

ANNOUNCEMENT



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Kolar Goldfield MOU

11 April 2016 : Brisbane, Australia – Citigold Corporation Limited (“Citigold” or “Company”) (ASX:CTO) hereby advises that on 7th April 2016 in Bangalore, India it signed a Memorandum of Understanding (“MOU”) to partner with a consortium to acquire the assets of Bharat Gold Mines Limited (“BGML”). The assets principally comprise mining leases, land and plant in the heart of the Kolar Goldfield, India.

Citigold has been conducting field visits and investigations on the project since 2006. The Kolar Gold mining project is in the Kolar Gold Fields area 80 km east of Bangalore in Karnataka State (formerly Mysore) in southern India. The Kolar Gold Field is about 60 km², although the enclosing schist belt is some 80km long.

The consortium members who have partnered exclusively in the project are Citigold Corporation Limited and Pan India Network Infravest Limited (part of the giant Essel Group conglomerate), collectively referred to as EGCITICO. The purpose of the EGCITICO alliance is to acquire the assets of BGML from the Government of India, who had previously operated the mines as a Public Sector Undertaking.

There will be a formal sale process for BGML and further update(s) will be provided in due course as that process progresses.

This opportunity is a part of a long term strategy to eventually have an interest in another giant world class gold project in addition to our No. 1 priority Charters Towers Gold Project. Citigold has partnered with a very strong local partner in India, a strategy we believe is essential for success in foreign markets. Involvement in this large gold consuming market should build our business and gradually attract additional investment interest into Citigold.

BACKGROUND

The Kolar field produced 25 million ounces of gold over the last 150 years down to depths of 3,200 metres. A combination of rock stress problems, old world inefficient work practices and a low world spot price for gold (under US\$300 per ounce) resulted in the Indian Government mines operator generally stopping gold production in 2001.

The project is of a similar age, geology and mineralisation style to the Kalgoorlie goldfield (60 million ounce).

The gold-quartz and gold-bearing sulfide lodes of the Kolar field consist of north-striking, steeply west-dipping zones of *en echelon* (offset parallel) veins, lenses, and stringers in intensely deformed and altered Precambrian schistose amphibolites (metamorphosed basalt), generally at or near contacts with massive amphibolite of the central zone or with granular amphibolite (metamorphosed dolerite and gabbro) or fibrous amphibolite (meta-pyroxenite). The richest ore shoots are localised along crests and troughs of *en echelon* cross folds, and the highest grade mineralisation has been found on either side of the Mysore North fault along the major axis of cross-folding. Vein mineralogy, the character of wall-rock alteration, and other features indicate the deposits to be of high-temperature hydrothermal origin¹.

The following production figures give an indication of previous average grades. From 1951-60 the field produced 54,125 kg (1.7 million ounces) of gold from 5.29 million tonnes of ore at an average grade of 10,23 g/t and from 1961-70 produced 32,450 kg (one million ounces) from 4.54 Mt of ore at a grade of 7.15 g/t Au².

There is the potential opportunity to obtain early gold production from re-treating some 32 million tonnes of tailings, open pit mining (potentially a continuous “super-pit”) and production from shallow underground workings down to 600 metres.

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 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.*

COMPETENT PERSON STATEMENT

In accordance with ASX Listing Rules and the JORC Code 2012 Edition, the following statements apply in respect of the information in this report that relates to Exploration Results. 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 a member of the Australian Institute of Geoscientists. Mr Towsey is the Chief Scientist & was appointed as an Executive Director of Citigold in April 2014. He has the relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the 2012 Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, 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.

¹ Structural control and localization of gold-bearing lodes, Kolar gold field, India. S. Narayanaswami, M. Ziauddin, and A. V. Ramachandra. *Economic Geology*; **November 1960**; v. 55; no. 7; p. 1429-1459

² *Kolar Gold Field*. S. Srikumar, 2014. Partridge Publishing.