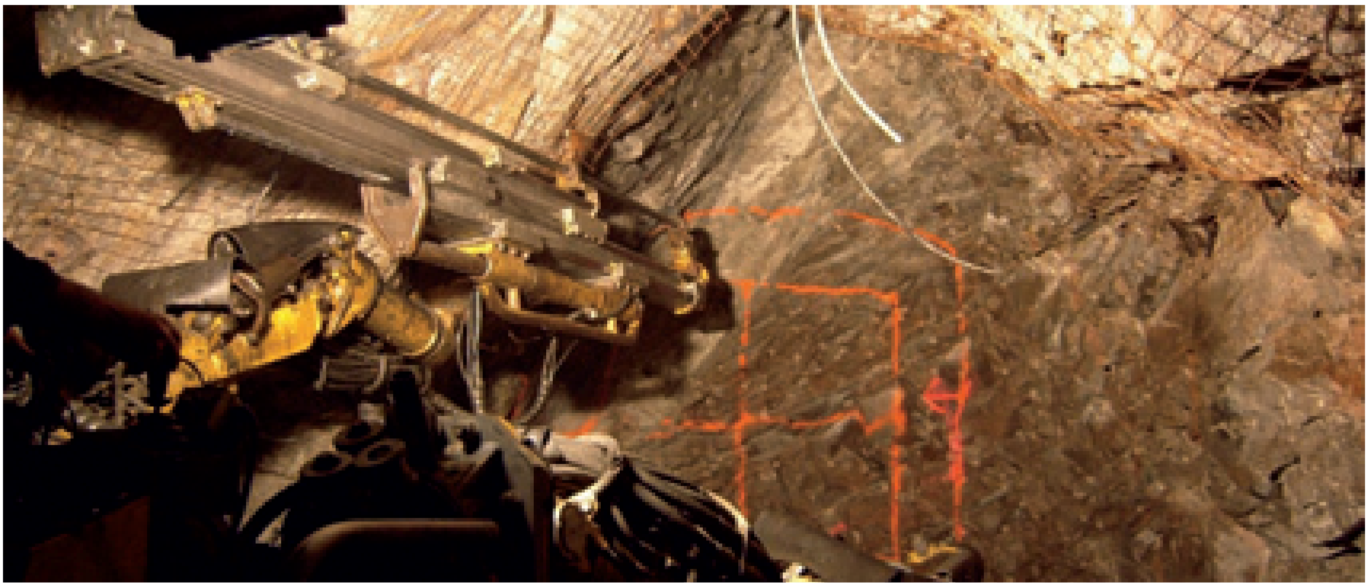
Currently the Company is both building the mine and operating it. The building costs are capitalised and subsequently amortised as the mine life reduces in accordance with accounting standards. Only the amortisation is included in the calculation of the per ounce cash cost. Once construction is complete and expansion capital works expenses end, forward estimates of cash costs are expected to be under $400 per ounce at full production.

Imperial Mine (Warrior)

The Imperial mine, including the Warrior reef, is located about 5 kilometres southeast of Charters Towers city centre on Bluff Road. It comprises the operating mine and accesses a number of reefs including the Warrior, Sons of Freedom, and other reefs that can be mined in the future including, but not limited to, the Imperial, Silent Friend, Hidden Secret and Perfect Cure line of lodes.

For most of the year production came from the Warrior ore body which is oriented east-west and dips at 48 degrees to the north. Later in the year, the Sons of Freedom ore body was accessed. This second ore body lies to the north of Warrior. It is a cross-vein, oriented northwest to southeast and dipping flatly to the northeast at about 20 to 28 degrees.

The mine completed a total of 2,495 metres of underground development drives, comprising 1,226 metres of capital and waste development (decline, ventilation, stockpile and truck loading bays, drill stations and access cross cuts) and 1,269 metres of development in ore during the year. Work focused on opening up ore on the 875, 820 East, 735, 720, 705, 695, 675 and 660 Levels in the Warrior ore body and on the 855 North 1 and 855 South 2 Levels in the Sons of Freedom ore body.



A change in the mining method was adopted in 2010 with two new declines driven down and along the ore body in the Sons of Freedom, rather than being driven out in the barren granite. This change allows a better examination of the ore body while partially offsetting the cost of capital development from patches of gold ore obtained from the decline itself.

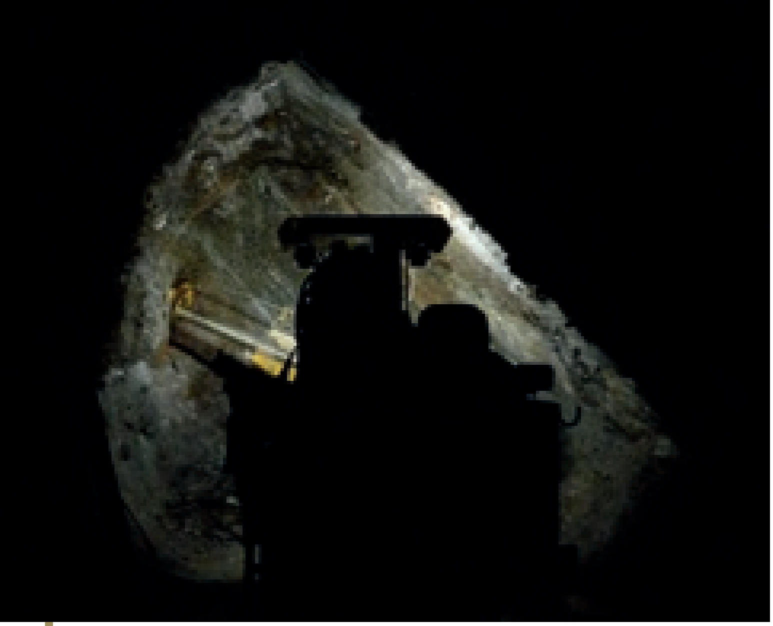
Stoping was focused on the 775, 720, 705 and 695 Levels, with 104,475 tonnes of ore trucked from the mine to the processing plant. Over the year the average grade of the stoping ore combined with lower grade development ore was 4.4 grams per tonne for 14,409 ounces of the 15,888 ounces produced.

Further improvement in 2010/11 is aimed at reducing the drive size and tightening up stoping widths to reduce dilution of the ore and thereby increase ore grades to the surface. It appears that dilution of zero grade waste rock of 100 to 200% has been occurring. Using smaller machines in the ore zones can result in the ore grades lifting to the mining target of 10 grams per tonne plus.

Mining at Charters Towers has been hindered by the rate at which the high-grade areas can be defined for the mine plan and the lack of available ore headings (mining faces). This is due to many different constraints, some within the company's control and some external. Management is focused on optimising the pre-mining work so that development and gold output can progress faster.

Over 2011 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 approach, once rolled out onto the other reefs, will increase the efficiency of the mechanised mining method. The preference is for the majority of access drives to 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.

For operational purposes the Imperial mine area has been allocated 25 square kilometres (5km x 5km) of mining lands and represents about 2.5 million ounces of the overall Charters Towers 10 million ounce gold deposit. The reefs have substantial further potential. The Inferred Mineral Resource for Imperial area is 5.8 million tonnes at 14 grams per tonne gold containing 2.5 million



ounces of gold (rounded to 2 significant figures) (see Report on the Inferred Mineral Resources for the Charters Towers Gold Project May 2005). Within the overall resource the head grades and widths of the specific mining areas are expected to vary.

Based on an aggressive approach to gold production growth from the Imperial mining area, targeting to build to between 100,000 and 200,000 ounces per year from the overall area, external capital expenditure of $40 million is estimated.

City Mine

No mining operations or ore production were conducted in the City area, although the Central Decline continued to be dewatered, ventilation fans fired up and the Decline was inspected during the year.

The City mining area is already an established mine site and has been allocated an overall area of mining lands of 16 square kilometres. Citigold undertook the initial exploration and trial mining at the City mining area in the 1990's after acquiring the first part of the Charters Towers goldfield. Full control of the goldfield was obtained in 2004. In addition to granted mining rights with permits to mine, major established site works include a 1,600 metre decline to 238 metres depth, two ventilation shafts, power, water, workshops, staff amenities and ore storage areas.

A series of operational plans have been drawn up and preliminary production schedules and costings carried out for development in joint venture of this major gold and silver resource. A number of companies have expressed interest in a joint venture on the City area and negotiations are continuing to secure a suitable partner.

A City mine joint venture could contain 1.8 million ounces, or more, of the overall 10 million ounce resource (23 million tonnes at14 grams per tonne gold). Citigold's mine plan for the design and development work has been undertaken with the aim of producing 200,000 ounces per annum from the City mines. The City includes several major reefs that will form the basis of the 'super mine' where over 3 kilometres of reef strike line will be developed. Citigold has internally budgeted that the development of the City operations should take 24 months and requires external capital of $70 million.

The re-establishment of the City 'super mine' is a major part of Citigold's growth strategy.

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 major gold production expansion.

PROCESSING PLANT OPERATIONS

The processing plant treated 104,475 tonnes from the Imperial (Warrior) mine at 4.4 grams per tonne producing 14,409 of the 15,888 ounces plus some additional tonnes of low grade tailings sands and stockpiled material. The average recovery was 97.5% of the gold in the ore. Milling operations were relatively trouble-free apart from the Wet Season slowing down screening operations

with wet ore and usual routine maintenance. The tailings sand and low grade material have mechanical properties that assist in the grind size and mill efficiencies.

As underground mining better controls waste dilution, through smaller drive sizes and tighter stoping widths, ore grades at the mill are expected to increase as more working areas are opened up.

The Charters Towers ore is metallurgically simple and therefore gold extraction percentages are anticipated to remain high. At this stage mill capacity is not the limiting factor to growing gold output from the Charters Towers operation. The processing plant still has substantial spare capacity.

As the overall production grows and more working areas are established it is expected that gold production will become more even and guidance may then be provided.

EXPLORATION

Core Drilling

During the period over 80 diamond core holes intersected grade better than 1 gram per tonne. The highest grade intersected was 370 grams per tonne gold. The below table outlines the top ten intersections during the period.

HOLE ID	DOWN HOLE INTERVAL	WEIGHTED AVERAGE GOLD (G/T)	ESTIMATED TRUE WIDTH
CT4045	0.10	370.00	
CT6022	1.70	83.59	1.4
CT6027	1.15	48.22	1.0
CT3036	1.50	21.12	0.9
CT6031	1.80	18.21	1.5
CT751	0.50	15.15	0.5
CT4072	0.65	14.95	0.5
CT755	0.25	14.25	0.2
CT3067	0.35	11.55	
CT6032	0.80	9.06	0.7

For a full list of drill intersections during the period please visit www.citigold.com under the exploration tab

Regional Exploration

The exploration areas around Charters Towers controlled by Citigold have high potential to increase the current gold resource with 18 known gold targets identified that await drilling.

Work continued on the exploration tenements surrounding the City and Imperial project areas. A total of 25,189 metres of core drilling was completed in 124 holes with an average length of 203 metres. Drilling was a combination of surface drilling for both ore body definition and geophysical surveys, and ore definition drilling from underground.

Some tenement consolidation and expansion took place during the year with EPMs 13453 and 11658 being conditionally surrendered so they could be taken up into a new EPM 18465 in December 2009, which also included additional ground. As at 30 September 2010, Citigold had 4 granted EPMs (numbers 11658, 13453, 15,964 and 16,979) totaling about 434 square kilometres and 5 EPMs under application totaling a further about 1,072 square kilometres.

Mapping, rock chip and stream sediment sampling continued over the granted EPMs. The Perfect Cure lode, within the Imperial mining project area, located about two kilometres north of Warrior lode is shaping up to be a repeat of the Warrior style of mineralisation with economic-grade rock samples (above 3 grams per tonne) being defined over a strike length of one kilometre. There are a number of associated lodes which are yet to be explored. No drilling has yet been undertaken on this area but it represents a major target area that could define a body similar in size and grade to Warrior and Imperial. These lodes are additional to the current Inferred Mineral Resource.

"We achieved a number of notable accomplishments in 2010, with revenue up over 50% to a record $20 million."

MINERAL RESOURCES AND ORE RESERVES

Citigold Mineral Resources and Ore Reserves for the overall Charters Towers Gold Project are reported in accordance with the Australasian JORC Reporting Code. As at 30 June 2010 the Mineral Resources and Ore Reserves are tabled below.

There has been extensive drilling over the last twelve months at Charters Towers. This drilling has been focused on mapping and understanding the grade distribution. The drilling has been over a relatively small area and has yielded high grades and valuable information on how to map the high grade areas faster and more efficiently.

