

## ANNOUNCEMENT

### Charters Towers Update

**10 February 2010: Brisbane, Australia** – Citigold Corporation Limited (Citigold) (ASX:CTO, FSE:CHP) is pleased to provide further details with regard to the planned expansion of mining operations, including plans to develop three reefs simultaneously at the company's City mines area at Charters Towers

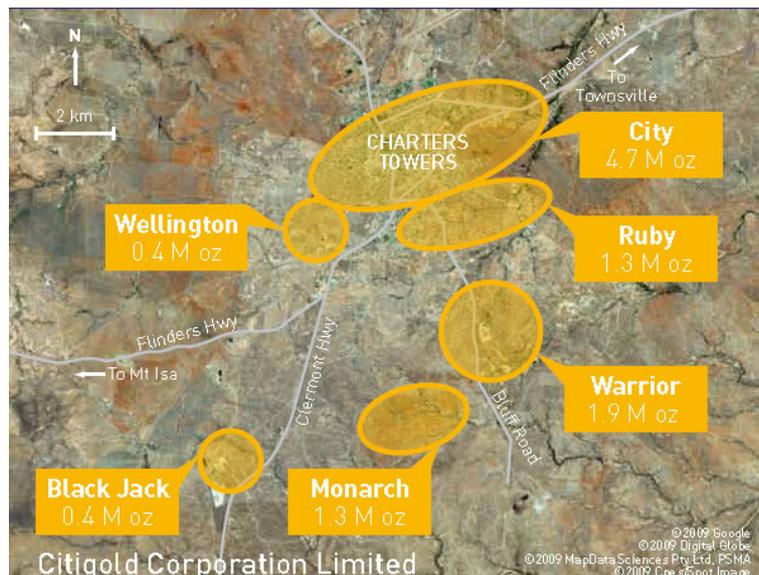
As outlined in the recent Quarterly Report, to take advantage of the strong gold prices and with Warrior on a growth path the Company considers it appropriate to commence planning to re-activate the Charters Towers "City" mining area. The development of the City "super mine" operations are expected to deliver commercial gold production as early as the end of 2012, with full production targeted for the following year.

### City Mines Expansion

The City mining area is already an established mine site. 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. The City reefs contain 4.7 million ounces of the overall 10 million ounce resource (23 million tonnes at 14 grams per tonne gold), as outlined in the illustration on the right.

Citigold's Gold Production 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 the major Sunburst, Brilliant and Day Dawn reefs.

**CHARTERS TOWERS  
 QUEENSLAND, AUSTRALIA**  
**Gold Mineral Resource Areas**  
 10 Million Ounces (23 million tonnes @ 14g/t gold)



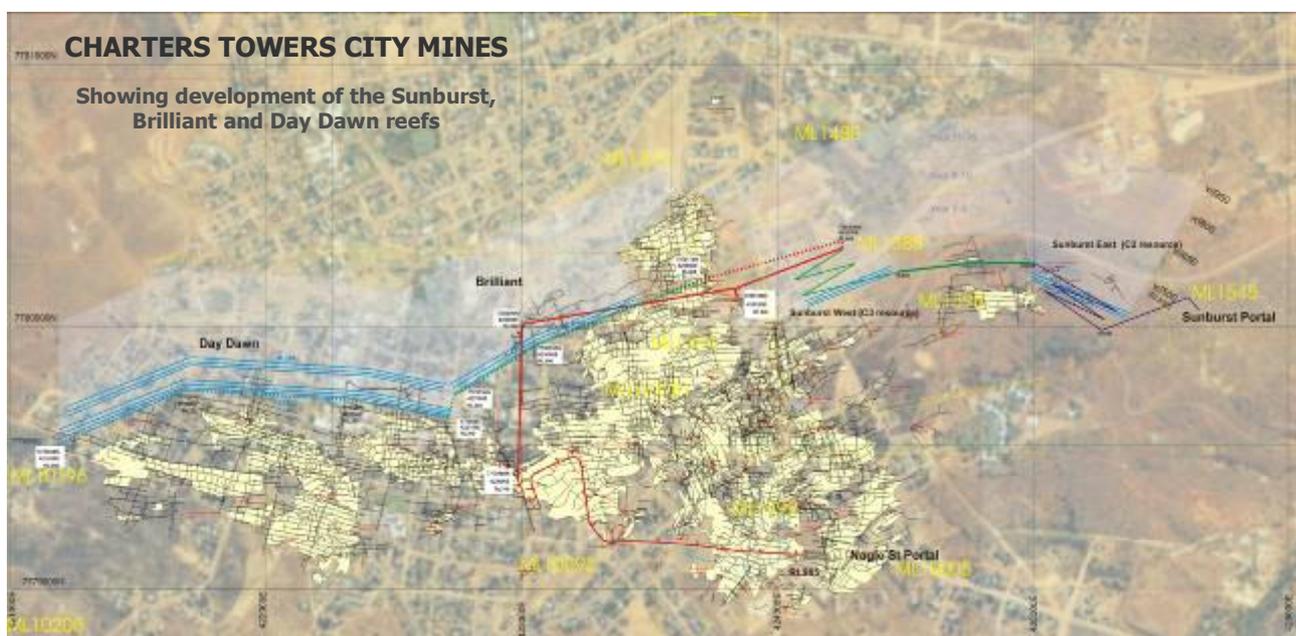
The initial planning for the reactivation of the City mines is mainly an engineering and desktop process. This initial planning stage is intended to be funded via equity. The development of Warrior into commercial gold production has provided valuable information on the Charters Towers east-west striking ore bodies with both City and Warrior being geologically the same. Citigold invested considerable time and resources to understand the Warrior reef as the information obtained and the knowledge gained would be needed for the City reefs as well as Warrior. The City development plans can now be improved.

