

ASX Release

Jabal Sayid Positive Definitive Feasibility Study

14 December 2009

EXECUTIVE SUMMARY

Citadel Resource Group is pleased to announce the results of the Definitive Feasibility Study (DFS) for the Jabal Sayid copper and gold project located in the Kingdom of Saudi Arabia.

The DFS has been completed by SNC-Lavalin and consultants including Coffey Mining and a Citadel owner's team. The study commenced in February 2009 with a total of 700,000 man hours completed for drilling, mining, metallurgy and engineering.

The DFS confirms Jabal Sayid is a world class asset with a number of characteristics which position the project as one of the world's premier developing copper-gold mines.

- **High level of Resource certainty with upside potential** – Mining inventory of 26.2Mt with 24.4Mt in Reserves (93%) at a copper grade of 2.3% (based on Lodes 2 and 4 only with expansion potential from Lode 1).
- **Low capital cost intensity** – At a capital cost of US\$280M (including a substantial contingency and owners cost allowance), Jabal Sayid will have a low capital cost per tonne of annual production, ranking it amongst the world's most capital efficient copper projects of similar size and scale.
- **Competitive operating fundamentals** – Average cash operating cost of US\$0.94/lb produced (US\$0.97/lb payable net of precious metal credits) over life-of-mine will rank Jabal Sayid well within the 2nd quartile (compared to current London Metal Exchange copper cash price in excess of US\$3/lb).
- **Established project and regional infrastructure** – Existing 2.1km long decline passes through all three known deposit Lodes enabling short lead time to primary stoping production. Major regional infrastructure is located close to the project site, such as sealed highway access, which will facilitate efficient delivery of project materials during construction.
- **High quality concentrate** – Clean concentrate containing 25-27% copper with no penalty elements expected to be highly sought after by any smelter in the region or globally.
- **Proximity to markets** – Logistically well placed project location close to main east-west trade route to key markets in Europe, China and India.

In conclusion, the DFS has demonstrated that the Jabal Sayid project is both technically and financially robust. The mining and processing methods are well proven and comfortably within industry standards. The financial outcomes demonstrate that the project will be sound at a variety of copper prices.

PROJECT FUNDAMENTALS SUMMARY

The following is a summary of the project fundamentals:

Mining Inventory:	26.2Mt with 24.4Mt in Reserves (93%)
Grades:	2.3% Cu, 0.3g/t Au, 10g/t Ag
Resource:	31Mt at 2.3% Cu (Lodes 2 & 4 only, using a 0.8% cutoff)
Pre-production Capital Cost:	US\$280M (\$222M capital, \$38M contingency, \$20M owners costs)
Cash Cost:	Payable US\$0.97/lb (after precious metals credits), produced US\$0.94/lb
Mining Method:	Sub Level Open Stopes mining 2.6Mtpa of ore
Concentrate:	Average 250,000 WMT per annum concentrate containing 57,000tpa Copper
Precious Metals:	146,257oz Au and 5,846,732oz Ag - Life of Mine
Construction Time:	17 months
Commissioning:	3 months
Production Ramp-up:	Year 1 – 1,372Mt (part year); Year 2 – 2,566Mt; Year 3 – 2,637Mt

The DFS is based on the mining of Lodes 2 and 4 copper and gold mineralisation only. Lode 1 is currently the subject of an expansion study and has not been incorporated in the DFS.