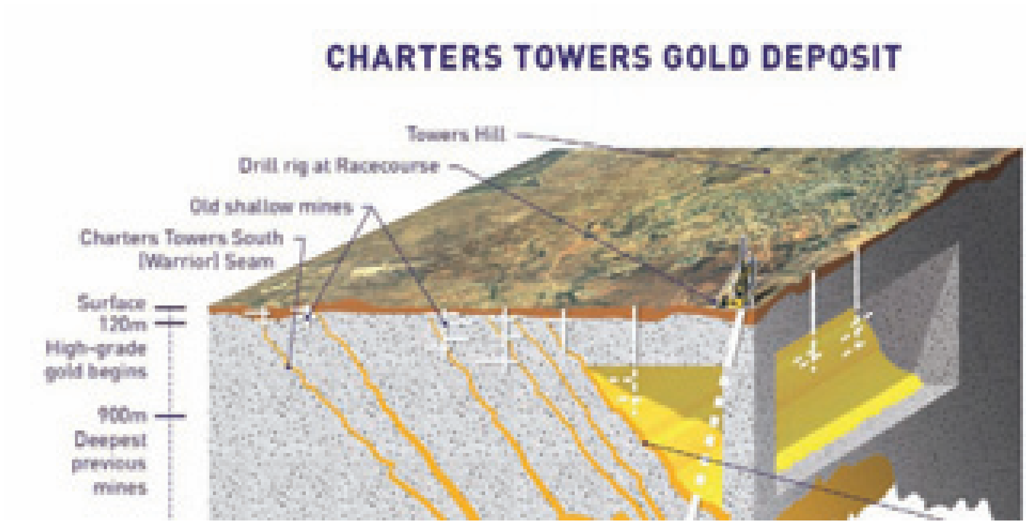
Full details are contained in the "Report on the Inferred Mineral Resources for the Charters Towers Gold Project May 2005" and the "Report on the Indicated Mineral Resources and Probable Ore Reserves for the Charters Towers Gold Project, August 2005" which can be found on the Citigold web site at www.citigold.com (click on "Reports" then "Technical Reports").

Mining to date has not changed the resources or reserves by a material amount. Once the reserves or resources change by more than 10% a new estimate will be published.

CATEGORY	TONNES	GRADE g/t Au	CUT OFF	CONTAINED OUNCES
Inferred Mineral Resources	23,000,000	14	3 metre-grams per tonne	10,000,000
Indicated Mineral Resources (includes Probable Ore Reserve)	740,000	15	7 grams per tonne gold	370,000
Probable Ore Reserves (derived from and contained within Indicated Mineral Resource)	800,000	13	7 grams per tonne gold	330,000

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 geologist and employed by Citigold 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.*

For full reports on gold resources and reserves see www.citigold.com and click "Mining" "Technical Reports"



Ore Reserve reconciliation - 101.5% recovery

Of an initial parcel of 19,308 ounces outlined within the Probable Ore Reserve that was mined from the Warrior reef, the refinery paid the Company for 19,210 ounces. At 98% recovery in the Mill, we expected 18,921 ounces to be sold, indicating Citigold produced 288 ounces more (101.5%) than the Probable Ore Reserve estimate. This shows that the Company's estimation methodology including mining factors applied to the Mineral Resource is sound and confirms the methods used in the current Inferred Mineral Resource of 23 million tonnes at 14 grams per tonne gold containing 10 million ounces of gold.

WHAT IS A GIANT GOLD DEPOSIT?

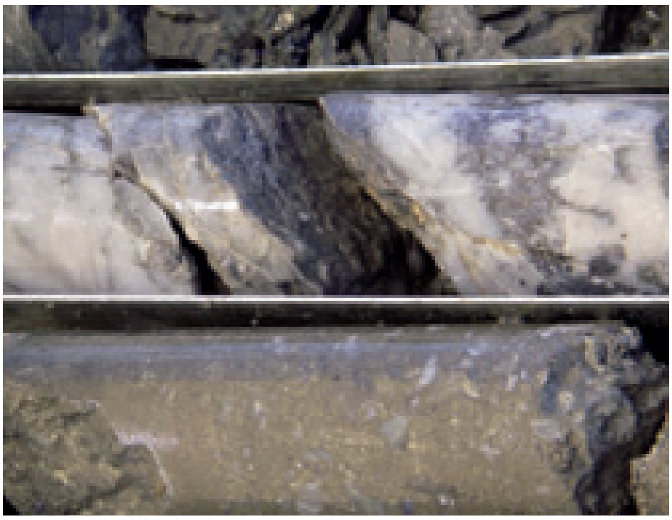
Bierlein et al (2006) considered a giant gold deposit to be one which contained 500 tonnes or more of gold (production + resources). Charters Towers is currently estimated to be 513 tonnes of gold (production + resources) and meets this definition of a giant gold deposit. These giant deposits are a large base metal rich Sub-Class of Orogenic gold deposits formed during periods of mountain building when the Earth's crust is compressed. The pre-requisites for these types of deposits are a rapid crust growth, a thin mafic lithosphere to provide the heat source, and suitable crustal plumbing structures to allow fluid movement through the crust into trap sites. These conditions all came together at Charters Towers about 410 million years ago over an area at least 40 kilometres m in diameter.

A similar system for comparison is Peru's Parcoy – Pataz deposit containing some 1,430 tonnes of gold (production + resources). The combined geology, genesis, high grade and size of these gold deposits is unique in Australia and rare worldwide. The tectonic setting and deep crustal structure at Charters Towers has recently been defined by the Federal Government's Geoscience Australia geoscientists in a series of studies across northern Australia that passed through the Charters Towers region.

The historic grade of 38 grams per tonne (1.2 ounces per tonne) mined at Charters Towers makes it a unique combination of size and high grade, and Citigold has control of this unique deposit.

The gold mineralisation is contained in East-West sheet-like fractures up to 5km long and 2km deep, dipping North at 35-50 degrees, and a conjugate set of fractures running north-northwest to south-southeast and dipping to the northeast. Historic production was mainly from the northern 'City' reef down to only 700 metres with some workings as deep as 1,000 metres. Strong grano-diorite country rock hosts the fractures containing the gold. About 80% of the 5 known major east-west fractures have not been drilled and therefore will be additional to the 10 million ounce resource estimates.

Federal Government magnetotelluric surveys and Citigold's subsequent Deep Drill Hole support the 'giant' deposit model. The 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 a 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 kilometres.



Data from the 2,000 metre deep core hole drilled by Citigold, supported by the assistance of the Queensland Government Mines and Energy, confirmed the deep mineral source and deep extent of the mineralisation.

GEOPHYSICS

Citigold uses geophysics at two levels – regional exploration tools to outline broad scale geological rock units, faults and other linear structures, and more detailed surveys to study geophysical properties at a local scale within defined ore bodies. Regional tools include airborne sensors to detect changes in the Earth's magnetic field, airborne detection of radioactive elements such as uranium, thorium and potassium that indicate where chemical alteration of rocks by mineralizing fluids may have occurred and ground-based surveys of magnetic fields and gravity responses distorted by rocks of different densities.

At the regional scale, researchers from James Cook University have conducted trials for ground magnetic surveys through built-up areas and along the streets of Charters Towers to develop filtering mechanisms to remove the effect of man-made magnetic anomalies that may mask the weaker magnetic responses from the underlying rock. The results have proved to be very workable and will allow enhanced magnetic surveys at ground level to compensate for less sensitive aerial surveys that had to be flown at higher altitudes over the city for aviation safety reasons.

At the ore body scale, Citigold has been assessing a series of different geophysical methods to assist in detecting high grade sulphide zones between drill holes in order to increase the spacing between drill holes and aid mine planning. Previous petrological studies showed that over 90% of gold grains at the microscopic level are in contact with pyrite (iron sulphide) and that there is a relationship between high gold values and elevated lead and zinc values in assays. Lead and zinc occur in the deposit as sulphides (galena and sphalerite respectively). Sulphides have electromagnetic properties that may be stimulated by artificially generated electric or magnetic fields, and the response from the sulphides detected by appropriate sensors. Identifying these sulphides should enable detection of high grade gold zones.

Trials included down hole electromagnetic methods (DHEM), borehole radar to detect radar reflectors around drill holes and down hole induced polarization (DHIP). After a series of trial surveys, Citigold engaged a very experienced specialist geophysical consultant to assess the geophysical results to date, provide detailed quality control on the data gathered.

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 growth.

SAFETY, HEALTH AND ENVIRONMENT

Safety & Health

There were no serious safety or health incidents during the year.

There were two Lost Time injuries during the year, both of which were muscle strain injuries resulting in only one day lost in each case.

There were no significant health incidents during the year. The Company continued its voluntary vaccination programme for employees to be vaccinated against seasonal influenza, resulting in minimal absenteeism this flu season compared to previous years.

In November 2009, the Company's usual annual external audit was undertaken of the health and safety risk management system. Significant improvements from the previous year have been made, especially in the gold processing plant. The Company continues its excellent track record in health and safety, with no fatalities since the company was formed in 1993 and no injuries from which employees have not made a full recovery. Citigold employed approximately 105 full time staff during the year.

Environment

There were no reportable Environmental Incidents during the year.

Independent surveys by the Environmental Protection Agency in addition to Citigold's routine monitoring indicated that all operations were within limits defined in the company's Environmental Authority apart from some slightly elevated sulphate levels in ground water out of town adjacent to the process plant, which is located on the historic Black Jack mine site. The source of this anomaly is under investigation. The elevated sulphate, which is not considered harmful in any way, may be from historic mining dating from 1875 to 1960's (pre Citigold) or just naturally occurring higher background in the area.

Citigold initiated a greenhouse gas emission audit. This was conducted and completed in February 2010 under the GHG Protocol and the ISO 14064-1 (2006) standard to improve understanding of the Company's greenhouse gas footprint. Audited greenhouse gas emissions are well below the reporting threshold under the *National Greenhouse & Energy Reporting Act 2007* and likely to remain so for the next few years. Emissions are about 9,400 tonnes per year of CO_2 equivalent, and 74% of this relates to electricity consumed, but not generated directly, by Citigold.

Community Relations

Citigold continued to assist local groups in the Charters Towers community through the contribution of employees' time to local organisations and committees, although there was a reduction in cash donations to community groups as part of an overall cost reduction initiative. Citigold is participating in a local initiative to provide work experience for indigenous young people to provide an insight into mining company activities while ensuring the participants complete formal training that also increases their employment potential in other industries.

CORPORATE

Institutional Shareholdings Increase - Investment institutions appear to have increased their positions on the Citigold share register over the year. While nominee holdings are not necessarily related to the holding name, they appear to generally represent companies or funds and these holdings now represent over 20% of the current shares on issue. It is encouraging to see that more and more investors are taking the time to better research Citigold and deciding to join or increase their shareholdings. Citigold management has a strategy in place to expand the defined gold deposit and mine the gold for the benefit of all shareholders. The increasing interest shown by institutional investor's may reflect a broad confidence in Citigold's strategy for the future growth of the Charters Towers gold operations.

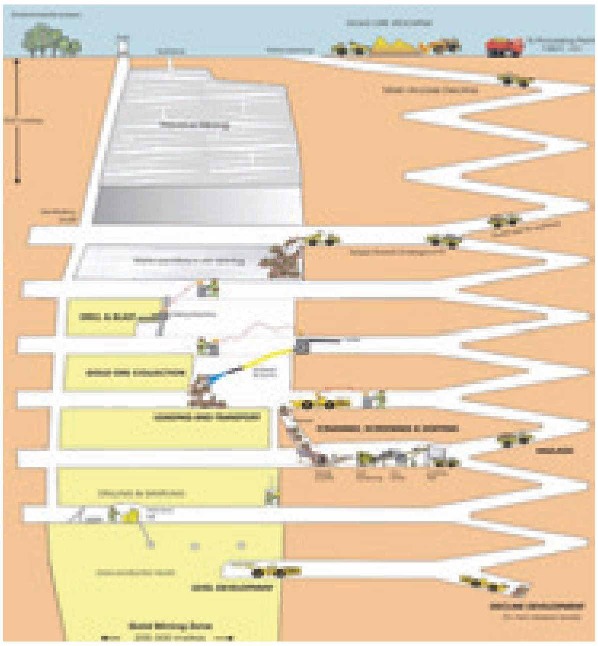
Development Property - Citigold changed its accounting policy for Development Property during the period. Development Property is now recognised at deemed cost and not at fair value, as was previously the case. With Citigold planning to move into profitable production this year it was considered the appropriate time to revise this accounting policy.

Dividend - Your Directors have considered it prudent not to declare a dividend at this time. In the short term the investment of operational profits in expanding the gold output aims to produce greater returns for shareholders. This decision will be revisited as each stage of the production ramp up is achieved. The Company has a conservative funding outlook and therefore undertakes private placements from time to time when the Board considers it is appropriate prior to achieving Company wide profitability.

Gold Upside - An observation is that gold continues to perform its traditional investment role as a store of value when the purchasing power of major currencies is under threat. In US dollar terms gold price is strong evidenced by the recent forecast from a global investment bank stating that it expects the gold price to average US$1350 per ounce in 2011. At the time of this report the Australian dollar is also strong so the current selling price in Australian dollars is just slightly above the recent US$1,300 per ounce.

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 major gold production expansion. This new investment will be directed to opening up the underground workings to provide more 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 Imperial operations as well as recommencing the City operations.

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.



Gateway Mining - Gateway Mining, of which Citigold is the major shareholder, continued to progress its exploration projects with an RC drilling programme advancing and geophysics work completed on its exploration tenements in Western Australia. The company continues to remain focused on its established exploration areas through direct exploration and joint ventures. The progress of Gateway can be followed on their web site at www.gatewaymining.com.au.

NEW CITIGOLD WEBSITE

The Company launched its new website this year, the first major upgrade for several years. The new Citigold website hosts a new look and acts as a gateway to your information needs. The ease of navigation of the site was further improved while maintaining good functionality and speed of the site. The site improvements include suggestions from shareholders whose input is encouraged and appreciated.

