



## ANNOUNCEMENT

### **\$50 million investment in Citigold to fund development of Charters Towers Project**

**23 January 2012: Brisbane, Australia** – Citigold Corporation Limited (Citigold) (ASX:CTO, FSE:CHP) is pleased to advise that it has reached agreement with Reignwood International Investment (Group) Company Limited (“Reignwood”) to invest \$50 million into Citigold to fund the development of Citigold’s 10 million ounce gold mine at Charters Towers, Queensland.

Reignwood is a diversified group with investments in food and beverages, real estate, energy and resources, and operates in Mainland China, Hong Kong, Singapore and the United Kingdom.

The transaction, which is subject to applicable regulatory approvals and due diligence, is anticipated to take about 4 weeks to complete. This will see Reignwood initially subscribe for 274 million fully paid ordinary shares at 9 cents per share to raise \$24.66 million. This will provide Reignwood with a 19.9% stake in Citigold.

The proposed placement of new ordinary shares at 9 cents per share represents a 22% premium to Citigold’s share price based on a 30 trading day volume weighted average price (VWAP) of 7.4 cents per share, a solid endorsement of the underlying value Reignwood sees in Citigold’s Charters Towers project.

Citigold will also seek shareholder approval to issue to Reignwood a three-year convertible note valued at \$25 million at an interest rate of 8% per annum. The notes will be convertible into fully paid ordinary shares in Citigold at a price of 12.45 cents per share at any time during the three year period.

Once the placement funding is received by Citigold, Reignwood has the right to nominate three directors to the Citigold Board and the Board will then be comprised of six directors. Following shareholder approval of the issue of the Convertible Note, a further Reignwood representative will be invited to join the Citigold Board.

The funds raised will be used to advance the development of Citigold’s JORC compliant 10 million ounce (23 million tonnes at 14 grams per tonne)\* Charters Towers gold deposit, specifically for re-commissioning the Central (City) mine and expanding

the operations at Imperial (South). This transaction gives the company the financial flexibility to transform Charters Towers into a world class large-scale gold mine with significant annual gold production.

Citigold's Managing Director Mr Mark Lynch commented: "This is a pleasing development for Citigold and this investment confirms the underlying value and future potential of the Charters Towers Project.

"We have spent considerable time and effort understanding the ore body at Charters Towers, and this funding gives us the catalyst to successfully exploit it, and importantly, deliver solid returns for our shareholders.

"We are encouraged by the relationship we have forged with Reignwood. They bring significant financial strength to Citigold and a strong team to augment our talented professionals at Charters Towers.

"The company will hold an Extraordinary General Meeting (EGM) during the first quarter of calendar 2012 to seek shareholder approval. The Directors of Citigold intend to vote in favour of this transaction and all resolutions put to shareholders.

"This is potentially a company transforming transaction for Citigold, and it gives us the platform to elevate the company to the ranks of a major Australian gold producer," Mr Lynch concluded.

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Or visit the Company's web site at : [www.citigold.com](http://www.citigold.com)

\* for full details see Report on the Inferred Mineral Resources [www.citigold.com](http://www.citigold.com) click Mining >Technical Reports >Mineral Resources

**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.

**The following statements apply in respect of the information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves:** 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 a consultant geologist. He has the relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Identified 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.