



ANNOUNCEMENT

Citigold on Track with Production Forecasts

21 May 2009: Brisbane, Australia – Citigold Corporation Limited (Citigold) (ASX: CTO, NASDAQ Dubai: CTO, FSE: CHP) is pleased to provide the following update on the production forecast for the company's flagship Charters Tower's operation in Queensland outlined in the March Quarterly Activities Report.

This information may be relevant to shareholders considering taking up their entitlements under the previously announced Share Purchase Plan offer which closes on Friday 5 June 2009.

Following completion of the budgeting and planning process, the company expects to reach the gold production target guidance for 2009 outlined in the March Quarterly Activities Report.

This increased production in 2009 would be a substantial increase in gold production over 2008.

Mr. Mark Lynch, CEO of Citigold, stated: "I am comfortable that the 2009 calendar year operation and production forecast will be achieved and that the company will be in cash flow surplus by the December 2009 Quarter."

"At this time, I see no factors in mining or processing that will prevent the targets, including doubling of production in the September Quarter and tripling of production in the December Quarter, being achieved," stated Mr. Lynch.

Our Company recognises that the world has shifted since the stock market fell sharply in late 2008 and that shareholders need to hear more about operational results. The company controls the largest high-grade gold deposit in Australia.

Management has recently focused on the main access decline and associated diamond-drilling to convert the gold resources to a mine plan (reserve). Bringing more drilling rigs underground has accelerated the acquisition of assay data and mine plan definition, with shorter and therefore faster drill holes. The subsequent accurate definition of stoping areas at Warrior has allowed more confident gold production forecasting.

In the meantime, shareholder participation in the current SPP offer will expand the company's cash reserves and increase the probability of Citigold rising to be one of Australia's larger independent producers in the world gold mining industry.

Development continues to be well advanced to access the WS19 ore body within the Warrior lode, with access development in May to date advancing 165 metres on four of the planned five access drives (cross cuts). The five levels to be mined in the WS19 ore body are the 720, 705, 690, 675 and 660 levels.

Increased gold production leading to becoming cash flow positive in the December Quarter should remove the requirement for future capital raisings by share purchase plans, so this may be the last opportunity at existing prices for existing shareholders to benefit from the discounted price and no brokerage fees.

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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)

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. 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.