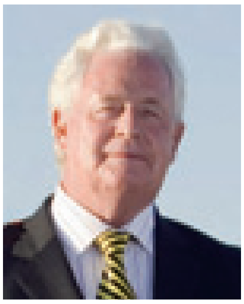
Directors' Report

The directors present their report together with the financial report of Citigold Corporation Limited and the consolidated financial report of the consolidated entity for the year ended 30 June 2010 and the auditor's report therein.

1. DIRECTORS

The names and the relevant details of Directors of the Company in office during or since the end of the financial year are as follows.

Current Directors



J J Foley BD, LLB, BL (Dub)

Appointed 02/07/1993

Graduating in law from the University of Sydney in 1969, Mr Foley was admitted to practise as a barrister in New South Wales in 1971. He was called to the Irish Bar in 1989 and admitted as a Member of the Honourable Society of Kings' Inns in Dublin. Mr Foley has over 30 years' experience in the gold mining industry, has been a guest speaker at the World Gold Council in New York and is a past Director of the Australian Gold Council.

Non-Executive, Member of Audit and Finance, Remuneration and Health, Safety and Environment Committees

M J Lynch FAICD

Appointed 02/07/1993

Actively involved in gold exploration and mining for over 28 years. Mr Lynch has extensive hands-on experience in mine operations and management from the pegging of mining leases through to pouring gold bars. During his corporate career he has maintained a competitive focus on business efficiency centred around strategic planning and innovation. He has held the position of Director of the Queensland Resources Council for six years. He is currently a Fellow of the Australian Institute of Company Directors.

Managing Director, Member of Health, Safety and Environment committee.

B White BSc(Mining) Hons, PhD, MBA Hon FAusIMM (CP), FIE(Aust), CEng, FAIM, MMICA, RPEQ

Appointed 16/08/2010

Dr White is a mining engineer with a professional career spanning more than 40 years covering all facets of the minerals industry. His experience includes operational management, project development, planning, design and consultancy, in gold and base metals. This has included senior positions in both surface and underground mines in many parts of the world including the legendary large underground Ashanti gold reef mine, West Africa, and Head of Mining Engineering at the WA School of Mines, Australia. More recently he was Professor of Mining Engineering at Queensland University, Managing Director of Tennent Isokangas consultants and Principal Engineer with Coffey Mining.

Non-Executive Director, Chairman of Audit and Finance, Remuneration and Health, Safety and Environment committees.

Retired Directors

T V Willsteed BE(Mining), Hons, BA, FAusIMM, MSME, MAICD

Appointed 21/10/2006 **Resigned 16/08/2010**

Mr Willsteed is mining engineer with a career spanning over 46 years in mining operations, minerals processing, corporate management and consulting. Over the past three years he has acted as a non-executive director of other Australian listed public companies as follows: -Climax Mining Limited (resigned 2007) - Austral Gold NL (resigned 2007) -European Gas Limited (resigned September 2009) - Goldsearch Limited (current since July 2004) and an LSE listed company -International Ferro Metals Limited (current since September 2005)

Company Secretary

Mr Matthew Martin B.Com, CA

Mr Martin has worked in various roles as part of several global teams, including international banking, and has accrued skills in most aspects of corporate finance and accounting. He has strong skills in systems compliance, multinational financial statements, forecasting, reporting and analysis. In his previous employment he acted as Company Secretary for client companies. He joined the company in December 2005 as corporate accountant. He was appointed Company Secretary in April 2006 and Chief Financial Officer in July 2007.

Meetings of Directors

The number of directors' meetings (including board committees) held and the number of meetings attended by each director during the year ended 30 June 2010 was:

	Board Meeting		Audit and Finance		Risk, Safety and Environment **		Remuneration	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
J J Foley	14	14	2	2	1	1	2	2
M J Lynch	14	14	*	*	1	1	*	*
T V Willsteed	14	14	2	2	1	1	2	2

** Not a member of the relevant committee*

Directors' interests

The relevant interest of each director in the shares and options issued by the companies within the consolidated entity and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with s205G (1) of the Corporations Act, at the date of this report is detailed in the following table.

Director	Ordinary shares	Share Options
J J Foley	4,653,116	1,050,000
M J Lynch	81,347,083	3,500,000
B White	28,350	-

Remuneration of directors and senior management

Information about the remuneration of the directors and senior management is set out in the Remuneration Report of the Directors' Report.

2. PRINCIPAL ACTIVITIES

During the year the principal activities of the consolidated entity consisted of production, development and exploration of the Charters Towers goldfield. There has been no significant change in the nature of these activities during the year.

3. DIVIDENDS – CITIGOLD CORPORATION LIMITED

No amount has been paid or declared by way of dividend by the Company during the year. The directors do not recommend a dividend at this time

4. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs on the consolidated entity during the financial year were as follows:

(a) An increase in ordinary shares in the Company from 841,786,770 to 908,565,634 as a result of:

Type of Issue	Issue Price	Number of shares Issued
Share placement	$0.17	16,177,729
Share placement	$0.16	32,016,870
Share placement- Bonus Shares	-	6,534,144
Share placement	$0.20	3,750,000
Share placement	$0.12	8,300,121

Net cash received was used to continue the exploration, development and general activities of the Company.

See Note 20 of the Financial Statements.

5. SHARE OPTIONS

Details of unissued shares or interest under options as at the date of this report are:

Issuing Entity	Number of options	Exercise Price	Expiry date of Option
Citigold Corporation Limited	2,000,000	$0.20	1 March 2011
Citigold Corporation Limited	15,384,615	$0.26	26 March 2011
Citigold Corporation Limited	6,562,500	$0.50	10 April 2011
Citigold Corporation Limited	7,395,382	$0.23	30 April 2011
Citigold Corporation Limited	3,000,000	$0.27	16 October 2011

6. POST BALANCE DATE EVENTS

During the quarter ending 30 September 2010 the Company issue of 55,946,667 shares raising $5.5 million

7. REVIEW OF OPERATIONS

A review of the consolidated entity's operations during the year and the results of these operations are disclosed in pages 5 to 15 of the Annual Report.

8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the consolidated entity are:

(a) the continuation of exploration activity aimed at increasing resources and reserves,

(b) the continuation of mining activity at Charters Towers.

Additional comments on expected results are included in the Review of Operations.

9. INDEMNIFICATION AND INSURANCE

During the financial year the Company paid premiums to insure all Directors and Officers of the Company against claims brought against the individual while performing services for the Company and against expenses relating thereto, other than conduct involving a wilful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract, the nature of liabilities insured against and the premium paid cannot be disclosed.

The Company has not otherwise, save as enshrined in the Company's constitution, during or since the end of the financial year, in respect of any person who is or has been an officer of the Company:

(a) indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or

(b) paid or agreed to pay a premium in respect of a contract insuring against a liability from the costs or expenses to defend legal proceedings.

10. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings

11. ENVIRONMENTAL REGULATIONS

Entities in the consolidated entity are subject to significant environmental regulation in respect to its exploration and mining activities in gold.

The organisation has developed criteria to determine areas of 'particular' or 'significant' importance, with regard to environmental performance. These are graded 1 to 4 in terms of priority.

Level 1 incident - major non compliance with regulatory requirements resulting in potential political outcry and significant environmental damage of both a long and short term nature.

Level 2 incident - significant non compliance resulting in regulatory action, however, environmental damage is only of a short term nature.

Level 3 incident - minor non compliance, however, regulatory authority may be notified.

Level 4 incident - non compliance with internal policies and procedures. The incident is contained on site.

In the last year the following incidents have occurred.

	Level 1	Level 2	Level 3	Level 4
Incidents	-	-	-	-

The Company has an internal reporting and monitoring system with regard to environmental management on the site. The Company employs an environmental officer to monitor all water quality, noise and air quality issues as well as liaise with the community on activities that may impact on the local area.

12. AUDIT/NON-AUDIT SERVICES AND AUDITOR INDEPENDENCE

The fees paid or payable for services provided by the auditor of the Company are set out in Note 5 of the Financial Statements.

The Auditor's independence declaration is included on page 23.

13. REMUNERATION REPORT - Audited

1) Director and Senior Management Details

The following persons were Directors and/or key management personnel of the Group:

J.J. Foley	(Non Executive Chairman)
M.J. Lynch	(Managing Director/ Chief Executive Officer)
T.V. Willsteed	(Non Executive Director-resigned 16 August 2010)
M.B. Martin	(Company Secretary/ Chief Financial Officer)
C.A.J. Towsey	(Chief Operating Officer and Site Senior Executive- appointed 16 October 2009)

There are no other group or company executives.

2) Remuneration Policy

The Remuneration Committee, consisting of two non-executive directors, advises the Board on remuneration policies and practices generally. The Committee can make recommendations on remuneration packages and other terms of employment for executive directors, non-executive directors and senior executives.

Executive remuneration and other terms of employment are reviewed by the Committee when necessary having regard to performance, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation and use of motor vehicles.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated entity's operations.

The Board, within the maximum amount approved by shareholders from time to time, determines remuneration of non-executive directors. The fees have been determined by the Board having regard to industry practice and the need to obtain appropriately qualified persons. Non-executive directors are also entitled to statutory superannuation.

3) Payments to specified Directors and Key Management Personnel for the year ended 30 June 2010

	Short-term employee benefits			Post-employment benefits	Share-based payments		Proportion of remuneration that is performance based
	Cash salary and fees	Non-monetary benefits	Related party Payments[1]	Superannuation	Options	Total	
2010	$	$	$	$	$	$	%
Directors							
J J Foley	90,000	16,105	79,155	-	-	185,260	-
M J Lynch	344,895	-	-	-	-	344,895	-
T V Willsteed	-	-	56,000	-	-	56,000	-
Other Key Management Personnel							
C A J Towsey	184,549	2,053	42,900	20,842	-	250,344	-
M B Martin	212,293	2,732	46,600	19,106	-	280,731	-
	831,737	20,890	224,655	39,948	-	1,117,230	-

1 *The related party payments are payments to entities related to the Directors and/or Key Management Personnel for work carried out by that entity or the hire of equipment owned by that entity*

Payments to specified Directors and Key Management Personnel for the year ended 30 June 2009

	Short-term employee benefits			Post-employment benefits	Share-based payments		Proportion of remuneration that is performance based
	Cash salary and fees	Non-monetary benefits	Related party Payments[1]	Superannuation	Options	Total	
2009	$	$	$	$	$	$	%
Directors							
J J Foley	90,000	16,105	79,155	-	-	185,260	-
M J Lynch	328,471	-	-	-	-	328,471	-
T V Willsteed	-	-	58,000	-	-	58,000	-
Other Key Management Personnel							
C A J Towsey	167,300	6,066	44,550	28,000	-	245,916	-
M B Martin	214,548	5,940	39,458	19,309	-	279,255	-
	800,319	28,111	221,163	47,309	-	1,096,902	-

[1] *The related party payments are payments to entities related to the Directors and/or Key Management Personnel for work carried out by that entity or the hire of equipment owned by that entity*

4. Service Contracts

Managing Director

Contract Term: 5 years, Commenced January 2007

Base Salary: $353,307, inclusive of superannuation, to be reviewed annually by the Remuneration Committee

Termination Payments: Payment on early termination by the Group, other than for gross misconduct, equal to 3 years of employment.

Company Secretary/ Chief Financial Officer

Contract Term: Ongoing, Commenced December 2005

Base Salary: $294,000, inclusive of superannuation, to be reviewed annually by the Remuneration Committee

Termination Payments: Payment on early termination by the Group, other than for gross misconduct, equal to 3 month's base salary.

Chief Operating Officer & Senior Site Executive

Contract Term: Ongoing, Commenced July 2002

Base Salary: $267,750, inclusive of superannuation, to be reviewed annually by the Remuneration Committee

Termination Payments: Payment on early termination by the Group, other than for gross misconduct, equal to 3 month's base salary.

5. Share options exercised during the current year

No options were exercised during the year by key management personnel or executives of the consolidated entities.

