

ASX RELEASE

New Jabal Sayid Lode 1 Copper Resource

**Measured, Indicated and Inferred Copper Resources at Jabal Sayid Now Totalling
37.5 Mt @ 2.2%Cu for 827KCuT**

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Citadel Resource Group (ASX:CGG) is pleased to announce an updated resource estimate for the Jabal Sayid Lode 1 copper orebody, located adjacent to the Jabal Sayid Project in Saudi Arabia, which is presently under development. A new resource of Measured, Indicated and Inferred of 6.4Mt at 1.8% Cu, 0.44g/t Au and 28g/t Ag has been estimated for the upper copper sulphide zone at Lode 1.

When combined with previous estimates from Lodes 2 and 4, the new Lode 1 copper sulphide resource brings a combined Measured, Indicated and Inferred copper resource total at Jabal Sayid to 37.5Mt at a grade of 2.2%Cu, for 827KCuT.

While Lodes 2 and 4 are to be mined from underground using an existing decline, Lode 1 will commence its operational life as an open cut. Existing underground development already intersects the upper copper sulphide resource, which is within 200m of the Lode 2 deposit where initial production for Jabal Sayid is planned.

Ongoing Lode 1 flotation test work has returned a range of copper recoveries of 70-90% for a 75 micron grind, resulting in the production of a saleable grade concentrate. A detailed Lode 1 scoping study will be released in October, combining integral mining and metallurgical information.

Citadel's CEO and Managing Director, Inès Scotland has made the following observation:

"The Lode 1 copper deposit provides the Jabal Sayid project with ready access to significant additional base and precious metals, over and above the existing plan for Lodes 2 and 4. The Jabal Sayid mining lease and exploration area remains highly prospective for discovering additional copper mineralisation."

Lode 1 Deposit

Exposed over a +320m length, 270m width and +620m depth (mineralisation open at depth), the Lode 1 deposit is hosted within a sequence of weakly metamorphosed, felsic volcanic rocks, comparable to Lodes 2 and 4. The prospect area is marked by extensive alteration zones and a prominent gossanous cap, observed over a strike length of 200m.

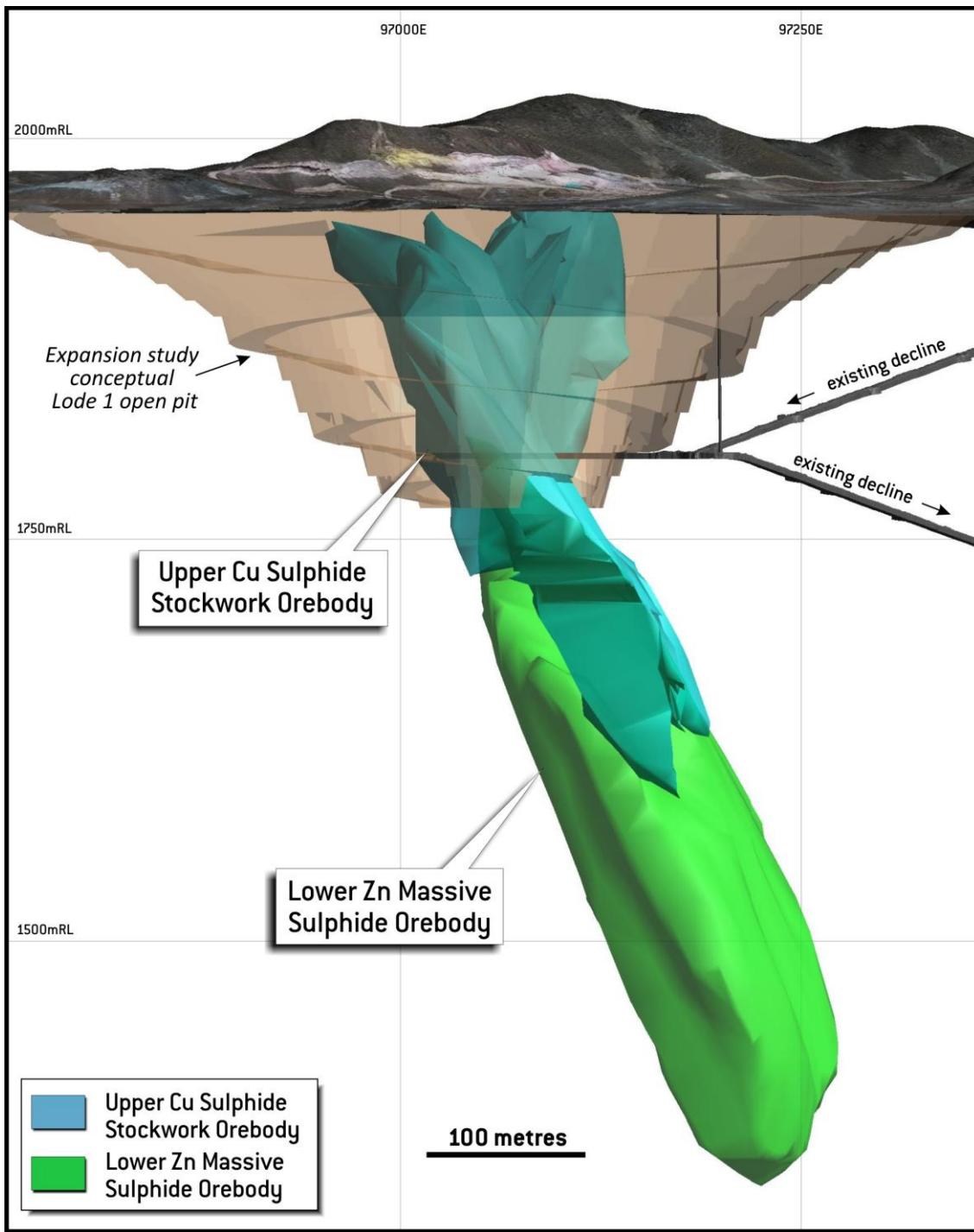


Figure 1: Upper Lode 1 Copper (blue) and Lower Zinc (green) sulphide orebodies and conceptual pit, in cross sectional view looking north.