The City was previously planned to be developed as three separate mines. However, with the knowledge from the successful development of Warrior, one super mine containing all three reefs will be developed simultaneously. This change in strategy means the development plans need to be re-designed.

The development of the City operations is expected to take 24 months before commercial gold production commences and an additional 12 months for full production to be achieved. With the funding being provided via non-equity structured funding.

### **Funding the Development of the City**

The reactivation of the City mines as a major project was triggered in part by approaches from Chinese and other interests wanting to establish a production presence in Australia. Part of the planning will be to assess the best funding approach for this 200,000 ounce super mine. The mining knowledge from Warrior can be applied efficiently and effectively to the City because the deposits are geologically the same. This will assist taking the City mining operation to full production in a shorter time.



The above image illustrates the planned City mining area, in blue. As can be seen the reef length is over 4 kilometres providing a large mining area suitable for the targeted gold production.

Several parties have expressed interest in non-equity project development funding. Once the revised mine plan is completed and the financial model updated to reflect the revised mine plan the funding proposals can be advanced. The preferred funding structure at this stage is via joint venture. This should allow Citigold to focus on growing the gold deposit and expanding production even further.

### **Major Infrastructure Already Established**

Citigold has previously invested about \$20 million in developing the City mining area. This included the current infrastructure of an optimum mine site, high voltage electric power, water, roads, buildings, a 1.6 kilometre decline access down to 238 metres vertical depth, two ventilation shafts and other associated infrastructure. The excavation of the City mining site and decline successfully

validated many technical aspects of the project including the mineralisation and the supportive strength of the granite country rock. The City area has granted mining leases with permits to mine.

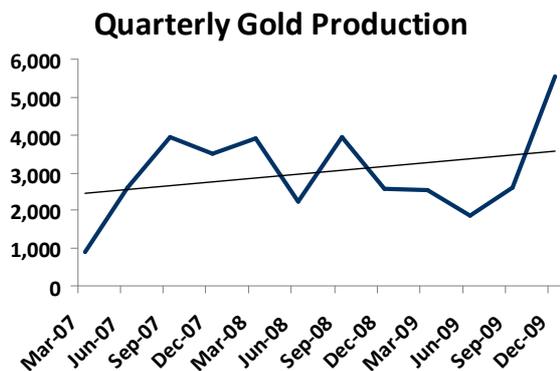
The image to the right is an illustration of the existing surface infrastructure at the City mining area



## Warrior Ramp up to Continue

Cash flow from the current gold mining operations remains strong. With gold production for the December quarter the highest since operations at Warrior commenced and production forecast to increase in 2010 it is important that the development of the City mining area does not distract from Warrior.

Currently it is planned that the City development will be undertaken by outside mining contractors. The in-house underground mining team employed by Citigold at Warrior is focused on becoming the most efficient reef vein miners. Keeping costs low means tight ore drives and rapid extraction of ore from the production stopes. This focus on getting ore tonnes has been a management initiative by



the mine leadership team to ensure the current operations run at maximum profitability. The use of outside expertise to carry out the capital development in the City will ensure this focus, on maximum ore tonnes and minimal planned dilution continues. The Warrior and City operations aim at a combined output of 300,000 ounces per annum in due course. These two Charters Towers mining areas are nearby each other and will feed the Company's one central gold extraction plant.

## The Future

The fundamentals for Citigold are impressive. It has a low cost focus, a new growth focused management team and a strong gold price. Also the mining to date has confirmed the assumptions made in the 10 million ounce Inferred Mineral Resource.

For further information contact:

*Mark Lynch*  
Managing Director

*Matthew Martin*  
Company Secretary

## **STRATEGIC BUSINESS SUMMARY**

***Citigold Corporation is a gold producer controlling Australia's richest major goldfield at Charters Towers in North Queensland. The high-grade deposit contains a gold resource of 10 million ozs (23 Mt @ 14 g/t) with exceptional growth potential. Gold output targets growing to 300,000 ozs per year with gold production cash costs under A\$350 per oz. (See [www.citigold.com](http://www.citigold.com) for full resources report)***

***Cautionary Note:*** This release may contain forward-looking statements that are based upon management's expectations and beliefs in regards to future events. These statements are subjected to risk and uncertainties that might be out of the control of Citigold Corporation Limited and may cause actual results to differ from the release. Citigold Corporation Limited takes no responsibility to make changes to these statements to reflect change of events or circumstances after the release.

***The following statements apply in respect of the information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves:*** The information is based on, and accurately reflects, information compiled by Mr Christopher Alan John Towsey, who is a Corporate Member and Fellow of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Towsey is a geologist and employed by CTO as Chief Operating Officer. He has the relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves. Mr Towsey has consented in writing to the inclusion in this report of the matters based on the information in the form and context in which it appears.