END OF AUDITED REMUNERATION REPORT

Directors Report Declaration

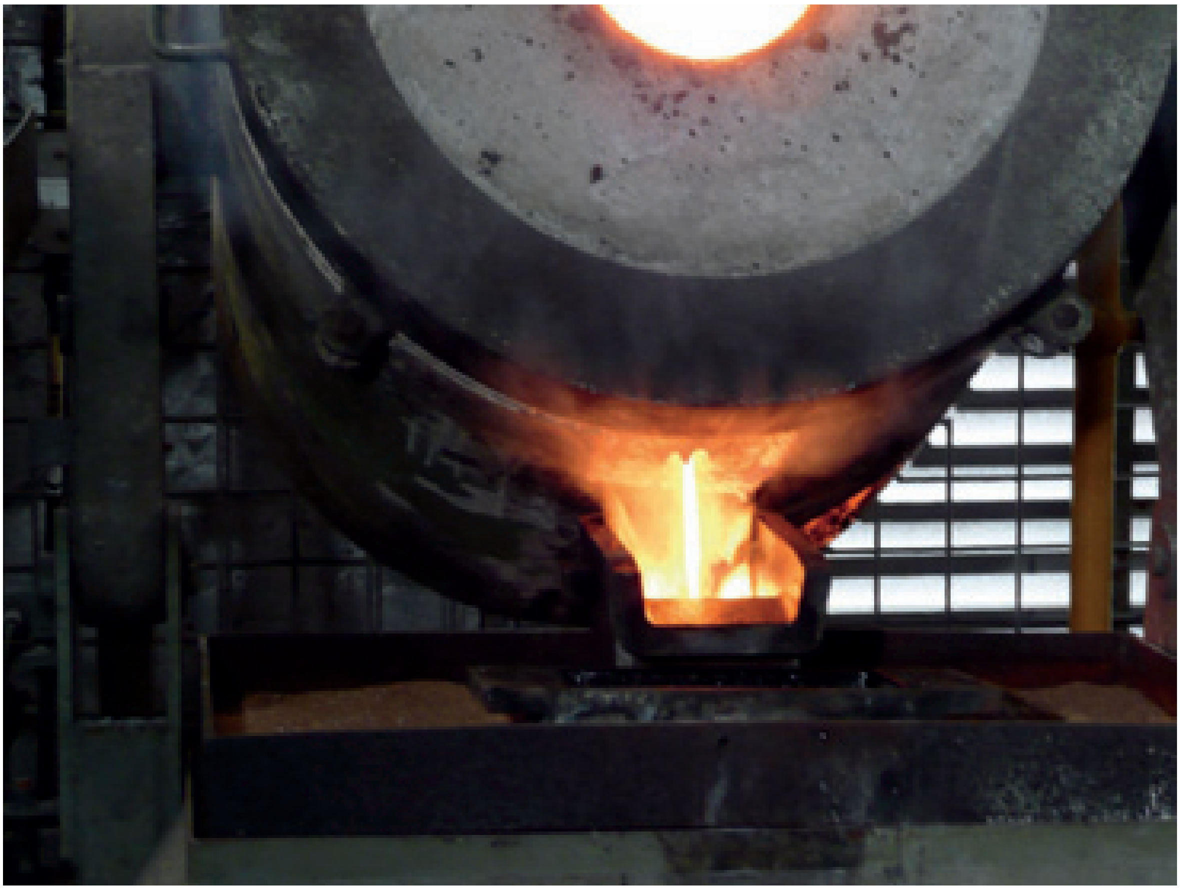
This report is made in accordance with a resolution of directors.

J J Foley
Chairman

M J Lynch
Director

Sydney

30 September 2010



Suite 2404
Level 24 MLC Centre
19-21 Martin Place
Sydney NSW 2000

K.S. Black & Co.

ABN — 57 446 398 808

Level 1, 460 Church Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

AUDITOR'S INDEPENDENCE DECLARATION

Declaration of Independence to the Directors of Citigold Corporation Limited and Controlled Entities

As lead auditor of Citigold Corporation Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Citigold Corporation Limited and the entities it controlled during the period.

KS Black & Co
Chartered Accountants

Stuart H. Cameron

Stuart H. Cameron
Partner

Sydney, 30 September 2010

Corporate Governance

Good corporate governance does not just ensure the company is well managed and directed but it protects the rights and enhances the interests of shareholders

The Board reviews and put in place policies and practices to comply as far as is practicable with ASX Corporate Governance Council's Principles and Recommendations. In the limited circumstances where the Company's corporate governance practices do not correlate with the recommendations, the Company does not consider that the practices are appropriate for the Company due to the size of the Company or its Board. The Board has had a Board Charter in place since January 2008. Relevant principles are listed below.

A. Lay Solid Foundation for Management and Oversight

The Board of Directors primary role is to set corporate direction, governance, defining broad policy and governs the business in such a way that protects the rights and enhances the interests of shareholders.

As the Board acts on behalf of and is accountable to shareholders, the Board seeks to identify the expectations of shareholders, as well as other regulatory and ethical expectations and obligations. The Board Charter sets out the principal function and responsibility of the Board:

- Development and implementation of corporate strategies
- Provide leadership in the development of appropriate culture and values for the company
- Appointment and assessment of the performance of the Managing Director and Directors
- Inputting and monitoring managerial goals
- Ensuring the significant risks facing the consolidated entity have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place
- Ensuring corporate accountability to shareholders

The Board has delegated responsibility for the day to day operation and administration of the Company to the Managing Director and the executive management team.

B. Structure the Board to Add Value

The Board has several committees to facilitate the execution of its duties. Each committee has its own autonomy with authority delegated to it by the Board and the manner in which the committee is to operate.

Current committees of the Board are:

- the audit and finance committee
- the remuneration committee
- the health, safety and environment committee

Audit and Finance Committee

The audit and finance committee comprises of the following Non-Executive Directors: B White (Chairman) and JJ Foley. Since the board consists of only three Directors, one of them being an Executive Director (Managing Director), the company can only appoint two independent Directors instead of the recommended three independent members in the Audit and Finance Committee. Citigold believes that the current board and its committees are appropriately sized as it has adequate skills, expertise and experience to run the company. Moreover, keeping the current board size enables all directors to voice their opinions effectively.

The main responsibilities of the audit and finance committee are to supervise the audit function, review the integrity of the company's financial reporting and ensure compliance with financial reporting and related regulatory requirements. In addition, the committee oversees the company's risk management system.

Remuneration Committee

The Remuneration committee consists of the following Non-Executive Directors: B White (Chairman) and JJ Foley. Since the board consists of only three Directors, one of them being an Executive Director (Managing Director), the company can only appoint two independent Directors instead of the recommended three independent members in the Remuneration Committee. As noted previously, Citigold believes that the current board and its committees are appropriately sized as it has adequate skills, expertise and experience to run the company.

The Remuneration Committee's key responsibilities are:

1) Assists and advises the Board on remuneration guidelines and practices.
2) Reviews and make recommendations on remuneration packages and other terms of employment for directors and senior executives.
3) Reviews the company's recruitment, retention and termination guidelines and procedure for senior management.

Citigold Corporation Limited has not formed a nomination committee as there are only 3 Directors. The Board is able to efficiently address the issue of board competencies. The board ensures that all Directors bring relevant complementary skills and experience to the Board and Board performance is reviewed on an annual basis based upon each director's contribution to specific Board objectives.

Health, Safety and Environment Committee

The health, safety and environment committee consists of the following executive and Non-Executive Directors: JJ Foley, B White and MJ Lynch. The objectives of the committee are as follows:

- ensuring the Company adopts, maintains and applies appropriate health, safety and environment policies and procedures;
- ensuring that the Company maintains effective health, safety and environment related internal control and risk management systems; and
- providing a formal forum for communication between the Board and senior management in health, safety and environment matters, both Company specific and otherwise.

Board Composition

The Board is comprised of three (3) Directors, being two (2) Non-Executive Directors and One Executive Director. A majority of the Board is Non-Executive Directors, including the Chairman.

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report, their meeting attendances and their term of office are detailed in the Directors' Report. Each Director brings relevant complementary skills and experience to the Board covering the areas of legal, finance and operations.

The Company's Constitution specifies that a third of the Directors (with the exception of the Managing Director) must, by rotation, retire from office at each Annual General Meeting (AGM) such that at least one Director stands for election at each AGM. Where eligible, a Director may stand for re-election. All Board appointments are subject to shareholder approval.

Independence

In accordance with the Board Charter and ASX Recommendations, the majority of the Board comprises of non-executive directors, including the Chairman. All Non-Executive Directors are regarded as independent and free of any relationship that may conflict with the interest of the company.

Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interest of the director and the interest of the company. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matter in which they may have a conflict of interest.

Entities connected with Mr J J Foley had business dealings with the consolidated entity during the year. Mr J J Foley declared his interests in those dealings to the Company and took no part in decisions relating to them. These dealings were not considered to be of an amount or nature that would affect Mr Foley's independent judgement.

Entities connected with Mr M J Lynch had business dealings with entities in the consolidated entity during the year. Mr M J Lynch declared his interests in those dealings to the Company and took no part in decisions relating to them.

C. Promote Ethical Decision Making

All directors, executives and staff of the consolidated entity are required to abide by all legal requirements, the Listing Rules of the Australian Securities Exchange, the Corporations Act with the regard to trading in the Company's securities and appropriate standards of ethical conduct with regard to the operation of the consolidated entity.

Code of Conduct

A Code of Conduct (the Code) as adopted by the Board sets out ethical standards expected of all directors, executives and employees. The Code is reviewed and updated as necessary to generally reflect industry standards of integrity and professionalism. The Code covers:

- professional conduct
- other employees
- conflicts of interest
- customer and supplier relations
- compliance with laws and regulations
- confidential information

Trading in Citigold's shares

Employees, officers and directors who have access to, or knowledge of, material inside information from or about the company are prohibited from buying, selling or otherwise trading in the company's stock or other securities until the release of this information to the public through the ASX. "Insider" information includes any information concerning the company's financial position, strategy or operations which, if made public, would be likely to have a material effect on the price or value of the securities of the company and the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the securities.

D. Safeguard Integrity in Financial Reporting

As part of Citigold's commitment to a transparent system for auditing and reporting of company's financial performance, the company has established the Audit and Finance Committee. The audit and finance committee supervise the audit function including the appointment of the external auditor, the preparation of financial statements and assesses the adequacies of internal control, and financial risk system. In fulfilling its responsibilities, the audit and finance committee regularly provide a forum for communication between the board, management and the external auditors. A formal charter for audit and finance committee has been adopted since September 2005.

The Audit and Finance Committee has adopted and complies with a formal charter.

The Chief Executive Officer and Chief Financial Officer have declared in writing that the financial statements for the year ended 30 June 2010 represent a true and fair view of Citigold's financial position and performance and that the reports conform to relevant accounting standards.

E. Make Timely and Balanced Disclosure

All Directors, executives and staff of the consolidated entity are made aware of the ASX's continuous disclosure requirements and operate in an environment where emphasis is placed on full, timely and honest disclosure to the market.

The board adopts a Continuous Disclosure Policy to ensure that information considered material by the company is immediately lodged with ASX. Moreover, Citigold's website contains recent and historical information, including ASX announcements, financial reports and presentations.

F. Respect the Rights of Shareholders

Citigold is committed in providing shareholders with timely, detailed and factual company information.

Information is communicated to shareholders through:

- The annual report which is accessible by all shareholders
- The half-yearly report which is made available by way of an ASX release
- The Annual General Meeting
- ASX releases in accordance with the consolidated entity's continuous disclosure obligations
- Information available on the Company's website at www.citigold.com

Shareholders are invited to advise the Company of their email addresses. ASX announcements, once released, are then able to be emailed directly to the shareholder.

In addition, all shareholders are encouraged to attend the AGM and use the opportunity to ask questions.

The company's external auditor attends the company's annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditors report.

G. Recognise and Manage Risk

Due to the size of the Board, a separate risk management committee has not been established. The Board believes that it is important for all Board members to take a proactive role to the company's risk management and internal compliance and control procedures. The Board monitors the financial and operational aspects of the company's activities and considers the advice of other external advisors.

The risk management approach that the Board employs includes a) assessing internal policies and processes for determining and managing key risk areas such as non compliance with laws regulations standards and best practice guidelines, litigation and claims and other relevant business risk b) having a sound risk management system, policies and internal control c) Meeting of key stakeholders to understand and discuss company's control environment.

Citigold currently operates on a NOSA Five Star Integrated Risk Management System. This is a commercial product originally produced by the National Occupational Safety Association, operated by Citigold, with the results audited annually by external consultants. This system identifies aspects of risks of the operation, particularly those related to safety, health, environment and social impact. Citigold's operations are subject to regulation and regular inspection and monitoring by the Queensland State Government Department of Mines and Energy and the Environmental Protection Authority.

The Managing Director and CFO have not given a written statement to the board in accordance with best practice recommendation 7.2 of the ASX Corporate Governance Council's Principles and Recommendations because the board considers that its direct management and oversight of risk ensures a sound system of risk management and internal compliance and control that is operating efficiently and effectively in all material respects.

H. Encouraging Enhanced Performance

Review of Directors and Board Performance

Citigold considers the evaluation of directors and senior executive performance as important in establishing a culture of performance and accountability.

The Board and Director's performance is reviewed on an annual basis. The goals of review are based upon each director's contribution to specific Board objectives and the objectives of board committees in which the director participates. The Chairman provides each director with confidential feedback on performance and it is used to develop a development plan for each director. The remuneration and nomination committee also carries out performance reviews of the Managing Director/CEO and the Executive Management Team on a yearly basis.

At the AGM, the shareholders will have the opportunity to voice their opinion on the performance of the Board. Furthermore at every second year of AGM, the shareholders can exercise their right to remove the Non-Executive Director from office if the shareholders deem that the non executive director's performance is not up to standard.

Director Education

Citigold Corporation Limited has a policy to educate new Directors about the nature of the business and current issues, strategic direction and expectations of Citigold in regards to the performance of Directors. New Directors undergo an induction process in which they will be given a full briefing on the company. This includes meeting with key executives, tour of mining operation, an induction package and presentation. Directors and the senior executives are also given access to continuing education opportunities to develop their skills and knowledge in the area of governance processes and in the company's industry.

Independent Professional Advice and Access to Company's Information

Subject to annual limit or Board approval, Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent, professional advice at the Company's expense. Directors also have the right of access to all relevant information that may help them in exercising their duties subjected to protocol set out in the Board Charter.

