



**Citigold Corporation Limited**  
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## **ANNOUNCEMENT**

### **Plant Sale and Fortune Settlement**

**8 December 2017: Brisbane, Australia** – Citigold Corporation Limited (“Citigold” or “Company”) (ASX:CTO) hereby announces that it has sold its Black Jack gold process plant, including the direct associated mining leases, at Charters Towers for \$12 million to Maroon Gold Pty Ltd (Maroon), of Western Australia.

The plant will be used to process ores from the region as a centralised toll processor, including Citigold’s ore.

Citigold retains all of its gold mineral deposits including its wholly owned Charters Towers underground mines of Central and Warrior/Imperial. Citigold had no defined mineral resources at Black Jack and thereby retains all of its gold Mineral Resources and Reserves.

The sale will facilitate and accelerate further development of Citigold’s Charters Towers mining operations. The entities backing the private company Maroon are experienced miners and plant operators, having operated in Western Australia, Northern Territory and Queensland.

Citigold and Maroon have agreed the terms for the toll (contract) for the processing arrangement of Citigold’s ore from its Charters Towers mines. The sale of the process plant is in keeping with Citigold’s stated goal having an outsourcing contractor model for its gold operations. Having skilled specialist operators on various parts of the projects operations.

In the Charters Towers greater regional area there are several gold deposits that are suitable to feed a centralised plant. The process plant operation Citigold built was laid out and took into consideration the potential to be expanded should the opportunity require.

Citigold’s previously announced gold production goals for its Charters Towers operations remain unchanged.

This transaction will materially strengthen Citigold’s balance sheet. Under the plant sale agreement Citigold will receive two payments, the initial payment at today’s settlement

and the balance on or before 2 March 2018. The bulk of the proceeds from the sale payments are to repay the secured lender Fortune Gems and Jewellery DMCC (Fortune), with the balance for working capital. Citigold and Fortune have agreed a settlement and standstill agreement to finalise all financial and other matters between them flowing from the Loan Note Contract (Note) entered in 2015. The Note will be cancelled following the second payment. Both Citigold and Fortune consider that the agreed settlement is a favorable outcome for both parties. In a separate transaction, Citigold has granted Fortune a 1% royalty on gold sold from Citigold's operations for the next 5 years.

Citigold Chairman, Mark Lynch, stated:

*"This transaction, in addition to being beneficial for all parties involved, has historical significance. The visionary behind the amalgamation of the great Charters Towers goldfield was the late James Joseph Lynch (Jim), whom if alive today, would celebrate his 100<sup>th</sup> birthday, almost to the day. Jim's efforts began at the old Black Jack mine site, where the processing plant now is. It was the beginning many years ago of his successful quest to amalgamate the goldfield into one holding. The next stage is the re-emergence of Australia's richest major goldfield into a leading Queensland gold producer – this is now our task to advance with renewed vigor in 2018."*

For further information contact:

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*Executive Chairman*

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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.*