

ANNOUNCEMENT



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Update on KIG Transaction

30 October 2015: Brisbane, Australia – Citigold Corporation Limited (“Citigold” or “Company”) (ASX:CTO) hereby advises an update to the announced agreement, as varied (“Agreement”) in respect of the proposed joint venture (“Joint Venture”) between Citigold and Kingsford Investment Groups Ltd (“KIG”).

On 2 October 2015, Citigold advised that KIG did not meet the first payment of \$10 million, of the agreement as most recently varied on 26 August 2015. The Company also advised that although this payment was not made the \$62 million under the agreement was due to be paid by KIG to the Company on 30 October 2015 and the Company believed that this was the more important of the two payments. At that time, KIG had informed Citigold that KIG intends to proceed with the Joint Venture when it completes their requisite funding.

Citigold has not received the payments, as required under the agreement, as varied. Therefore the funding deadline has now passed and the joint venture as not proceeded. Should KIG request to re-engage in discussions with Citigold in relation to a joint venture or other arrangement, Citigold may be open to such discussions, in which case Citigold may require payment of a substantial deposit to secure performance by KIG.

Citigold will continue to reserve and consider its legal rights in relation to the failure by KIG to make payments required in accordance with the agreement, as varied.

In light of the Company’s position in relation to KIG’s failure to make payments under the agreement, Citigold has engaged in and will continue to engage in negotiations with other interested parties. Through such negotiations it is Citigold’s goal to seek to obtain a “superior deal” with a larger funding commitment than had been proposed by KIG and/or for Citigold shareholders to retain a greater interest in the Charters Towers asset and its future cash flows. Success in improving the deal would be a favorable outcome for shareholders.

The Charters Towers gold deposit is large and forecasts show that there is the potential to generate material positive cash flows. Citigold is committed to development of the project, with the intention of building gold production for the global Charters Towers goldfield to over 300,000 ounces per annum. The initial mining area will be the Central mine.

Citigold understands that the process to secure funding is taking longer than the Company or shareholders would like. Given that this current project, has a 20 to 30 year lifespan, it is important to find the appropriate funding partner to go on this journey with us for the benefit of all shareholders.

We thank all shareholders for their patience and will continue to keep the market updated.

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Or visit the Company's website - www.citigold.com

***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 subject 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.*