I. Remunerate Fairly and Responsibly

Board Remuneration

Non-Executive Directors' remuneration may not exceed the limit approved by shareholders which is currently at a combined total of A$150,000. Non-Executive Directors may participate in equity schemes of the company subject to the shareholders approval, such as option schemes, that are designed to encourage enhanced performance of the participant.

Executive Remuneration

The Remuneration Committee, consisting of two Non-Executive Directors, advises the Board on remuneration policies and practices. The Committee can make recommendations on remuneration packages and other terms of employment for executive directors and senior executives. Executive remuneration and other terms of employment are reviewed by the Committee when necessary having regard to performance, market conditions and relevant comparative information and independent expert advice.

Citigold's senior executives participate in a share option plan linking Citigold's performance to their remuneration designed to encourage enhanced performance of the participant. The senior executive share option plan was not approved by shareholders because the options were granted on the same terms and conditions as the option plan previously approved by shareholders for the Directors.

Further details in relation to Director and Executive remuneration can be found in the director's report.

J. Recognises the importance of Environmental and Occupational Health and Safety Issues

Citigold Corporation Limited recognises the importance of environmental and occupational health and safety (OHS) issues and is committed to the highest levels of performance. To help meet this objective an Environmental, Health and Safety Management System (EHSMS) has been established by mine management. The EHSMS is a tool that allows the systematic identification of environmental and OHS issues and assists their management in a structured manner.

Through the EHSMS, the consolidated entity aims to:

- comply with all relevant legislation
- continually assess and improve the impact of its operations on the environment
- encourage employees to actively participate in the management of environmental and OHS issues, and
- use energy and other resources efficiently

Information on compliance with significant environmental regulations is set out in the Directors' Report.

Consolidated statement

of comprehensive income for the year ended 30 June 2010

		Consolidated	
	Note	Year Ended 30 June 2010	Year Ended 30 June 2009$
		$	$
Revenue		19,835,815	13,142,964
Cost of Sales		(10,852,135)	(7,248,579)
Gross Profit		8,983,680	5,894,385
Other Income	2	1,059,235	204,906
Employee benefits expense		(3,155,786)	(2,173,268)
Depreciation and amortisation expense	3	(2,539,159)	(2,456,748)
Finance costs	4	(1,050,948)	(882,190)
Consulting expense		(446,762)	(579,998)
Other expenses	3	(2,613,165)	(3,072,785)
Share based payments	18	-	543,412
Share of loss of associate	12	(163,918)	-
(Loss)/Profit before income tax expense		73,177	(2,522,287)
Income tax	6	-	-
(Loss)/Profit after tax from continuing operations		73,177	(2,522,287)
Other comprehensive income			
Share of other comprehensive income of associate		80,651	-
Total comprehensive income		153,828	(2,522,287)
Profit attributable to:			
(Loss)/Profit attributable to minority interest		(41)	(33)
(Loss)/Profit attributable to members of the company		73,218	(2,522,254)
		73,177	(2,522,287)
Total comprehensive income attributable			
(Loss)/Profit attributable to minority interest		(41)	(33)
(Loss)/Profit attributable to members of the company		153,869	(2,522,254)
		153,828	(2,522,287)
Basic and diluted EPS (Cents per share)	7	0.01	(0.35)

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 30 June 2010

		Consolidated	
	Note	Year Ended 30 June 2010	Year Ended 30 June 2009
		$	$
Current assets			
Cash and cash equivalents	9	510,700	3,850,970
Receivables	10	464,493	903,142
Inventories	11	1,056,038	834,510
Investments (at fair value)		-	1,141,000
Total current assets		2,031,231	6,729,622
Non - current assets			
Investments in associates	12	4,134,559	-
Property, plant and equipment	13	184,319,611	172,649,373
Other Non current assets	14	544,204	724,031
Total non current assets		188,998,374	173,373,404
Total assets		191,029,605	180,103,026
Current liabilities			
Payables and accrued liabilities	15	7,996,500	3,825,289
Borrowings	16	2,949,487	4,203,883
Provisions	19	1,564,136	1,577,177
Others	17	952,000	-
Total current liabilities		13,462,123	9,606,349
Non current liabilities			
Borrowings	16	2,590,989	5,025,768
Provisions	19	553,952	567,566
Total non-current liabilities		3,144,941	5,593,334
Total liabilities		16,607,064	15,199,681
Net assets		174,422,541	164,903,344
Equity			
Issued capital	20	161,439,496	152,074,129
Reserves	21	39,338,193	39,257,542
Accumulated losses	22	(26,424,381)	(26,497,599)
Total equity attributable to shareholders of the company		174,353,308	164,834,072
Minority interest		69,233	69,273
Total equity		174,422,541	164,903,345

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of changes in Equity

for the year ended 30 June 2010

	Issued Capital	Asset Revaluation Reserve	Capital Reserve	Share based payments reserve	Retaining Earning	Attributable to Owners of parent	Non controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
CONSOLIDATED								
Balance as at 1 July 2009	**152,074,129**	**37,851,950**	**571,430**	**834,163**	**-26,497,599**	**164,834,073**	**69,273**	**164,903,346**
Profit for period					73,218	73,218	- 41	73,177
Share of other comprehensive income of associates		80,651				80,651		80,651
Total comprehensive income		80,651			73,218	153,869	- 41	153,828
Owners contribution, net of transaction cost	9,365,368					9,365,368		9,365,368
Balance as at 30 June 2010	**161,439,497**	**37,932,601**	**571,430**	**834,163**	**-26,424,381**	**174,353,309**	**69,232**	**174,422,542**
Balance as at 1 July 2008	**124,357,850**	**37,851,950**	**571,430**	**1,377,575**	**-23,975,344**	**140,183,461**	**69,306**	**140,252,767**
Profit for period					- 2,522,255	- 2,522,255	- 33	- 2,522,288
Total comprehensive income					- 2,522,255	- 2,522,255	- 33	- 2,522,288
Share base payment reduction				- 543,412		- 543,412		- 543,412
Owners contribution, net of transaction cost	27,716,279					27,716,279		27,716,279
Balance as at 30 June 2009	**152,074,129**	**37,851,950**	**571,430**	**834,163**	**-26,497,599**	**164,834,073**	**69,273**	**164,903,346**

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of cash flow

for the year ended 30 June 2010

		Consolidated	
	Note	Year Ended 30 June 2010	Year Ended 30 June 2009
		$	$
Cash flows from operating activities			
Receipts from customers		21,317,528	12,960,063
Payments to suppliers and employees		(13,015,965)	(9,156,310)
Interest and other costs of finance paid		(1,587,302)	(1,156,642)
Net cash provided by operating activities	8	6,714,261	2,647,111
Cash flows from investing activities			
Interest received		16,171	80,480
Payment for property, plant and equipment		(170,031)	(6,384,680)
Payment for investment in associate		(2,669,325)	-
Development costs paid		(14,039,366)	(24,042,725)
Net cash (used in)/ provided by investing activities		(16,862,551)	(30,346,925)
Cash flows from financing activities			
Proceeds from issues of equity securities		10,317,368	27,505,529
Proceeds from borrowings		34,711	7,900,971
Repayment of borrowings		(3,544,059)	(5,437,016)
Net cash provided by/(used in) financing activities		6,808,020	29,969,484
Net (Decrease) in cash and cash equivalents		(3,340,270)	2,269,670
Cash and cash equivalents at the beginning of the year		3,850,970	1,581,300
Cash and cash equivalents at end of year	9	510,700	3,850,970

The above statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 30 June 2010

The financial report of Citigold Corporation Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 30 September 2010 and covers Citigold Corporation Limited as an individual entity as well as the consolidated entity consisting of Citigold Corporation Limited and its subsidiaries as required by the Corporations Act 2001.

Citigold Corporation Limited is a company limited by shares incorporate in Australia whose shares are publicly traded on the Australian Stock Exchange.

1. Summary of Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the year financial report. The financial reports include separate financial statements for Citigold Corporation Limited as an individual entity and the consolidated entity consisting of Citigold Corporation Limited and its subsidiaries.

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain noncurrent assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

a) Basis of consolidation

The financial report of the Citigold Corporation Group ("the consolidated entity") includes the consolidation of Citigold Corporation Limited and its respective subsidiaries. Subsidiaries are entities controlled by the parent entity. Control exists where either parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial report from the date control commences until the date control ceases. The effects of all transactions between entities within the Citigold Corporation Group have been eliminated.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where the Citigold Corporation Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in minority interests. Minority interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively.

b) Foreign Currency Translation

The results and financial position of each entity are expressed in Australia dollars, which are the functional currency of Citigold Corporation Limited and the presentation currency for the consolidated financial statements.

In preparing the financial statements of individual entities, transaction in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At balance date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance date. Non monetary items carried at fair value that are denominated in foreign currencies are retranslated at rates prevailing on the date when fair value is determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

c) Borrowings

Loan and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the loans and borrowings using the effective interest method.

d) Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

e) Trade receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 2 and 90 days. Collectibility of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off.

f) Employee benefits

1) Provision for wages and salaries, annual leave and long service leave

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.

2) Share-based payment transactions

The Company provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares. Currently, Citigold Corporation Limited has a Directors and Executive share option plan.

The fair value of options granted under the Citigold Corporation Limited Directors and Executive share option plan are recognised as an employee benefit expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined by using the Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Citigold Corporation Limited (“market conditions”). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet production targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

g) Exploration, evaluation and development expenditure

Exploration and evaluation costs are written off in the year they are incurred, apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and the expenditure is expected to be recouped through sale or successful development and exploration of the area of interest or where exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of *economically recoverable reserves*, and active and significant operations in, or in relation to, the area of interest are continuing.

Development expenditure is capitalised in the year it is incurred.

h) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

i) Taxation

Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the assets and liability give rise to them are realised or settled, based on tax rates and tax laws that have been enacted by the reporting date.

Current and deferred tax for the period is recognised as an expense or income in the statement of comprehensive income , except when it relates to items credited or debited directly to equity, in which case the deferred tax is recognised directly in equity.

Tax consolidation

The parent entity company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Citigold Corporation Limited is the head entity in the tax-consolidated group.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flow on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

j) Investment in associates

Under AASB 128, an associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations.* Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand using the first in first out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

l) Leased assets

Assets held under leases which result in entities in the consolidated entity receiving substantially all the risks and rewards of ownership of the asset (finance leases) are capitalised at the lower of the fair value of the property, plant and equipment or the estimated present value of the minimum lease payments. The corresponding finance lease obligation is included within interest bearing liabilities. The interest element is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period. ***Finance leased*** assets are amortised at a straight line method over the estimated useful life of the asset. Operating lease assets are not capitalised and rental payments are included in the Statement of comprehensive income on a straight-line basis over the lease term.

m) Financial Assets

The group classifies its financial assets as available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category, and are classified as non-current assets. After initial recognition, these investments are measured at fair value with gains or losses recognised as a separate component of equity (available-for-sale investments revaluation reserve). Where losses have been recognised in equity and there is objective evidence that the asset is impaired, the cumulative loss, being the difference between the acquisition cost and current fair value less any impairment loss previously recognised in the statement of comprehensive income, is removed from equity and recognised in the statement of comprehensive income.

Reversals of impairment losses on equity instruments classified as available-for-sale cannot be reversed through statement of comprehensive income. Reversals of impairment losses on debt instruments classified as available-for-sale can be reversed through the statement of comprehensive income where the reversal relates to an increase in the fair value of the debt instrument occurring after the impairment loss was recognised in the statement of comprehensive income.

The fair value of quoted investments are determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flow of the investment have been impacted.

For equity instruments, including listed of unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have take place in technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously charged to equity, is recognised in the statement of comprehensive income

In respect of available for sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

n) Payables

Trade payables and other accounts payable are recognised when entities in the consolidated entity become obliged to make future payments resulting from the purchase of goods and services. These amounts are unsecured and have 30-60 day payment terms.

o) Property, plant and equipment

Development Properties are measured at cost less accumulated depreciation.

Freehold land is not depreciated.

All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying value or recognised as a separate asset only when it is probable that a future economic benefit associated with the item will flow to the Company and the cost can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of property, plant and equipment

The carrying amounts of property, plant and equipment (including the original capital expenditure and any subsequent capital expenditure) is depreciated to its residual value over the useful economic life of the specific assets concerned or the life of the mine or lease, if shorter. The rates vary between 4% and 40%

Depreciation is calculated on a straight line basis so as to write off the net cost or other re-valued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a ‘prospective’ basis.

p) Provision for restoration and rehabilitation

Entities in the consolidated entity are generally required to decommission and rehabilitate mine and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with its environmental policies. The expected cost of any approved decommissioning or rehabilitation programme is provided when the related environmental disturbance occurs, based on the interpretation of environmental and regulatory requirements.

Where there is a change in the expected decommissioning and restoration costs, an adjustment is recorded against the carrying value of the provision and any related asset, and the effect is then recognised in the statement of comprehensive income in the year incurred.

The provisions referred to above does not include any amounts related to remediation costs associated with unforeseen circumstances. Such costs are recognised when environmental contamination as a result of oil and chemical spills or other unforseen events gives rise to a loss which is probable and reliably estimable. The cost of other activities to prevent and control pollution is charged to the statement of comprehensive income as incurred.

q) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

r) Earnings per share

1) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of the Group, adjusted for the after-tax effect of preference dividends on preference shares classified as equity, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year. The weighted average number of issued shares outstanding during the financial year does not include shares issued as part of the Employee Share Option Plan that are treated as in-substance options.

