

28 May 2010

Lux Wigneswaran  
Adviser, Issuers (Sydney)  
ASX Markets Supervision Pty Ltd  
20 Bridge Street  
Sydney, NSW 2000

Dear Ms Wigneswaran,

**Citigold Corporation Limited**

Thank you for your letter dated 25 May 2010.

We have reviewed your comments and the relevant sections of the Listing Rules and the Corporations Act. In response to your numbered questions :-

1. As outlined in the 5B referred to in the above named letter the net operating cash flows for the Company were positive during the March 2010 quarter. This is the first time that the entire operations of the Company have generated cash and a positive step in the evolution for us from an exploration company, as classified by the ASX. In this context operations include development, exploration and administration costs and as such some of the Company's expenditure is also discretionary and when coupled with the Company's fundraising activities as outlined below, the positive and negative components of it's cashflow are managed. Therefore the Company has access to sufficient cash to fund its future activities.
2. The Company expects that in the future it will have positive and negative operating cash flows. Citigold monitors it's cash flow and raises funds as required. Raising funds is a usual part of any exploration company and there is a well established pattern at Citigold of raising funds as required to ensure adequate funds are available. This can be seen in the fact that the net financing cash flows for the year to date, as per the March 2010 appendix 5B, are positive almost \$4 million. The company has a very successful track record of raising funds as required from its large shareholder base and outside investors. The Company expects this position to continue. This past and future fund raising includes debt, equity, royalties and combinations thereof. If the company expects revenue to drop or expenses to increase in such a way that its current cash reserves may be negatively impacted it will engage in additional fundraising, as it has in the past as a normal part of it's business, to ensure that the required funds are raised in a timely manner. In addition, as previously announced, the Company is working with several parties who have expressed interest in non-equity project development funding. A major

joint venture negotiation is now in the third and final stage. The Company has recently signed the second stage binding agreement. When concluded it is expected that certain project costs currently met by Citigold would become part of the joint venture, thus reducing the overall cash required for the development of gold production at our mines. This joint venture strategy, for the development of proposed large scale mining operations, is set out clearly in several previous announcements.

3. Operations were cash flow positive during the March quarter. If this was not to continue the Company would raise the additional funds to fund our business objectives in the normal course of business. In addition to the Company's own capital raising, as referenced above, it has outlined in previous announcements that it is in discussions with joint venture partners to fund the major development required to build the Charters Towers operations into a 300,000 ounce per annum gold producer.
4. The board confirms the Company is in compliance with Listing Rule 3.1.
5. The board confirms the Company is in compliance with Listing Rule 12.2. Including as outlined above operations were cash flow positive during the March quarter, the Company's net financing cash flows for the year to date, as per the March 2010 appendix 5B, are positive almost \$4 million. The Company has a very successful track record of raising funds as required and is in major joint venture negotiations for the large capital expenditures which will reduce the overall costs incurred by Citigold. The disciplined low cost focus of the Company is clearly evidenced by the relatively low overall total expenditure in acquiring, exploring and developing this large gold asset to its current stage.

Further, the total liabilities of the Company as at 31 December 2009 totalled less than 8.5% of total assets.

Although, as you are aware, I am still away on annual holidays if you require any further information please do not hesitate to contact me.



*Matthew Martin*  
Company Secretary



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25 May 2010

Matthew Martin  
Company Secretary  
Citigroup Corporation Limited  
Level 15, IBM Centre  
348 Edward Street  
Brisbane QLD 4000

By Email

Dear Matthew,

**Citigroup Corporation Limited (the "Company")**

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 March 2010, released to ASX Limited ("ASX") on 30 April 2010 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of \$7,281,000.
2. Net operating cash flows for the quarter of \$320,000.
3. Cash at end of quarter of \$1,148,000.
4. Estimated exploration and evaluation cash outflows for next quarter of \$3,500,000.

In light of the information contained in the Appendix 5B please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

**Australian Securities Exchange**

Australian Stock Exchange  
Sydney Futures Exchange

Australian Clearing House  
SFE Clearing Corporation

ASX Settlement and Transfer Corporation  
Austraclear

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5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number (02) 9241 7620**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5:00 pm AEST on Friday, 28 May 2010**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,

*(sent electronically without signature)*

Lux Wigneswaran  
**Adviser, Issuers (Sydney)**