

ANNOUNCEMENT

Charters Towers Warrior mine Upgrade Continues

18 August 2008: Brisbane, Australia – Citigold Corporation Limited (Citigold) (ASX:CTO, DIFX:CTO, FSE:CHP) is pleased to announce the further progression of the scaling up of infrastructure and personnel at its Charters Towers Warrior mine are progressing well.

High Grades

The gold grades underground at Warrior continue to be high in line with expectations above 10 g/t. Current ore development operations are on the 745 and 730 Levels and stoping is underway on the 840E level. On the 730West and 745East drives the ore in the development face to be stoped over a 1.2 metre width averages 10.0g/t and 31.0g/t respectively.

The current stoping area on the 840E Level has averages of 12.8 g/t over a 2.5 metre width in the development drive. The ore grades above the level drive, based on diamond drill intersections, average 21.0 g/t over the same 2.5 metre width, below the 860RL.

Although the ore body grade will vary along strike these grades are encouraging and will assist in ensuring Citigold should be a low cost producer of gold.

Power Upgrade

The State transmission lines upgrade is now completed and switch over by the mine to the upgraded underground connection is currently scheduled to take place by Thursday 21 August 2008. The power upgrade to the mine will then be complete.

The power at the Charters Towers Warrior mine has been the major impediment to achieving planned mine production. This upgrade will be a significant boost to operational efficiencies and coupled with the increase in operating time will help to increase gold production from the Warrior operations and reduce operating costs as economies of scale are obtained.



Garry Foord, Mine Manager, and John Foley, Chairman, inspecting the ore body on 730W (west) level.



24/7 Operations Commenced

The underground mining operations commenced on a continuous 24/7 basis from 4 August 2008 with the change of shift work arrangements for the underground miners to 12 hour shifts per day with a four (4) panel roster.

The move provides 40% more operating time than the original 2 by 10 hour by 6 day roster. This increase in operating hours is another important step required for scaling up of mine development and gold output over the coming year.

The increase in underground staff required a recruitment drive which has been successful, indicating Citigold's ability to attract and employ skilled underground miners and support staff. This was encouraging to senior management, with Garry Foord, Mine Manager, stating "This latest recruitment drive again demonstrates that Citigold can obtain the skilled operators required as the project continues it ramp up".

This move is a part of the planned expansion of underground working areas by duplicating the current operations along strike ensuring future production targets are achieved.

A\$ Gold Price Retains Traditional Stability

It is interesting to note that the A\$ gold price continues to be less volatile than the internationally quoted \$US gold price. The variations in the exchange rate means that in Australia, where operating costs are incurred, the revenue per ounce of gold produced remains above A\$900 per ounce.

For further information contact:

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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.*