2) Diluted Earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

s) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Other income

Other income is recognised on a receivable basis.

t) Borrowing Costs

Borrowing costs are expensed unless capitalised to qualifying assets.

u) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Company's and consolidated entity's assessment of the impact of these new standards and interpretations is that the application of the standards and interpretation will have no material impact on the Company's or Consolidated Entity's financial reports.

v) Accounting estimates and judgements

Critical accounting estimates and assumptions

Details of critical accounting estimates and assumptions about the future made by management at reporting date are set out below:

Assumptions on the valuation of share options per note 18

Notes to the Financial Statements
for the year ended 30 June 2010

2. Other Income

	Consolidated	
	Year Ended 30 June 2010	Year Ended 30 June 2009
	$	$
Interest received	16,171	80,480
Equipment Hire	532,640	48,500
Profit on sale of asset	407,573	-
Sundry Income	102,851	75,926
Total	1,059,235	204,906

3. Expenses

Other Expenses

Insurance	309,726	363,486
Office administration costs	748,475	732,374
Government Statutory Royalty Payments	536,354	329,927
Corporate administration	268,579	384,990
Tenement charges and costs	291,506	190,508
Travel expenses	372,770	381,102
Professional fees	84,558	201,398
Loss on currency transactions	1,197	-
Impairment of debtors	-	-
Loss on available for sale asset	-	489,000
Total	2,613,165	3,072,785

Depreciation and Amortisation Expense

Plant and Equipment	2,539,159	2,456,748

Operating Lease Expense

Operating Lease Expenses	5,556	6,050

Superannuation Expense

Superannuation Expense	485,175	426,909

4. Finance Costs

Royalty Payments	172,644	159,104
Interest Expense	623,432	466,859
Investment returns	254,872	256,227
Total	1,050,948	882,190

Royalty payments and investment returns relate to the return on $1 million investment in Citigold in a prior period. They are only payable on the first 40,000 ounces produced on the Warrior Mining Lease.

5. Auditors Remuneration

	Consolidated	
	Year Ended 30 June 2010	Year Ended 30 June 2009
	$	$
Audit and review of financial reports	40,671	85,811
Total	40,671	85,811

6. Income Tax Expense

Prima facie income tax benefit calculated at 30% (2009: 30%) on the (loss)/profit	21,953	(756,686)
Deferred tax benefit accrued/(utilised):	(21,953)	756,686
Income tax attributable to net loss for year	-	-

At 30 June 2010 consolidated deferred tax assets of $ 42,718,342 ($ 38,036,185 at 30 June 2009) arising from carried forward income tax losses calculated at a tax rate of 30% (30 June 2009 30%) have not been recognised as an asset. The benefit of these losses will only be obtained if:

(i) the company and / or the consolidated entity derive future assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;

(ii) the company and / or the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) future changes in tax legislation do not adversely impact on the utilisation of the carried forward tax losses.

At 30 June 2010 and 30 June 2009 the consolidated entity had a nil balance on the franking credit account.

7. Earnings Per Share (EPS)

a) Basic earnings per share

The calculation of basic earnings per share at 30 June 2010 was based on the profit attributable to ordinary shareholders of $73,218 (loss of $2,522,254 in 2009) and weighted average number of ordinary shares outstanding during the financial year ended 30 June 2010 of 885,341,186 (730,108,957 in 2009), calculation as follows:

	Consolidated	
	Year Ended 30 June 2010	Year Ended 30 June 2009
	$	$
Profit (loss) for the period*	73,218	(2,522,254)
Weighted average number of ordinary shares		
Opening Balance	841,786,770	678,644,974
Effect of shares issued in April		5,126,639
Effect of shares issued in June		2,668,529
Effect of shares issued in September		43,668,815
Effect of shares issued in October	11,701,152	-
Effect of shares issued in October	22,543,385	-
Effect of shares issued in October	4,600,753	-
Effect of shares issued in October	2,640,411	-
Effect of shares issued in October	2,069,345	-
Total weighted average number of ordinary shares used in calculating basic earnings per share	885,341,186	730,108,957
Profit /(Loss) per share - cents	0.01	(0.35)

** all attributable to ordinary shareholders*

Notes to the Financial Statements

for the year ended 30 June 2010

8. Reconciliation of cash flows from operating activities

	Consolidated	
	Year Ended 30 June 2010	Year Ended 30 June 2009
	$	$
Net Profit/ (Loss) for the year	73,177	(2,522,287)
Adjustments for:		
Depreciation and Amortisation	2,539,159	2,456,748
Interest Received	(16,171)	(80,481)
Executive Share Payments	-	(543,412)
Unrealised loss on investments	(243,583)	489,000
(Increase)/ decrease in Trade and other receivables	438,649	(335,393)
(Increase)/ decrease in inventories	(221,527)	912,762
(Decrease)/ increase in trade and other payables	4,171,211	1,615,780
Increase/ (decrease) in Employee provisions	(26,654)	654,393
Net Cash from operating activities	6,714,261	2,647,110

9. Cash and Cash Equivalents

Bank Balances	388,869	3,732,425
Call deposits	121,831	118,545
Cash and cash equivalents in cash flow statement	510,700	3,850,970

Bank balance is earning interest at a rate between 1.45% and 4.25% per annum.
The call deposit is earning interest at the rate of 3.20% per annum.

Cash and cash equivalents are held with two high quality financial institutions.

10. Receivables

CURRENT		
Trade Debtor	-	1,080
Trade Debtor impairment	-	-
Security Bonds	24,783	81,583
Other Receivables and Accrued Income	87,000	469,054
Prepayments	129,851	92,053
GST paid on acquisitions	222,859	259,373
Total	464,493	903,143

All of the above receivables are held by a credit worthy party. Recoverability of the receivables is highly probable

11. Inventories

Current		
Raw Material	-	-
Consumables	305,016	243,910
Gold and Silver on hand	751,022	590,600
Total	1,056,038	834,510

12. Investments in Associates

Name of Associate	Principal activity	Place of Incorporation and Operation	Proportion of Ownership Interest and Voting Power Year Ended 30 June 2010	Proportion of Ownership Interest and Voting Power Year Ended 30 June 2009
Gateway Mining Ltd	Gold and base metals exploration	Australia	46%	14%

On 9 October 2009, the group acquired a further 32.8% interest in Gateway Mining Limited, increasing its total interest in Gateway Mining Limited 46%. The fair value of the group's interest in Gateway Mining Limited as at 30 June 2010, which is listed on the stock exchange of Australia is $2.27 million

Summarised financial information in respect of the Group associate is set out below:

	Consolidated Year Ended 30 June 2010 $
Total assets	9,554,326
Total liabilities	84,513
Net assets	9,469,813
Consolidated entity's share of net assets of associates	4,355,167
Goodwill on acquisition	220,608
Investment in Associates	4,134,559
Total loss for the period October 2009 to June 2010	356,420
Group's share of loss of associates	163,918

13. Plant, Property and Equipment

	Consolidated Year Ended 30 June 2010 $	Consolidated Year Ended 30 June 2009 $
Plant, Property and Equipment		
Exploration, Evaluation and Development expenditure		
Costs brought forward in respect of areas of interest:	83,037,728	58,995,004
Costs incurred in period	13,569,111	23,317,447
Capitalised Borrowing Costs	470,255	725,277
Less: Accumulated amortisation	(1,142,988)	(1,142,988)
Total exploration, evaluation and development expenditure	95,934,106	81,894,740
Development Property – at deemed cost		
Costs brought forward	74,439,914	74,439,914
Less: Accumulated amortisation	-	-
Total development property	74,439,914	74,439,914
Freehold Land and Buildings		
- at deemed cost		
Carrying amount at beginning of year	518,548	518,548
Carrying amount at end of year	518,548	518,548
Plant and Equipment		
At Cost	24,913,423	24,747,649
Less: accumulated depreciation	(11,486,380)	(8,951,478)
Carrying amount at end of year	13,427,043	15,796,171
Total Carrying Value	184,319,611	172,649,373
Reconciliation of Plant and Equipment:		
Plant and Equipment		
Carrying amount at beginning of year	15,796,171	11,868,238
Net additions/(sale) during year	170,031	6,384,681
Less: depreciation charged in year	(2,539,159)	(2,456,748)
Carrying amount at end of year	13,427,043	15,796,171

Leased Plant and Machinery

Entities in the consolidated entity lease production equipment under a number of hire purchase and finance lease agreements. At the end of each lease the entity has the option to purchase the equipment at a beneficial price. For the additions in the group during the period, no asset (2009: $5,878,375) were purchased under hire purchase and finance lease. At 30 June 2010, the net carrying amount of leased plant and machinery was $8,135,158.92 (2009: $10,893,525.96). The lease equipment secures lease obligations.

Exploration, Evaluation and Development expenditure

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

14. Other non-current assets

	Consolidated	
	Year Ended 30 June 2010	Year Ended 30 June 2009
	$	$
Security deposit against restoration costs lodged with the Department of Mines and Energy	544,204	529,181
Security deposits	-	194,850
Total	544,204	724,031

Security deposits are held with a credit worthy third party. Recoverability of the deposit is highly probable.

15. Payables and Accrued Liabilities

	Year Ended 30 June 2010	Year Ended 30 June 2009
Current		
Trade creditors	4,144,928	2,517,809
Sundry creditors and accrued expenses	3,851,572	1,307,480
Total	7,996,500	3,825,289

16. Borrowings

	Year Ended 30 June 2010	Year Ended 30 June 2009
Current		
Unsecured Liabilities		
Loan from director related entities	83,286	-
Loan from unrelated party	283,285	1,243,624
Secured Liabilities		
Finance lease liabilities	2,582,916	2,960,259
Total	2,949,487	4,203,883
Non Current		
Secured Liabilities		
Finance lease liabilities	2,590,989	5,025,768

Loan from unrelated party

The loan is recallable at any time and interest is calculated at 12% per annum.

Loan from director related party

The loan is recallable at any time and interest is calculated at 12% per annum.

17. Other Current Liabilities

	Year Ended 30 June 2010	Year Ended 30 June 2009
Advance against share issue	952,000	-

Advance against share issue relates to share payment made in advance to the allotment of ordinary shares.

18. Share Based Payments

Employees/ Directors

Citigold Corporation Limited has a Directors and Executive share option plan to provide an incentive for future performance and retention of key personnel.

Each share option converts to one ordinary share of Citigold Corporation Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options may be exercised at any time from the date of vesting to the date of their expiry.

The general terms and conditions of options affecting remuneration in this or future reporting periods are as follows: (All options have been issued on the same terms and conditions as the Director's options approved at the 2006 Annual General Meeting.)

The options have an exercise price of $0.50, vested over a period of two years, were subject to performance conditions being achieved and expire 3 years after vesting. The performance conditions are listed below.

Tranche	Performance Condition	Required Date	Number of Options
1	Nil	N/A	30%
2	Share Price of $0.73 or production rate of 50,000 oz p.a.	15 December 2007	35%

The following shared based payment arrangements were in existence during the current and comparative reporting periods:

Option Series	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at grant date
1) Issued 27 November 2006	4,812,500	27/11/2006	10-Apr-11	$ 0.50	0.07
2) Issued 6 August 2007	1,750,000	6/08/2007	10-Apr-11	$ 0.50	0.13

The following reconciles the outstanding share options granted under the Director/Employees share option plan:

	2010 Number of options	2009 Number of options
Balance at beginning of the financial year	12,187,500	18,750,000
Granted during the financial year	-	-
Forfeited and expired during the financial year	5,625,000	6,562,500
Exercised during the financial year	-	-
Balance at end of the financial year	6,562,500	12,187,500
Exercisable at the end of financial year	6,562,500	12,187,500

No share options have been exercised under the Director/Employees share option plan during the financial year. 5,625,000 options have expired during the year.

Fair Value of option

The fair value at grant date was determined by using the Black-Scholes option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life and the risk free rate.

The Options are granted for no consideration. Expected volatility was determined based on the historic volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility based on publicly available information.

Creditors/ suppliers

No share payments were made to any creditor or supplier of the consolidated entity during the period.

19. Provisions

	Consolidated	
	Year Ended 30 June 2010	Year Ended 30 June 2009
	$	$
Current Provisions		
Employee benefits	1,564,136	1,577,177
Total	1,564,136	1,577,177
Non Current Provisions		
Employee benefits	46,148	59,762
Restoration and rehabilitation	507,804	507,804
Total	553,952	567,566

Restoration, rehabilitation and environmental

The provision for restoration, rehabilitation and environmental work has been classified as a non-current provision as the obligation to perform such work will only arise on the cessation of mining. The provision, which has not been discounted to present value, is fully funded by a cash deposit of an equal or greater amount held by the Queensland Department of Employment, Economic Development and Innovation.

