

NEW GOLD ASSAYS RETURNED FROM CITADEL'S SHAYBAN PROJECT, SAUDI ARABIA

LATEST RC DRILLING RESULTS CONTINUE TO DELIVER BROAD HIGH-GRADE GOLD RESULTS

Highlights:

- **New high-grade assay results include**
 - **41m at 22.75 g/t gold from 0m - including 16m at 50.71 g/t.**
 - **28m at 14.17 g/t gold from 14m - including 5m at 65.71 g/t.**
 - **41m at 2.68 g/t gold from 21m.**
- **Continued intersection of high-grade primary and oxide gold by the current RC program further demonstrates Shayban's potential to host a significant resource.**
- **Mineralisation has now been delineated over a strike length of 550m and is currently open along strike, down dip and down plunge.**

Summary

Citadel Resource Group Limited (ASX: CGG – “Citadel” or “the Company”) is pleased to announce that it has received further high-grade assay results from the second drilling program at the Company's **100%-owned Shayban Gold Project** in Saudi Arabia. Gold assay results have been received for a further 5 reverse circulation (“RC”) drill holes of the continuing 40 hole drilling program.

All holes intersected significant gold mineralization from surface, or near surface. Results included **28 m at 14.17 g/t Au (eoh)** from 14m including **5m at 65.71 g/t Au** (Drillhole SH049RC), **41m at 22.75 g/t Au (eoh)** from surface including **16m at 50.71 g/t Au** (SH052RC), and **41m at 2.68 g/t Au** from 21m (SH053RC). Silver and base metal results are pending and should be available in a further 3-4 weeks. Complete listings of the results are presented in Table I.

Citadel's drilling programs over the past year have discovered multiple “stacked” gold zones within the Shayban deposit. Several high-grade gold “shoots” have been delineated within these zones adding significantly to the project. Together with previous results, these latest assay results confirm the continuity of the high-grade ore shoot intersected by the previous drill holes SH031RC (39 m at 37.80 g/t Au – previously announced), SH048RC (31 m at 6.89 g/t gold – previously announced) and SH051RC (42 m at 4.59 g/t Au – previously announced). These intersections define a shallowly south plunging (20 degrees) continuous body that has a strike extent of 150m. Citadel continues to extend and define this and other similar shoots within the Shayban deposit.

Commenting on the new results, Citadel's CEO, Inés Scotland, said:

“Shayban is shaping up to be an exciting gold project. Results from our ongoing exploration drilling program continue to demonstrate the potential of Shayban to host a significant mineral resource.

“Mineralisation has now been delineated over a strike length of 550m and is open along strike (to the north), down dip (to the west) and down plunge (to the south).



“The continued high grade gold discoveries - combined with good recoveries from recent metallurgical testwork is rapidly moving the project into a potential early stage operation.

“Significantly, the CAPEX for these style of projects is low, the cash cost should be appealing, and gold is a strong commodity in the current economic times.”

Results

Drillhole SH052RC intersected **41m at 22.75 g/t Au** from surface with the hole ending in mineralization. The drillhole encountered a high grade zone of **4m at 21.55 g/t Au** from 7m just above the base of oxidation. Importantly the highest grade portion of the intersection which included **16m at 50.71 g/t Au** from 22m consisted of primary mineralisation. This indicates the bonanza grade material is not the result of supergene enrichment and is likely to persist at depth.

Drillhole SH049RC which intersected **28 m at 14.17 g/t Au** from 14m also ended in mineralization with the basal 1 meter split returning an assay of 10.0 g/t Au. The hole included a bonanza grade section of **5m at 65.7 g/t Au**, again within the primary zone, which included a peak 1m split of **154.5 g/t Au**. The distribution of the results is shown in the attached Long Section (Figure 1).

The Shayban Project

The Jabal Shayban deposit is hosted within a sequence of highly prospective, weakly metamorphosed, felsic to intermediate volcanoclastics that includes subordinate units of chert and marble. This sequence is, in turn, intruded by a suite of dioritic and syenitic intrusions. Exploited by ancient miners the Shayban prospect area is marked by an extensive zone of alteration and gossanous outcrops.

The mineralisation at Shayban forms south plunging, westerly dipping, semi-continuous lodes that are currently open down plunge, down dip and along strike. Within the prospect area mineralisation mainly occurs within the “Shayban Shear Zone” a locally significant deformational zone that is mapped for in excess of 2.5km in the immediate area.

As illustrated by *Figure 1* (965mE Long Section) the lodes are boudinaged out along the Shayban Shear Zone. In long section the lodes have an attenuated, “pinch and swell” morphology that are traceable for in excess of 600m along plunge (currently open). Within these attenuated horizons several high-grade gold, sulphide-rich “shoots” have been intersected. These variably boudinaged shoots can have strike extents of up to 150m, a dip extent of about 70m and a maximum true thickness of 30m.

