



## ANNOUNCEMENT

### Update

**28 February 2012: Brisbane, Australia** – Citigold Corporation Limited (“Citigold” or “Company”) (ASX:CTO, FSE:CHP) advises that the deal previously announced with Reignwood International Investment (Group) Company Limited (Reignwood) has not yet been completed, however discussions are on going. The conditions precedent, which are outside the control of Citigold have not yet been satisfied. The shares approved for allotment at the 2011 Annual General Meeting (AGM), which needed to be allotted by today, cannot take place for several reasons.

The time window from the AGM for the placement was three months from 28 November 2011. Therefore any subsequent deal requiring the allotment of shares, above the normal 15% in any 12 month period, will require shareholder approval.

The deal is subject to Foreign Investment Review Board (FIRB) approval which has not been received to date.

As part of the process for the approval by shareholders, for part two of the Reignwood deal being the \$25 million convertible loan, it was a requirement that an independent expert be engaged to determine if the deal was Fair and Reasonable to Citigold shareholders. On valuing the project in accordance with regulatory requirements the independent expert has concluded the deal is not fair to shareholders but that it is reasonable. This assessment valued the project on a net present value basis and determined in accordance with regulatory requirements that the share conversion price of the loan was too low. Discussions are continuing with Reignwood.

This delay to the placement provides shareholders with the opportunity to vote on the deal in full at the proposed general meeting providing the deal progresses to that stage.

Additionally Citigold has been bound by an exclusivity provision in the deal preventing continuance of discussions with other parties. This condition has now expired and the Company can recommence discussions with potential partners for the development of the Charters Towers goldfield.

Citigold’s Managing Director Mr Mark Lynch commented: “The Citigold board remains determined to finalise an equity/debt capital funding partnership for the expansion of the project in the shortest possible time. The removal of the exclusivity will enable the Company to move forward ensuring the underlying value and upside potential of this large high grade gold project is achieved.”

Recently the technical team has spent considerable time and effort to access the accelerated development of the goldfield to full production in a shorter time than the current 4 years. Also initial works that will assist the ramp up of production on receipt of the development funding are continuing as planned, with stage one expansion of the tailings dam nearing completion and stage two about to begin construction.

For further information contact:

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**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.*