20. Issued Capital

Reconciliation of movement in issued capital of the parent entity

Movements in Issued Capital 2010:

Date	Details	Number of Shares	Issue Price $	$
Balance as at 1 July 2009		841,786,770		152,074,129
09-Oct-09	Share Placement	16,177,729	0.17	2,669,325
16-Oct-09	Share Placement	32,016,870	0.16	5,122,699
16-Oct-09	Share Placement	6,534,144	-	-
16-Oct-09	Share Placement	3,750,000	0.20	750,000
31-Mar-10	Share Placement	8,300,121	0.12	996,015
	Transaction costs on share issue			(172,672)
	Total movement during the year	66,778,864		9,365,367
	Balance for the year	908,565,634		161,439,496

Movements in Issued Capital 2009:

Date	Details	Number of Shares	Issue Price $	$
Balance as at 1 July 2008		678,644,974		124,357,850
26-Sept-08	Share Placement	7,541,941	0.15	1,131,291
26-Sept-08	Share Placement	50,000,000	0.20	10,000,000
30-Apr-09	Share Placement	20,500,000	0.20	4,100,000
30-Apr-09	Share Placement	6,135,382	0.26	1,595,200
30-Apr-09	Share Placement	300,000	0.23	69,000
30-Apr-09	Share Placement	3,740,410	-	-
17-Jun-09	Share Placement	71,356,250	0.16	11,417,000
17-Jun-09	Share Placement	3,567,813	-	-
	Transaction costs on share issue			(596,212)
	Total movement during the year	163,141,796		27,716,279
	Balance for the year	841,786,770		152,074,129

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Share options

The terms, amount and number of options are as follows:

Number of options outstanding as at 30 June 2010:

Issuing Entity	Number of options	Exercise Price	Expiry date of Option
Citigold Corporation Limited	6,562,500	$0.50	10 April 2011
Citigold Corporation Limited	7,395,382	$0.23	30 April 2011
Citigold Corporation Limited	2,000,000	$0.20	1 March 2011
Citigold Corporation Limited	15,384,615	$0.26	26 March 2011
Citigold Corporation Limited	300,000	$0.27	16 October 2011
Balance as at 30 June 2010	31,642,497		

Number of options outstanding as at 30 June 2009:

Issuing Entity	Number of options	Exercise Price	Expiry date of Option
Citigold Corporation Limited	122,222	$0.45	20 November 2009
Citigold Corporation Limited	5,625,000	$0.50	27 November 2009
Citigold Corporation Limited	1,330,357	$0.37	14 May 2010
Citigold Corporation Limited	6,562,500	$0.50	10 April 2011
Citigold Corporation Limited	7,395,382	$0.23	30 April 2011
Citigold Corporation Limited	2,000,000	$0.20	1 March 2011
Citigold Corporation Limited	15,384,615	$0.26	26 March 2011
Balance as at 30 June 2009	38,420,076		

Movement in share options

The movement in the company's share options during the year ended 30 June 2010 were as follows:

Date	Details	Number of options	Issue Price $	$
16-Oct-09	Issue of options	300,000	-	-
20-Nov-09	Expiry of options	(122,222)	-	-
27-Nov-09	Expiry of options	(5,625,000)	-	-
14-May-10	Expiry of options	(1,330,357)	-	-
	Total Movement	(6,777,579)		-

Ordinary shares

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

Capital Risk Management

The Group considers its capital to comprise its ordinary share capital plus reserves.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through its new share issues, or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

It is the Group's policy to maintain its gearing ratio within the range of 0 – 15% *(2009: 0 - 15%)*. The Group's gearing ratio at the balance date is shown below

	Consolidated	
	Year Ended 30 June 2010	Year Ended 30 June 2009
	$	$
Gearing Ratio:		
Net debt	5,540,476	9,229,656
Total equity	174,422,451	164,903,346
Total capital	179,962,921	174,133,002
Gearing Ratio	3.08%	5.30%

21. Reserves

Composition:		
Asset Revaluation Reserve	37,932,601	37,851,950
Capital Profits Reserve	571,430	571,430
Share Based Remuneration Reserve	834,162	834,162
Total	39,338,193	39,257,542
Asset Revaluation Reserve		
Balance at beginning of the year	37,851,950	37,851,950
Revaluation (decrease)/ increase during the year	80,651	-
Balance at end of Year	37,932,601	37,851,950
Capital Profits Reserve		
Balance at beginning of the year	571,430	571,430
Revaluation (decrease)/ increase during the year	-	-
Balance at end of Year	571,430	571,430
Share Based Remuneration Reserve		
Balance at beginning of the year	834,162	1,377,575
Revaluation (decrease)/ increase during the year	-	(543,412)
Balance at end of Year	834,162	834,162

Asset Revaluation

The asset revaluation reserve contains net revaluation increments and decrements arising on the revaluation of non-current assets.

Capital Profits

Upon disposal of re-valued assets, and increments standing to the credit of the asset revaluation reserve is transferred to the capital profits reserve.

22. Accumulated Losses

	Consolidated	
	Year Ended 30 June 2010	Year Ended 30 June 2009
	$	$
Accumulated losses at beginning of the year	(26,497,599)	(23,975,345)
Net Profit/ (loss) attributable to members of the parent entity for the year	73,218	(2,522,254)
Total	(26,424,381)	(26,497,599)

23. Financial Risk Management

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

These are the principal financial instruments from which financial instrument risk arises:

- Trade receivables
- Cash at bank
- Trade and other payables

		Consolidated	
	Note	Year Ended 30 June 2010	Year Ended 30 June 2009
Financial Instruments		$	$
Cash	9	510,700	3,850,970
Trade debtor	10	-	-
Trade debtor impairment	10	-	-
Security bonds	10	24,783	81,583
Prepayments (if these are refundable)	10	129,851	92,053
Receivables	10	87,000	469,054
Deposits (if refundable)	14	544,204	724,031
Loans and Receivables (Cash and Cash equivalents)		1,296,538	5,217,691
Available for sale financial assets		-	1,141,000
Trade creditors	15	4,144,928	2,517,810
Sundry creditors and accrued expenses (exclude accrued expenses and any statutory amounts such as PAYG/Superannuation)		1,862,970	404,678
Loan from unrelated party	16	238,989	1,243,624
Loan Others	16	83,286	-
Finance lease liability - current	16	2,582,916	2,960,259
Finance lease liability -non current	16	2,590,989	5,025,768
Financial liabilities at amortised cost		11,504,078	12,152,139
Categories of financial Instruments			
Loans and Receivables (Including cash and cash equivalents)		1,296,539	5,217,691
Available for sale financial assets		-	1,141,000
Financial liabilities at amortised cost		(11,504,078)	(12,152,139)
Total		(10,207,539)	(5,793,448)

b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group.

The maximum exposure to credit risk at balance date is as follows:

	Consolidated 2010	Consolidated 2009
	$	$
Loans and receivables	785,838	1,366,721
Cash and Cash Equivalents	510,700	3,850,970
	1,296,538	5,217,691

Included in loans and receivables is a significant customer, located in Australia accounts for 100% of trade receivables at 30 June 2010. (2009: 100%).

The maximum exposure to credit risk at balance date by country is as follows:

	2010	2009
Australia	1,296,538	5,217,691
	1,296,538	5,217,691

c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. It is the policy of the Board of Directors that the Treasury maintains adequate committed credit facilities and the ability to close-out market positions.

Financing arrangements

Maturity Analysis - Group 2010

Financial Liabilities	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	$	$	$	$	$	$
Trade Creditors	4,144,928	4,144,928	4,144,928	-	-	-
Finance lease liabilities	5,173,905	5,883,403	1,670,228	1,459,053	2,754,122	-
Term Loans	238,989	238,989	238,989	-	-	-
Loans others	83,286	83,268	83,268			
TOTAL	9,641,108	10,350,588	6,137,413	1,459,053	2,754,122	-
Financial Assets						
Trade debtors	-	-	-	-	-	-
Other receivables	241,634	241,634	241,634	-	-	-
Loans to related parties	-	-	-	-	-	-
TOTAL	241,634	241,634	241,634	-	-	-

Maturity Analysis - Group 2009

Financial Liabilities	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
Trade Creditors	2,517,810	2,517,810	2,517,810	-	-	-
Finance lease liabilities	7,986,028	9,429,557	1,951,037	1,775,472	5,234,489	468,559
Term Loans	1,243,624	1,243,624	1,243,624			
Loans others	-	-	-	-	-	-
TOTAL	11,747,462	13,190,991	5,712,471	1,775,472	5,234,489	468,559
Financials Assets						
Trade debtors	-	-	-	-	-	-
Other receivables	642,690	642,690	642,690	-	-	-
Loans to related parties	-	-	-	-	-	-
TOTAL	642,690	642,690	642,690	-	-	-

d) Market Risk

Market risk arises from the use of foreign currency financial instruments. It is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk).

e) Interest rate risk

All loans have fixed interest rates, cash and cash equivalents are invested at variable interest rates subjecting the interest amount received to interest rate risk. The balance in cash and cash equivalents will not drop regardless of the interest rate therefore there is no down side interest rate risk.

Sensitivity Analysis

	Carrying Amount AUD	+1% Profit	-1% Profit
	$	$	$
Consolidated - 2010			
Cash and cash equivalents	510,700	5,107	-
Tax charge of 30%	-	(1,532)	-
After tax increase/ (decrease)	-	3,575	-

The above analysis assumes all other variables remain constant.
The same analysis was performed for the period ended 30 June 2009.

	Carrying Amount AUD	+1% Profit	-1% Profit
Consolidated - 2009			
Cash and cash equivalents	3,850,970	38,510	-
Tax charge of 30%	-	(11,550)	-
After tax increase/ (decrease)	-	26,960	-

f) Other price risk

The Group invests surplus cash in publicly traded shares and in doing so it exposes itself to the fluctuations in price that are inherent in such a market. The group monitors the performance of the listed equity securities on a continuous basis

The Group's exposure to equity price risk is as follows:

2010	ASX
Listed Securities	2,269,773

The group's most significant holding is in the Exploration sector which accounts for 100% of its total investments in ASX listed shares.

2009	ASX
Listed Securities	1,141,000

The group's most significant holding is in the Exploration sector which accounts for 100% of its total investments in ASX listed shares.

Sensitivity Analysis

	Carrying Amount AUD	+10% ASX Profit	-10% ASX Profit
	$	$	$
Consolidated - 2010			
Listed securities on ASX	2,269,773	226,977	(226,977)
Tax charge of 30%	-	(68,093)	68,093
After tax increase/ (decrease)	-	158,884	(158,884)

The above analysis assumes all other variables remain constant.

The same analysis was performed for the period ended 30 June 2009.

	Carrying Amount AUD	+10% ASX Profit	-10% ASX Profit
Consolidated - 2009			
Listed securities on ASX	1,141,000	114,100	(114,100)
Tax charge of 30%	-	(34,230)	34,230
After tax increase/ (decrease)	-	79,870	(79,870)

The above analysis assumes all other variables remain constant.

24. Commitments

Finance Lease Liabilities

	Consolidated	
	Year Ended 30 June 2010	Year Ended 30 June 2009
	$	$
Finance Lease Commitments Payable		
- not later than one year	3,083,779	3,726,509
- later than one year but not later than five years	2,797,460	5,703,048
Minimum lease payments	5,881,239	9,429,557
Less future finance charges	(707,334)	(1,443,529)
Total lease liability	5,173,905	7,986,028

The finance leases commitments are for finance leases over mining machinery, office equipment, motor vehicles and portable items of plant. At the end of each lease, the entity has the option to purchase the equipment at a beneficial price. The leases are on normal commercial terms and conditions and are for terms of between one and five years. The group's obligations under the leases are secured by the lessor's title to the leased assets.

Exploration expenditure commitments

The consolidated entity and the Company have the following discretionary exploration expenditure commitments in respect of exploration and mining tenements to maintain current rights of tenure. These commitments may be reduced by renegotiation upon renewal of the tenements, or by relinquishment of tenure.

	Consolidated	
	Year Ended 30 June 2010	Year Ended 30 June 2009
	$	$
Exploration expenditure commitments payable:		
- not later than one year	20,000	-
- later than one year but not later than five years	324,185	188,402
Total	344,185	188,402

Operating lease commitments

Operating Lease Commitments in respect of non-cancellable operating leases contracted for but not capitalised in the financial statements

	Consolidated	
	Year Ended 30 June 2010	Year Ended 30 June 2009
	$	$
Operating lease commitments payable		
- not later than one year	8,665	14,658
- later than one year but not later than five years	-	8,011
Total	8,665	22,669

The general terms of the operating lease commitments disclosed above are: Non - cancellable leases for rental of office equipment with initial terms of between 3 and 5 years. Rentals are payable monthly. The agreements do not contain escalation clauses. Options exist to renew the leases annually at the end of the lease term.

25. Consolidated Entities

	Country Of Incorpora-tion	Ownership Interest 2010	Ownership Interest 2009	Date of Incorporation
Charters Towers Gold Pty Ltd	Australia	100	100	5 Oct 1995
Charters Towers Mines Pty Ltd	Australia	91.5	91.5	14 Mar 1984
Charters Technology Pty Ltd	Australia	100	100	13 Jan 2000
Gold Management Pty Ltd	Australia	100	100	28 Jan 2000
Gold Projects Pty Ltd	Australia	100	100	25 Jan 2000
Great Mines Pty Ltd	Australia	100	100	19 Mar 1984
Deeprock Mining Pty Ltd	Australia	81.2	81.2	18 Jun 1984
Citigold FZCO	UAE	100	100	11 Dec 2002
Queensland Gold Mines Pty Ltd	Australia	100	100	27 Feb 2006
Citigold Mining Private Limited	India	100	100	13 March 2009

26. Financial Instruments

Exposure to credit, interest rate risk and currency risk arise in the normal course of the consolidated entity's business. No hedging of this risk is undertaken by the consolidated entity.

