

Dubai Group to Buy as Much as 18% of Citigold Corp.

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Dubai Group, an investment company managing more than \$40 billion on behalf of Dubai's ruler, plans to buy as much as an 18 percent stake in gold miner Citigold Corporation Ltd., its first investment in Australia.

The stake in Citigold will be bought by Dubai Group company Dubai Ventures Group, and "the capital injection is expected to add significant strength to its production capabilities and thereby boost gold production in the future," Dubai Group said in an e-mailed statement today.

Dubai Group did not disclose the value of the stake, although the shareholding is worth \$27.2 million at the current market price, according to Bloomberg calculations.

Dubai Group, which includes seven units with interests spanning asset management, conventional and Islamic banking, private equity and insurance, was set up as part of Sheikh Mohammed Bin Rashid Al-Maktoum's plan to diversify Dubai's economy. Dubai Ventures Group's investments include a 10 percent stake in Hong Kong's Sun Hung Kai Financial and a five percent holding in India's Bharat Hotels Ltd.

The planned stake purchase "reflects our long-term view on gold" and our expectations of improved returns from Citigold's plans to increase production to 250,000 ounces a year by 2011, Abdulhakeem Kamkar, Dubai Ventures' Group chief executive officer said in the statement today. The stake will also enable Dubai Ventures to tap into a "lucrative niche segment" which the two companies are looking to exploit.

Citigold, also listed on the Dubai International Financial Exchange, has an estimated 10 million ounces in ore deposits and produces gold from Australia's goldfield at Charters Towers in North Eastern Australia, the company said in the statement.

Source: Bloomberg