

ANNOUNCEMENT

Additional Reefs Planned in 2009

The advancement of the western decline will provide the planned access to additional gold reef mining areas from the current workings. These reefs are the Imperial reef and the Sons of Freedom reef.

The Imperial reef is another east-west lode adjacent to and similar to the current Warrior reef. These reefs have the same features as the Brilliant reef which historically produced over one million ounces. Drilling to date on the Imperial reef has been encouraging proving that the reef extends at least 600 metres in length down dip from the outcrop. At the outcrop of the Imperial, nuggets of gold were located in creeks and soil. Generally nuggets are rare at Charters Towers but they also occurred on the original discovery site of the main field.



The Sons of Freedom reef was intersected in 2006 during construction of the upper part of the Warrior decline. The long exposure of the vein for some 50 metres, along the side and across the face of the Decline, yielded valuable information on its gold content and potential for mining. Channel sampling of the quartz and sulphide vein in this location returned 0.2 metres true width at 362 g/t Au (11.6 ounces per tonne), equivalent to 36 g/t Au over a two metre mineable width.

Development of this reef was delayed until adequate power and operating resources became available. With these resources now available the detailed mine planning drilling is underway. Mine development of the Sons of Freedom reef is scheduled to commence in the second quarter 2009.

The Sons of Freedom is a north-south cross reef. Historically the cross reefs have not contained the same ounces as the east-west reefs but this ore will assist in increasing production throughout 2009 as the Warrior and Imperial reefs production rates are increased toward total planned output.

These additional reefs will assist ramping up production and reducing per ounce production costs by providing additional simultaneous mining areas, increasing tonnes of ore mined and improved underground machine usage efficiencies.

During 2008 the focus has been on expanding the infrastructure at the mine (power, ventilation, equipment) to support a program of capital works that would lead to increased gold output. This program is well underway with the advancement of the western decline to open up the Warrior reef along strike. The company is targeting a

significant increase in production in the second half and a cash flow positive position for the Company as the growth continues begins.

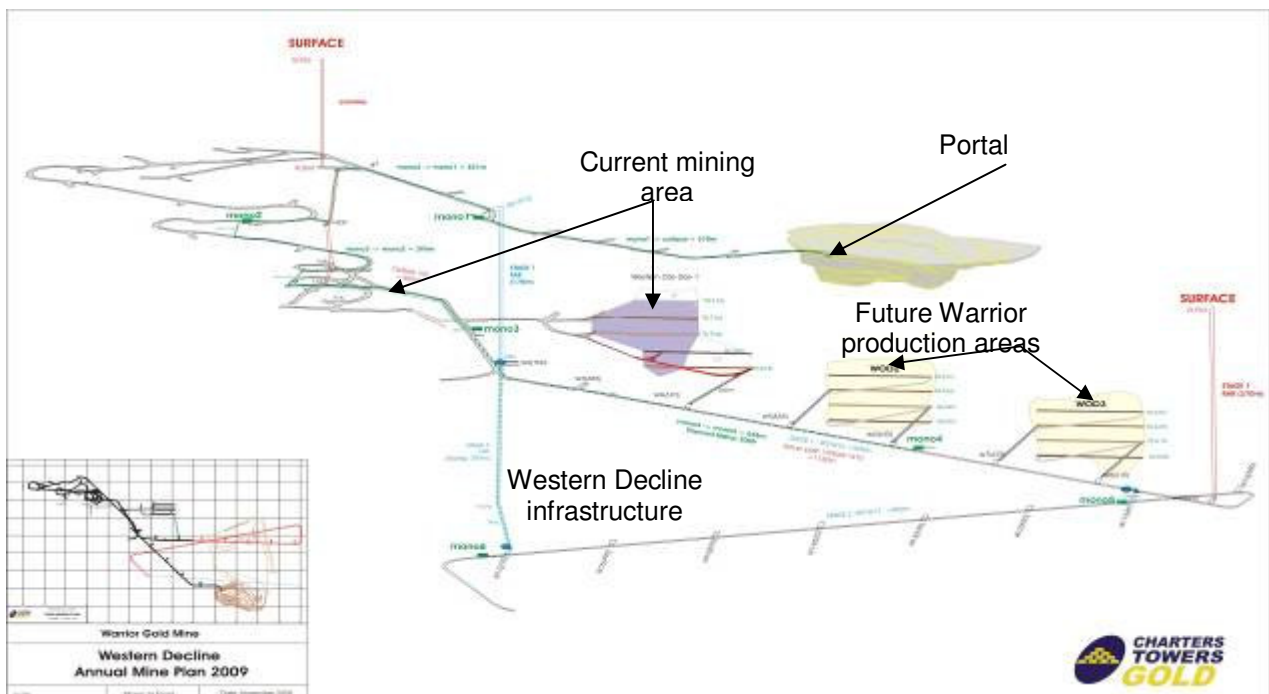
Citigold has one of the largest gold deposits outside those held by the major gold producers through the 100% controlled 10 million ounce gold resources at Charters Towers. Production to date has been at a comparatively low cost with the cash costs being below \$500 per ounce and revenue currently above \$1,500 per ounce. The capital expenditure program currently underway will support future increased production with the main decline access is expected to be in production for at least 10 years.