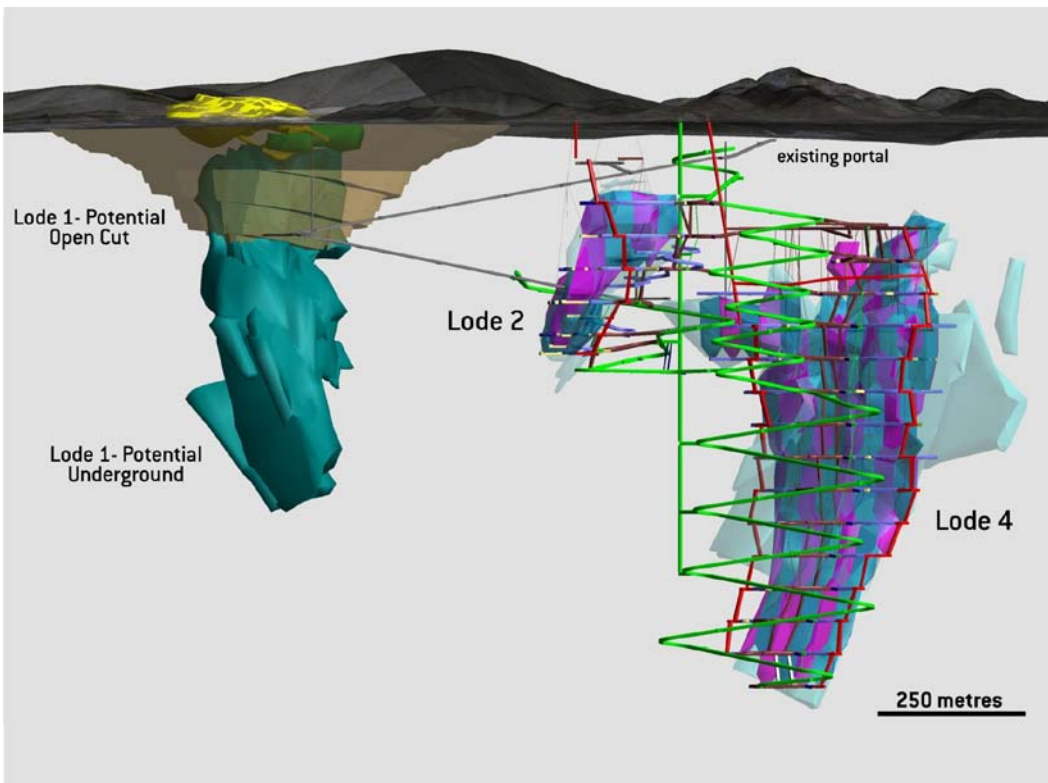


Figure 1: Mine development in Lodes 2 and 4 with potential Lode 1 open cut expansion

MINING

Key technical aspects of the mine are:

Mining Method:	<ul style="list-style-type: none"> • Sub Level Open Stopes • Average of 3 production stopes operating concurrently • Stopes up to 100m high with 30-50m sublevel intervals • Contract development and production
Annual Production:	<ul style="list-style-type: none"> • 2.6Mt • Surface crushing
Haulage:	<ul style="list-style-type: none"> • Underground road trains up to 100t • Single existing decline from surface connecting with dual declines at lode 2
Fill:	<ul style="list-style-type: none"> • Primary – CAF (lode 2) & CRF (lode 4) • Secondary – Sand & rock fill
Ventilation:	<ul style="list-style-type: none"> • Velocity cooling (due to low humidity) • Large variable speed surface fans

Pre-production development will take 14 months with a significant portion of the in-mineralised material taken to surface as ore on the ROM pad.

PROCESSING

The concentrator is sized to process 3Mtpa allowing for increased mining capacity. It is a conventional flotation circuit with the following specifications:

Sag Mill:	7.92m \emptyset x 4.75m, 5.5MW (26' x 15.6')
Ball Mill:	5.5m \emptyset x 9.0m, 4.5MW (18' x 29.5')
Grind Size:	P ₈₀ Of 150 μ m
Rougher:	7 x 70m ³ tank cells
Cleaner / Recleaner:	4 x 30m ³ tank cells / 4 x 8m ³ trough cells
Recovery and Grade:	96.0% (2.0% Cu head & 25% Cu conc)
Dewatering:	3 x horizontal filter press – target 15% moisture – trucking to “dry” tailings storage facility

