

ANNOUNCEMENT

Update Charters Towers gold

16 December 2009: Brisbane, Australia – Citigold Corporation Limited (Citigold) (ASX:CTO, NASDAQ Dubai:CTO, FSE:CHP) is pleased to provide an update on the Charters Towers mining operation.

Revised Production Targets

Citigold has considered the expected gold production for the December quarter in relation to the earlier announced target. Gold production for the current quarter is now expected to be 5,000 ounces. While this is below the earlier target forecast it would represent nearly a 100% increase from the September quarter and the largest quarterly gold production since mining operations began.

The 5,000 ounce quarterly production would represent an annualised rate of 20,000 ounces per annum if the rate is maintained.



This lift in gold production at Charters Towers follows the mine site's management restructure implemented 2 months ago.

With the new growth focused management team in place, the Board met in Charters Towers recently to get a first hand opinion on what is achievable going forward. In consultation with both Mr Towsey (COO) and Mr McDonald (GM – Operations), the gold production target for calendar 2010 year has been revised to 50,000 ounces. These more modest targets are based on accumulated experience and the more detailed understanding of the gold distribution. With the benefit of hindsight the previous aggressive production build up rate was premature. The overall long term project target remains unchanged however it will be a more gradual build up in production.

Strength of the Charters Towers gold asset.

Although the production expansion has taken longer than anticipated, the capital and infrastructure works plus mining completed to date have helped strengthen the value of the asset.

Ore Body is as expected

The overall mining payability of the reef structure explored as part of the mining process has proven to be consistent with the 70% discount factor

already applied to the overall tonnages used in the Inferred Mineral Resource published in 2005 and available on the Company web site.

Mechanised mining system optimisation continues

Citigold has developed a mine planning and development system that is suitable for a large scale mining operation. While the mechanised system is taking longer than expected the Company's conservative approach aims to ensure a low operating cost mining method for long term gold production.

Ore Reserve reconciliation - 101.5% recovery

Of an initial parcel of 19,307.5 oz outlined within the Probable Ore Reserve that was mined from the Warrior reef, the refinery paid the Company for 19,210 ounces. At 98% recovery in the Mill, we expected 18,921.35 oz to be sold, indicating Citigold produced 288 oz more (101.5%) than the Probable Ore Reserve estimate. This shows that the Company's estimation methodology including mining factors applied to the resource is sound and confirms the methods used in the current Inferred Mineral Resource of 23 million tonnes at 14 g/t Au containing 10 million ounces.

Power to sites exceeds 10 MW

Electric power throughout 2008 was a limiting factor that put Citigold behind by a year on the planned production growth. With state grid electric power connected to the overall Charters Towers gold project of 10 megawatts, the Company is starting to see production growing after the development catch up made in 2009.

Geophysics and diamond drilling

Test work to date using down hole induced polarisation (DHIP) has shown very encouraging results in mapping the sulphide zones associated with the gold mineralisation around and between drill holes. A number of significant target areas have been defined after initial calibration of the system on known mineralised areas. The goal is to use these geophysical imaging techniques to map the ore body in detail for mine planning to efficiently locate the development drives to access the stoping panels.

The Charters Towers gold field is performing in keeping with our studies and general expectations. Although growth in gold production is slower than expected, in 2008 and 2009, we believe that the knowledge gained to date from nearly 3 years of continuous gold production has been very valuable and will better assist future gold output estimations. Citigold's approach to capital expenditure has been prudent through gradual expenditure of relatively small capital amounts.

Current gold prices coupled with growing gold production are producing good cash flows. The Reserve and Resource assumptions are being confirmed, the mechanised mining method is working well, new mine site management has produced results and with a strong gold price, the Company is looking to a strong result in 2010.

For further information contact:

Mark Lynch
Managing Director

Matthew Martin
Company Secretary

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)

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