Significant drill intercepts released previously from Citadel's exploration programs include:

- BDH1061 – 88m at 3.81% Cu, 0.79g/t Au and 45g/t Ag from 180m
- BDH1076 – 79m at 2.03% Cu, 0.97g/t Au and 54g/t Ag from 68m
- BDH1079 – 52m at 2.52% Cu, 0.51g/t Au and 32g/t Ag from 192m
- BDH1083 – 52m at 5.65% Cu, 0.73g/t Au and 47g/t Ag from 130m
- BDH1088 – 90m at 1.9% Cu, 0.7g/t Au and 33g/t Ag from 99.6m

Importantly, the additional drilling of 1,742m in 11 holes completed into the upper copper sulphide zone in support of this new resource, resulted in a material increase of 30% contained copper from the previous estimate. The majority of this extra metal comes from several high grade zones that were not adequately defined by the previous drilling.

Current Resource

The current Lode 1 estimate is based on Citadel's latest drilling campaigns, together with prior BRGM (Bureau de Recherché Geologiques et Minières) and Ma'aden drilling programs.

The Lode 1 Resource models have been constrained within two separate wireframes. For estimation purposes, conservative topcuts of 10% have been applied to Cu and Zn, while 10g/t and 100g/t were assigned to Au and Ag assays, respectively. Resource estimation was undertaken using both Micromine and Datamine software packages, using Inverse Distance Squared and Ordinary Kriging techniques.

Resource classification has complied with the reporting requirements of the JORC (2004) Code, with tonnage and grade estimates tabulated herewith at 0.5% Cu (Cu sulphide) and 1.5% Zn (Zn sulphide) cut-off grades (Table 1).

Category	Tonnes (Mt)	Cu%	KCuT	Zn%	Au (g/t)	Ag (g/t)
Upper Cu-Rich Sulphide Orebody (@0.5%Cu)						
Measured	0.9	1.9	17	1.4	0.5	31
Indicated	1.8	1.8	33	1.4	0.5	30
Total M+I	2.7	1.9	50	1.4	0.5	30
Inferred	3.7	1.7	62	1.2	0.4	26
Lower Zn-Rich Sulphide Orebody (@1.5%Zn)						
Inferred	10.9	0.4	40	2.9	0.3	24

1) Resources are reported at 0.5%Cu and 1.5%Zn cut-off grades respectively and inclusive of reserves.

2) Minor rounding errors may occur.

Table 1: Lode 1 – Upper Copper Sulphide and Lower Zinc Sulphide Resource Estimates

Combined Jabal Sayid Resources

For the purposes of completeness, tonnages and grades are reported for Lodes 1 (Cu Resource only), 2 and 4 at Jabal Sayid for individual and combined Resource Categories, as currently or previously published by Citadel Resource Group (Table 2).

Category	Tonnes (Mt)	Cu%	KCuT	Zn%	Au (g/t)	Ag (g/t)
Lode 1 (Cu Sulphide Only - @ 0.5%Cu)						
Measured	0.9	1.9	17	1.4	0.5	31
Indicated	1.8	1.8	33	1.4	0.5	30
Total	2.7	1.9	50	1.4	0.5	30
Lode 2 (@ 0.8%Cu)						
Measured	1.6	2.5	40	0.2	0.3	15
Indicated	3.6	2.4	85	0.2	0.3	16
Total	5.2	2.4	125	0.2	0.3	15
Lode 4 (@ 0.8%Cu)						
Measured	13.3	2.5	332	0.2	0.3	9
Indicated	7.5	2.4	179	0.2	0.2	8
Total	20.8	2.5	512	0.2	0.3	9
Lodes 1 + 2 + 4						
Measured	15.8	2.5	389	0.3	0.3	11
Indicated	12.9	2.3	297	0.4	0.3	13
Total M+I	28.7	2.4	687	0.3	0.3	12
Lode 1 (Cu Sulphide only - @ 0.5%Cu)						
Inferred	3.7	1.7	62	1.2	0.4	26
Lode 2 (@ 0.8%Cu)						
Inferred	0.5	1.8	9	0.2	0.4	15
Lode 4 (@ 0.8%Cu)						
Inferred	4.6	1.5	69	0.4	0.2	7
Total Inferred	8.8	1.6	140	0.7	0.3	15

- 1) Resources are reported at variable (0.5% and 0.8% Cu) cut-off grades as indicated and are inclusive of published ore reserves.
- 2) Minor rounding errors may occur.

Table 2: Jabal Sayid – Combined Lodes 1, 2 and 4 Resource Estimates by Resource Category (Cu Lodes only)

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Competent Persons Statement

Citadel Resource Group:

The information in this document that relates to Exploration Results and Mineral Resources, is based on information compiled by Geoff Booth (Resources Manager), who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person, defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Geoff Booth is a Fellow of the Australasian Institute of Mining and Metallurgy and a full time employee of Citadel Resource Group. He consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.