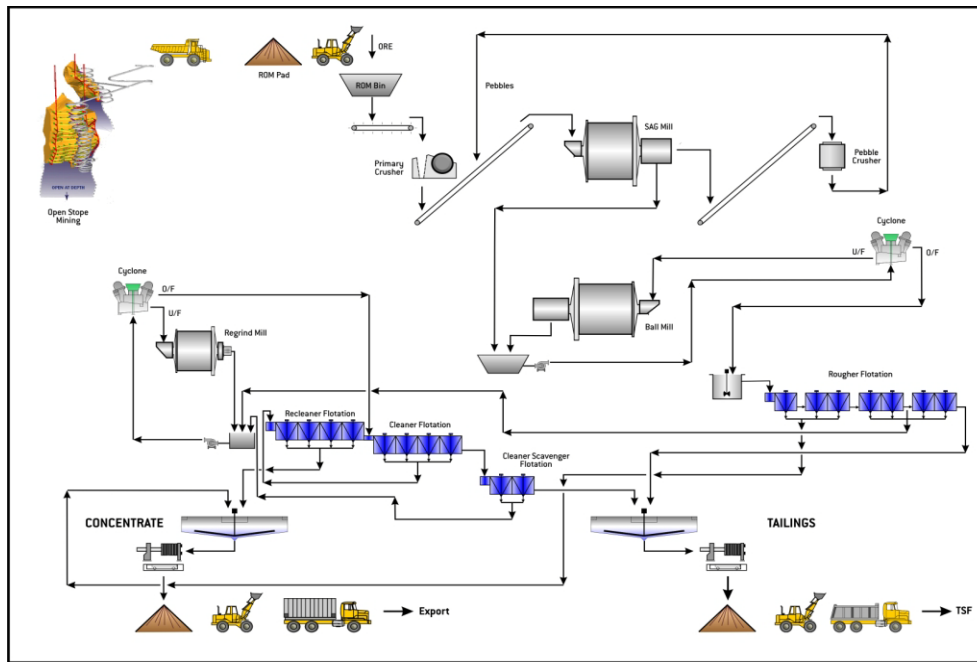


Figure 2: Process flow diagram

INFRASTRUCTURE

Site and infrastructure will include the following:

- Power: 33MW with average load of 21-24MW
- Process Water: 1,000,000m³ with onsite raw water storage of 11,000m³
- Accommodation: 590 man camp with additional construction capacity
- Access: Off the main highway with sealed road to process facility
- Concentrate: 250,000WMT per annum trucked to Yanbu
Storage at Yanbu in existing shed (24,000t capacity)
Shipping 11,000WMT every 14-16 days

CAPITAL & OPERATING COSTS

Pre-Production Capital Costs

	US\$M
Mine:	\$63.5
Process Plant:	\$57.8
Infrastructure, Services, reagents:	\$39.3
Tailings & offsite infrastructure:	\$28.7
Field Indirects:	\$11.4
EPCM Services:	\$20.2
Owners Costs:	\$20.5
Contingency & Escalation:	\$38.3
Total:	\$279.7

Cash Operating Costs

	Total	Per Tonne Ore	Per Cu payable
	US\$M	US\$/t	US\$/lb
Mining:	58.7	22.41	0.49
Concentrator:	27.8	10.60	0.23
Administration:	10.2	3.89	0.09
Logistics:	12.7	4.87	0.11
TC/RC:	23.9	9.12	0.20
Total Cash Opex:	133.3	50.89	1.12
Precious Metals Credit:	(17.6)	(6.71)	(0.15)
Net Cash Opex	115.7	44.18	0.97

RESERVES & RESOURCES**Jabal Sayid Project****Lodes 2 and 4 Mineral Resource Estimates at 31 October 2009 (0.8%Cu cut off)**

Deposit	Category	Resource (Mt)	Cu %	Au gpt	Ag gpt	Contained Cu Metal ('000t)
Lode 2	Measured	1.6	2.5	0.3	15	40
	Indicated	3.6	2.4	0.3	16	85
Total	Measured + Indicated	5.2	2.4	0.3	15	125
Lode 4	Measured	13.3	2.5	0.3	9	332
	Indicated	7.5	2.4	0.2	8	179
Total	Measured + Indicated	20.8	2.5	0.3	9	512
Total – Lodes 2+4	Measured + Indicated	25.9	2.4	0.3	10	636
Lode 2	Inferred	0.5	1.8	0.4	15	9
Lode 4	Inferred	4.6	1.5	0.2	7	69
Total – Lodes 2+4	Inferred	5.1	1.5	0.3	10	78
Total Resources		31.0	2.3	0.3	10	714

Jabal Sayid Project
Lodes 2 and 4 Ore Reserve as at 10 December 2009

Deposit	Proved	Probable	Total	Contained Metal
Ore Tonnes (Mt)	15.0	9.4	24.4	
Cu (%)	2.2	2.2	2.2	540 kt
Au (g/t)	0.25	0.25	0.25	0.20 Moz
Ag (g/t)	8.4	9.5	8.8	6.90 Moz

Note 1: The information in this announcement that relates to Mineral Resources is based on information compiled by Geoff Booth, Resources Manager and Neil Inwood Specialist Consultant – Resources. Geoff Booth is a full time employee of Citadel Resource Group Limited and a member of the Australasian Institute of Mining and Metallurgy and 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 as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Geoff Booth consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Neil Inwood is a consultant working for Coffey Mining Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy and 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 as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Neil Inwood consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Note 2: The information in this announcement that relates to Ore Reserves is based on information compiled by Peter Wade who is an employee of Coffey Mining Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy and 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 as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Peter Wade consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

*Note 3: For further information please refer to the summary Resource Estimate Report lodged by the Company with ASX on 14 December 2009 and available on Citadel’s website:
www.citadelrg.com.au.*

For further information please contact:
 Inés Scotland (CEO & MD) or Jeff Sells (CFO)
Citadel Resource Group Limited
 +613 8680 4601
ines.scotland@citadelrg.com.au
jeff.sells@citadelrg.com.au