The Charters Towers project is fortunate to have well established infrastructure of State grid electric power, rail line, highway, population centre and water supplies. This helps ensure costs remain low.

The large asset, low cost production and expansion plans mean that Citigold is well placed to take advantage of the current and forecast growth in both the US dollar and Australian dollar gold prices.

Mining

Below is a diagram of the current and planned underground workings on the Warrior reef. The portal and underground access can be clearly seen. To date Citigold has been limited to one working area at a time. The capital development advance in 2008 and 2009 will enable additional working areas to be accessed simultaneously on the Warrior reef, marked below as future production areas, with multiple stopping faces within each area. Additional production will also come from accessing the adjacent Imperial and Sons of Freedom reefs, which are not shown on the diagram.



Gold Price

The gold business is one of the very few businesses that have not only remained strong but have improved during the disruptions that are taking place in the financial markets. It is a business that seems to have a bright future over the next year and beyond. Citigold plans to progress strongly during the next two years.

The Australia dollar gold price has increased over 20% since the start of the year resulting in revenue gains by Australian producers. The bullion market continues to be driven by demand for physical investment products such as gold-backed exchange-traded funds (ETFs) amidst ongoing disruptions in the financial sector.

In the current financial turmoil all currencies have become perceived as increasingly risky, leaving gold as the currency of last resort. It is believed that Sovereign default risks have helped push gold prices above \$900 per ounce, with the ability to push gold prices higher in the near term, resulting in some analyst raising their average gold price forecasts to at least \$1,000 per ounce.

Citigold's Managing Director, Mr Mark Lynch, commented that "a gold equity, such as Citigold, has more leverage than gold itself, because it is backed by its gold deposit asset, a low cost of production and a long mine life. If you buy an ounce of gold, that's all you get. A gold mine equity can produce cash profits from extracting the gold from the ground where most of the value is added to the gold. A large gold deposit with a long life and low cost to mine has the potential to return substantial amounts of cash back to its shareholders during the life of the mine."

With the number of million ounce plus deposits being found apparently decreasing considerably over the last few years coupled with an increasing gold prices plus strong fundamentals including a 10 million ounce Resource, free of bank debt, unhedged, in production with an improving cash flow, Citigold is well-placed to take maximum advantage of an increasing gold price during 2009.

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STRATEGIC BUSINESS SUMMARY

Citigold Corporation is a gold producer controlling Australia's richest major goldfield at Charters Towers in North Queensland. The high-grade deposit contains a gold resource of 10 million ozs (23 Mt @ 14 g/t) with exceptional growth potential. Gold output targets growing to 300,000 ozs per year with gold production cash costs under A\$350 per oz. (See www.citigold.com for full resources report)

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 the Australian Institute of Geoscientists. Mr Towsey is a geologist and employed by CTO as Chief Operating Officer. 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.

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.