



Citigold Corporation Limited
500 Queen Street
Brisbane QLD 4000 Australia
Tel: +61 (0)7 3834 0000
Fax: +61 (0)7 3834 0011

ANNOUNCEMENT

Citigold enters \$72 million Agreement to Build Gold Mine

2 March 2015: Brisbane, Australia – Citigold Corporation Limited (“Citigold” or “Company”)(ASX:CTO) is pleased to advise that it has reached an agreement with Kingsford Investment Groups Ltd (“KIG”) to invest \$72 million into a joint venture (JV) to develop the Charters Towers gold field. Citigold will manage the project on behalf of the JV.

The incorporated joint venture to be formed between Citigold and KIG aims to aggressively expand the underground operations at Charters Towers moving back into low cost sustained gold production.

The Central area of the goldfield will be the initial focus with the Imperial area being brought on stream once Central is cash flow positive. The Central and Imperial are the two main access declines into the one Charters Towers gold mine, with all the ore being processed in the existing centralized processing facility.

This joint venture aims to turn this gold deposit into a large-scale gold mine with an initial annual production of 50,000 ounces of gold growing to over 300,000 ounces of gold per annum at completion of the planned expansion.

KIG is an international private investment company. They manage a varied portfolio of interest including oil & gas, green energy, property and ownership in operating businesses. They are a strategic investor, balancing solid business disciplines with entrepreneurial expertise and adding value to their investments by utilizing their wide network of international contacts to assist investors in achieving their strategic goal.

The principle terms of the agreement are:

- Structure - Incorporated Joint Venture (JV).
- Offtake - All gold produced is sold to KIG at market prices.
- KIG payments – KIG’s interest will be earned in the JV after the receipt of the \$72 million total investment due to be paid as follows;
 - i. \$10 million on or before 6 May 2015
 - ii. \$62 million on or before 10 June 2015.

- KIG interest in JV after the required payments are made will be 60% of the incorporated JV.
- Citigold is required to set budgets and request required funds which are to be paid to Citigold from the JV company within 10 days.
- The JV shall own the assets in its own right.
- Proper books and accounting records to be maintained and reviewed annually.
- The JV board once KIG has completed the investment will comprise of a total of 5 members with KIG appointing 3 and Citigold appointing 2 persons.
- Restrictions on each partner selling/transferring their stake.

The farm-in joint venture will commence when the initial funds are received from KIG. This has been agreed to be a total payment of \$10 million paid on or before 6 May 2015. This payment is not subject to any regulatory approvals.

The initial payment must be used to pay out any secured lender at the time so that the mining titles are unencumbered enabling them to be then transferred to the JV company at settlement of the second tranche, due on or before 10 June 2015.

Due to farm-in nature of this transaction approval is not required by shareholders nor FIRB. This speeds up the receipt of funds and expedites the recommencement of work at site.

This transaction is further proof of the value of the Charters Towers gold project. KIG, entering into the JV, obtains the benefit of the over \$200 million invested into the project to date. This investment was used to acquire the titles to the land containing the gold deposit, carrying out exploration works to quantify the size of the deposit, building surface infrastructure including but not limited to processing plant, workshops, roads, electric substations and water supply in addition to gaining the government approvals ensuring the JV starts on a solid footing for growth.

In the Mineral Resources and Ore Reserves Report 2012 (Technical Report) the Economic Analysis confirms that with a \$50 million cash investment into the project the discounted cash flows for the first 15 years of the project derive a net present value of \$742 million using a discount rate of 20%. This clearly indicates the substantial value of the project that is now on the path towards being realised. All of the underlying assumptions are available in the Technical Report, including the use of an Australian dollar gold price circa \$1500 (very similar to the current gold price in Australian dollars).

The mining to date at both the Central and Imperial areas has helped de-risk the project, this coupled with the infrastructure created over the same time has helped add substantial value to the Charters Towers project and will help path the way for an expansion using proven mining techniques as well as the latest technology to build one of the most productive, low cost mining operations in Australia.

Citigold's Chairman, Mr Mark Lynch, commented: *"We are excited to be joining with KIG to develop Citigold's 100% controlled high grade gold field at Charters Towers. This JV creates a win-win for Citigold and KIG as it provides the required capital to develop the Charters Towers gold field delivering all stakeholders directly and indirectly whilst also providing KIG with opportunities in their other business areas". The combination of our management, the solid foundation in place for expansion at Charters Towers and KIG has created a partnership which can deliver a highly successful and sustainable project.*

For further information contact:

Matthew Martin

CEO

Citigold Corporation Limited: telephone +61 7 3834 0000

Or visit the Company's web site at: www.citigold.com

*** for full details see Report on the Inferred Mineral Resources www.citigold.com click Mining >Technical Reports >Mineral Resources**

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