



ANNOUNCEMENT

Citigold Takeover Bid for Gateway Mining Limited

3 July 2009: Brisbane, Australia - Citigold Limited ("Citigold") (ASX:CTO) (Nasdaq Dubai:CTO) (FSE:CHP) is pleased to announce an off-market takeover offer for all of the shares in Gateway Mining Limited ("Gateway") (ASX:GML). Under the terms of the offer, Citigold is offering Gateway shareholders two (2) Citigold shares for each five (5) Gateway shares held.

Citigold is currently a substantial and the single largest shareholder in Gateway. This shareholding of 16.3 million shares represents 15% of the issued capital of Gateway. Citigold is keen to expand its holding to gain further exposure to this Australian based pure exploration play.

Gateway is an established gold and base metals explorer with several early stage prime prospects being explored wholly and in joint venture with other companies in New South Wales, Western Australia and Queensland.

Citigold is an Australian gold producer and explorer focused on developing the Charters Towers goldfield. Our management and technical team will continue to focus on expanding gold production at Charters Towers. It is Citigold's current intention that Gateway will remain as an exploration entity under its own management.

Citigold has 842 million shares on issue and a market capitalisation of \$152 million at a share price of 18 cents. Gateway has 110 million shares and a market capitalisation of \$8 million at share price of 7 cents. (Share prices based on previous 20 trading day VWAP)

Full details of the offer will be set out in the formal Bidders Statement document to be sent to all Gateway shareholders. See Annexure 'A' herewith for additional details.

For further information contact:

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

ANNEXURE 'A'

(To Announcement dated 3 July 2009
'Citigold Corporation Limited Takeover Bid for Gateway Mining Limited')

Process and Timing

Citigold Corporation Limited [Citigold] expects that the Bidder's Statement will be lodged with ASIC within two (2) months of the date of this announcement and sent to shareholders approximately 14 days after lodgement. Following dispatch of the Bidder's Statement the offer will remain open for at least one (1) month.

Offer Terms

The takeover offer (Offer) to be made by Citigold (Bidder) for ordinary shares in Gateway Mining Limited (Gateway shares) will be subject to the following conditions

a) Regulatory approvals

Before the end of the Offer Period, the Bidder receives all regulatory approvals or consents required by law or any government, statutory, judicial entity, minister, department, office or government delegate (including any self-regulatory organisation established under statute or any securities exchange) whether in Australia or elsewhere (Public Authority):

- (i) that are necessary to permit the Offer to be lawfully made to and accepted by Gateway shareholders; or
- (ii) that are required as a result of the Offer or the successful acquisition of Gateway shares and are necessary for the continued operation of the business of Gateway or of Citigold,

in each case on an unconditional basis or on the basis of conditions that impose only non-material requirements incidental to approval or consent and, at the end of the Offer Period, all of those approvals and consents remain in full force and effect in all respects and are not subject to any notice or intention or indication of intention to revoke, suspend, restrict, modify or not renew those approvals or consents.

b) No regulatory actions

Between the date of this announcement (Announcement Date) and the end of the Offer Period (inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by any (Public Authority);
- (ii) no action or investigation is announced, commenced or threatened by any Public Authority; and

- (iii) no application is made to any Public Authority (other than by Bidder or any of its associates) in consequence of or in connection with the Offer other than an application to or decision or order of the Australian Securities and Investments Commission (ASIC) or the Takeovers Panel for the purpose, or in exercise, of the powers and discretions conferred on it by the *Corporations Act 2001* (Cth) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede that making of the Offer of the acquisition of Gateway shares, or the divestiture of any material assets of Gateway or Citigold.

c) No material adverse change

Before the end of the Offer Period, no event, change or condition occurs, is announced or becomes known to the Bidder (whether or not it becomes public) where the event, change or condition as had, or could reasonably be expected to have either individually or in aggregate with all such events, changes or conditions, a materially adverse effect:

- (i) on the business, assets, liabilities, financial or trading position, profitability or prospects of Gateway, taken as a whole; or
- (ii) on the status or terms of arrangements entered into Gateway, or on the status or terms of any approvals, licences or permits from public authorities applicable to Gateway;

except to the extent that such events, changes or conditions have been publicly announced by Gateway or otherwise disclosed in public filings by Gateway or any of its subsidiaries prior to the Announcement Date.

d) No material defect in Gateway public filings

The Bidder does not become aware, during the period from the Announcement Date to the end of the Offer Period (each inclusive), that any document filed by or on behalf of Gateway, or by and on behalf of any person in relation to Gateway, with ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission.

e) No material change to Director and Executive remuneration and benefits

Between the Announcement Date and the end of the Offer Period (each inclusive), no material change to the remuneration and/or benefits payable to any director or executive of Gateway, from that which has previously been announced to ASX, occurs, is announced or is made known to Citigold.

f) No litigation on foot or pending

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against Gateway which may reasonably result in a judgement of AU\$250,000 or more is commenced, threatened to be commenced, announced or is made known to Citigold (whether or not becoming public), other than that which is in the public domain as at the Announcement Date.

g) No material acquisitions, disposals or new commitments

Except for any proposed transaction publicly announced by Gateway before the Announcement Date and subject to condition , none of the following events occurs during the period from the Announcement Date to the end of the Offer Period (each inclusive):

Gateway acquires or offers to acquire, enters into an option to acquire, agrees to acquire one or more entities, businesses or assets of a material nature (or any interest in one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets), or announces an intention to enter into such an acquisition, offer, option or agreement;

h) Market change condition

Before the end of the Offer Period, the S&P ASX 200 Index does not close below 3,700 on any three (3) consecutive trading days.

g) Non-existence of certain rights

That no person:

- I. has any right or obligation; or
- II. before the end of the Offer Period is granted any right or obligation;

whether subject to conditions or not and including as a result of the Offers or acceptances under the Offer, to:

- A. acquire from Gateway any interest in any mining tenement, exploration licence, project, deposit or other mining right;
- B. terminate, vary or exercise any right under any agreement with Gateway or terminate or modify the interest of Gateway in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest), which would result in or be reasonably likely to result in material change in the business assets, liabilities, financial or trading position, profitability or prospects of Gateway, taken as a whole; or
- C. provide any financial accommodation to or for the account of Gateway unless:
 - a) such arrangements are capable of being terminated by Gateway on giving of reasonable notice; and
 - b) the total actual or contingent liability of Gateway arising in any way out of the termination of such arrangements (including any payment required to exercise the right of termination), other than the liability to repay any advances already made to it and interest accrued on the advances at no more than arms length commercial rates is not material

except to the extent such a right or obligation has been disclosed by Gateway in public filings prior to the Announcement Date and is not varied after that date.

i) No prescribed occurrences

During the period from the Announcement Date to the end of the Offer Period (each inclusive), none of the events listed in sections 652C(1)(a) to (h) inclusive and s 652(2)(a) to (e) occur (other than the issue of Gateway shares pursuant to the exercise or conversion of options or other securities which had been issues and notified to ASX prior to the Announcement Date).

The full text of these conditions will be set out in the Bidder's Statement. The Bidder reserves the right to waive any or all of these conditions in accordance with the *Corporations Act 2001* (Cth).