Fair Values

	30 June 2010		30 June 2009	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Equity Securities available for sale	-	-	1,141,000	1,141,000
Trade and other receivables	464,493	444,491	1,366,721	1,302,746
Cash and cash equivalents	510,700	510,700	3,850,970	3,850,970
Trade and other payables	(4,048,974)	(4,048,974)	(3,825,289)	(3,825,289)
Non current assets(note 14)	544,204	520,769	724,031	676,544
Non-current interest bearing liabilities (note 16)	(2,590,989)	(2,372,646)	(5,025,768)	(4,682,737)

Securities

Fair value is based on quoted market prices at the balance date without any deduction for transaction costs.

27. Related Party Transactions

(a) Parent entity

The ultimate parent entity within the Consolidated Group is Citigold Corporation Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 25.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 33

(d) Loans to related parties

Citigold Corporation Limited has provided an unsecured, interest free loan to its wholly owned subsidiaries. An impairment assessment is undertaken each financial year by examining the financial position of the subsidiary and the market in which the subsidiaries operate to determine whether there is objective evidence that the loan to each subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment.

(e) Loans from related parties

Citigold Corporation Limited has been provided an unsecured, interest free loan from its wholly owned subsidiaries.

Notes to the Financial Statements

for the year ended 30 June 2010

28. Change in Accounting Policy

Valuation of Development Property and Deferred Tax Provision

In prior periods, Development Property had been recorded at fair value and a Deferred Tax Liability recognised in respect of revaluation of Development Property in accordance with the accounting standards. However, with the group planning on moving into commercial production this year, it is considered necessary to change the accounting policy of recording Development Property at fair value to recording Development Property at cost. This change will result in the financial report providing more relevant information about the financial performance and financial position of the group.

The following accounts have been impacted by the change in policy on the consolidated financial statements for the year ended 30 June 2009.

Further impacts of the change in accounting policy on the opening balance of 1 July 2009 are as follows:

	Consolidated
	$
Total Asset	
Previously Reported	260,146,403
Adjustments	(80,043,376)
Restated Total Asset	**180,103,027**
Total Liabilities	
Previously Reported	(35,335,245)
Adjustments	20,135,563
Restated Total Liabilities	**(15,199,682)**
Total Equity	
Previously Reported	224,811,159
Adjustments	(59,907,813)
Restated Total Equity	**164,903,346**
Development Property	
Previously Reported	154,483,290
Adjustments	(80,043,376)
Restated Development Property	**74,439,914**
Total Asset Revaluation Reserve	
Previously Reported	96,037,425
Adjustments	(58,185,475)
Restated Asset Revaluation Reserve	**37,851,950**
Tax Provision	
Previously Reported	(20,135,563)
Adjustments	20,135,563
Restated Tax Provision	-

29. Subsequent Events

During the quarter ending 30 September 2010 the Company issued 55,946,667 shares raising $5.5 million.

30. Going Concern

The financial statements have been prepared on a going concern basis. As in previous financial periods, the ability of the consolidated entity to meets its expenditure commitments and progress with its development and exploration program is dependent upon production and continued capital raising.

31. Contingent Liabilities

Nil

32. Segment Reporting

The consolidated entity operates in the mining exploration industry. Details of the mining exploration activities are set out in the review of operations. Each company within the consolidated entity operates within the one geographic area, being Australia.

33. Key management personnel disclosures

(a) Directors

The following persons were Directors of Citigold Corporation Ltd during the financial year:

- J J Foley — Non-executive Chairman
- M J Lynch — Managing Director
- T V Willsteed — Non-executive Director

(b) Other Key Management Personnel

The following persons also have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

- M B Martin — Company Secretary and Chief Financial Officer
- C A J Towsey — Chief Operating Officer and Site Senior Executive

All the above persons were also Key Management Personnel/ directors during the year ended 30 June 2010 and are all employees of the Group.

(c) Key management personnel compensation

	Consolidated	
	2010	2009
	$	$
Short term employee benefits	1,077,282	1,049,593
Post employment benefits	39,948	47,309
Other long term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
	1,117,230	1,096,902

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report on pages 20 to 21 of this annual report.

(d) Key management personnel equity interest

Shares

The number of shares held in the Company during the financial year by each Director and each of the Key Management Personnel of the Group, including related entities, are set out below:

2010	Balance at the start of the year	Exercise of options	Other net changes during the year	Balance at the end of the year
Directors				
J J Foley	4,693,124	-	43,326	4,736,450
M J Lynch	87,024,522	-	708,336	87,732,858
T V Willsteed	281,250	-	83,334	364,584
Other Key Management Personnel				
C A J Towsey	215,737	-	(24,500)	191,237
M B Martin	-	-	30,000	30,000

2009	Balance at the start of the year	Exercise of options	Other net changes during the year	Balance at the end of the year
Directors				
J J Foley	4,599,374	-	93,750	4,693,124
M J Lynch	86,801,083	-	223,439	87,024,522
T V Willsteed	-	-	281,250	281,250
Other Key Management Personnel				
C A J Towsey	441,728	-	(225,991)	215,737
M B Martin	-	-	-	-

Options

(a) Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options can be found in the detailed remuneration disclosures to the Directors Report.

(b) The number of options held in the Company during the financial year by each Director and each of the Key Management Personnel of the Group, including related entities, are set out below:

2010	Balance at the start of the year	Exercise of options	Granted during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors						
J J Foley	1,950,000	-	-	(900,000)	1,050,000	1,050,000
M J Lynch	6,500,000	-	-	(3,000,000)	3,500,000	3,500,000
T V Willsteed	487,500	-	-	(225,000)	262,500	262,500
Other Key Management Personnel						
C A J Towsey	650,000	-	-	(300,000)	350,000	350,000
M B Martin	650,000	-	-	(300,000)	350,000	350,000

2009	Balance at the start of the year	Exercise of options	Granted during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors						
J J Foley	3,000,000	-	-	(1,050,000)	1,950,000	1,950,000
M J Lynch	10,000,000	-	-	(3,500,000)	6,500,000	6,500,000
T V Willsteed	750,000	-	-	(262,500)	487,500	487,500
Other Key Management Personnel						
C A J Towsey	1,030,750	-	-	(380,750)	650,000	650,000
M B Martin	1,000,000	-	-	(350,000)	650,000	650,000

LOANS TO DIRECTORS OR KEY MANAGEMENT PERSONNEL

No loans were granted to any directors or other key management personnel of the Company and the group during the period ending 30 June 2010.

34. Parent Entity Financial Information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent Entity	
	Year Ended 30 June 2010	Year Ended 30 June 2009
	$	$
Balance Sheet		
Current assets	965,983	5,558,139
Total assets	191,493,582	186,507,048
Current liabilities	4,602,040	4,569,614
Total Liabilities	9,949,839	9,995,560
Shareholders' equity		
Issued Capital	161,439,496	152,074,129
Reserves	37,932,601	37,851,950
Share-based payments	834,163	834,163
Retained loss	18,662,517	14,248,755
Profit and Loss		
Loss for the year	4,413,762	4,662,170
Total comprehensive loss	4,333,111	4,662,170

b) Guarantees entered into by the parent entity

Citigold Corporation Limited has provided unsecured guarantees in respect of the provisions of financial assistance to of some of the subsidiaries within the Group. No liability was recognised by Citigold Corporation Limited in relation to these guarantees as the likelihood of payment is not probable.

c) Contingent liabilities of the parent entity

There are no contingent liabilities in respect of the parent entity.

d) Contractual commitments by the parent entity for the acquisition of property, plant and equipment.

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment.

Directors' Declaration

In the opinion of the directors of Citigold Corporation Limited

a) The financial statements and notes set out on pages 30 to 59 are in accordance with the Corporations Act 2001 including:

    (i) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2010 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

c) The remuneration disclosures included in pages 20 to 21 of the Directors' Report (as part of the Remuneration Report), for the year ended 30 June 2010, comply with section 300A of the Corporations Act 2001; and

d) there are reasonable grounds to believe that the company and the group entities identified in Note 25 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2010 pursuant to Section 295A of the corporations act.

This declaration is made in accordance with a resolution of the directors.

J J Foley
Chairman

M J Lynch
Director

Sydney

30 September 2010

Suite 2404
Level 24 MLC Centre
19-21 Martin Place
Sydney NSW 2000

K.S. Black & Co.

ABN — 57 446 398 808

Level 1, 460 Church Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITIGOLD CORPORATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Citigold Corporation Limited (the company) and Citigold Corporation Limited and Controlled Entities (the consolidated entity) which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year ended on that date, a summary of significant accompanying policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Director's Responsibility for the Financial Report

The Directors of Citigold Corporation Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report comprising the financial statement and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Citigold Corporation Limited on 30 September 2010 would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Phone 02 8839 3000 Fax 02 8839 3055
www.ksblack.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITIGOLD CORPORATION LIMITED (Cont'd)

Auditor's Opinion

In our opinion:

(a) the financial report of Citigold Corporation Limited and Citigold Corporation Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Report of the Remuneration Report

We have audited the Remuneration Report included on pages 17 to 19 of the Directors report for the year ended 30 June 2010. The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Citigold Corporation Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

KS Black & Co
Chartered Accountants

Stuart H. Cameron

Stuart H. Cameron
Partner

Sydney, 30 September 2010

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this Report.

1. SHAREHOLDINGS as at 30 September 2010

Distribution of members and their holdings:

Range	Total Holders	Units
1 - 1,000	1,425	585,458
1,001 - 5,000	1,981	6,016,039
5,001 - 10,000	1,453	11,937,928
10,001 - 100,000	4,426	169,627,940
100,001 – and over	1,259	775,924,936
Total	**10,544**	**964,092,301**

2,814 shareholders have less than a marketable parcel of ordinary shares.

Substantial shareholders - as at 30 September 2010

Name	Number of Shares	% of Issued Share Capital
Aurora Investments Limited	68,659,983	7.12%

Voting rights - All shares carry voting rights of one vote per share

Twenty largest shareholders – as at 30 September 2010

Name	Number Of Shares	% Of Issued Share Capital
Aurora Investments Limited	68,659,983	7.12
National Nominees Limited	37,808,758	3.92
Citicorp Nominees Pty Limited	35,044,882	3.64
Phillip Securities Pte Ltd	25,479,521	2.64
Hsbc Custody Nominees (Australia) Limited	23,139,217	2.40
Jetset International Limited	20,000,000	2.07
Sparky International Trade Company Limited	20,000,000	2.07
JP Morgan Nominees Australia Limited	18,774,624	1.95
JFO Investments Labuan Ltd	11,995,918	1.24
Mr Weitian Zhang	9,899,129	1.03
Underwriting & Mining Investment Corporation Pty Ltd	9,832,732	1.02
J P Morgan Nominees Australia Limited	8,853,864	0.92
RBC Dexia Investor Services Australia Nominees Pty Limited	7,500,000	0.78
Rosa and Sons Investments Pty Ltd	5,775,382	0.60
John Francis Lynch	5,669,090	0.59
Miss Lily Lee	5,500,000	0.57
Nefco Nominees Pty Ltd	4,831,918	0.50
Mr Sj Reynolds + Mrs Am Rees	4,704,335	0.49
Bill Ford Nominees Pty Ltd	4,233,981	0.44
JF Apex Securities Berhad	4,125,000	0.43
	331,828,334	**34.42%**

2. RESTRICTED SECURITIES

At the time of this report there are no ordinary shares classified as restricted securities

3. ON MARKET BUY BACK

There is no current on-market buy back.

4. SUMMARY OF MINING TENEMENTS & AREAS OF INTEREST as at 30 September 2010

The Consolidated Entity has a 100% control of the following mining tenements at Charters Towers:

Exploration Permit Minerals	*EPM 11658*	*EPM 13453*	*EPM 15964*		
Exploration Permit Minerals Application	*EPMA 16979*	*EPMA 15966*	*EMPA 18820*	*EPMA 18813*	*EPMA 18465*
Mineral Development Licence	*MDL 116*	*MDL 118*	*MDL 119*	*MDL 251*	
Mineral Development Licence Application	*MDLA 252*				

Mining Lease

ML 1343	*ML 1398*	*ML 1429*	*ML 1488*	*ML 1549*	*ML 10032*	*ML 10196*	*ML 10284*
ML 1344	*ML 1407*	*ML 1430*	*ML 1490*	*ML 1585*	*ML 10042*	*ML 10208*	*ML 10285*
ML 1347	*ML 1408*	*ML 1431*	*ML 1491*	*ML 1586*	*ML 10048*	*ML 10222*	*ML 10335*
ML 1348	*ML 1409*	*ML 1432*	*ML 1499*	*ML 1587*	*ML 10050*	*ML 10281*	
ML 1385	*ML 1424*	*ML 1433*	*ML 1521*	*ML 1735*	*ML 10093*	*ML 10282*	
ML 1387	*ML 1428*	*ML 1472*	*ML 1548*	*ML 10005*	*ML 10193*	*ML 10283*	

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