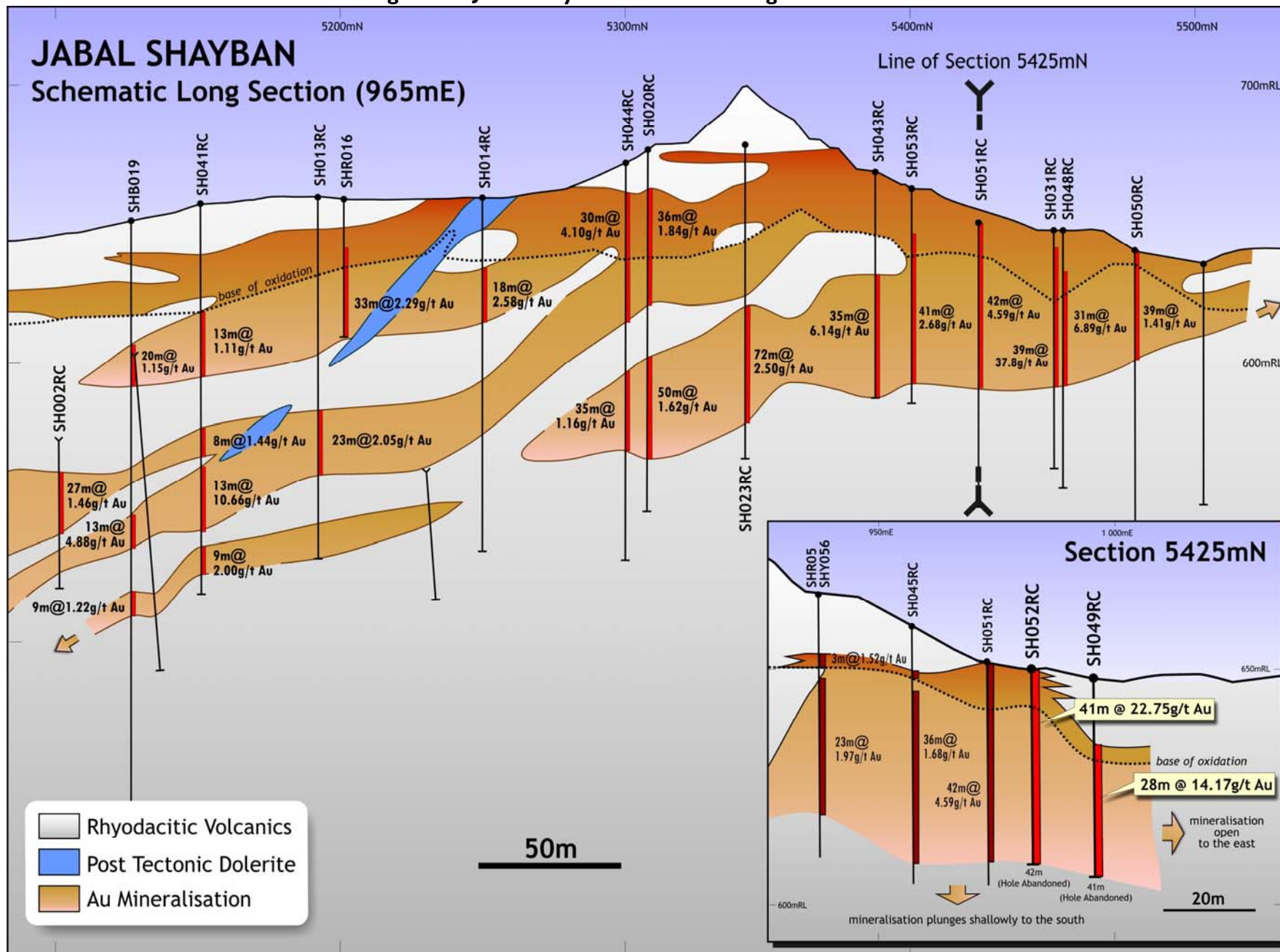
There are two main mineral phases identified at Shayban, the first and most important, is a gold-rich volcanic-hosted massive sulphide (VHMS) event marked by the presence of conformable massive to semi-massive sulphides and associated stringer and disseminated sulphides. This style of mineralisation accounts for much of the contained gold at Shayban. The secondary mineral phase is a late-stage, high-grade, quartz-telluride gold bearing vein system that propagates throughout the “Shayban Shear Zone”.

Wadi Shugea Regional Exploration Potential

Jabal Shayban is contained within Citadel’s Wadi Shugea project which covers 203 sq km’s of the highly prospective Neo-Proterozoic Ariab-Samran-Shayban volcanic belt. The Ariab-Samran-Shayban volcanic belt extends for in excess of 1000km from the Nile Valley in Sudan, north-eastwards across the Red Sea into Saudi Arabia. The belt hosts several significant gold and base metal mines, from Sudan (Hassai gold-rich VHMS deposit (+2Moz)) in the south through to the Mahd Adh Dhahab (Cradle of Gold deposit +5Moz) and Citadel’s Jabal Sayid deposits to the north. The VHMS and precious-metal epithermal deposits of the Ariab-Samran-Shayban mineral belt form a world-class mineral province that Citadel believes will deliver further discoveries in the near future.

In addition to containing Citadel’s advanced Jabal Shayban and Jabal Baydan deposits the Wadi Shugea project hosts numerous other, less explored prospects and occurrences that include gossans, ancient workings, anomalous geochemistry and geophysical anomalies. Citadel considers the potential for the discovery of both base-metal and gold-rich VHMS and epithermal precious-metal deposits within the Wadi Shugea project to be high and has planned an aggressive exploration program for the year ahead.

Figure 1 – Jabal Shayban Schematic Long Section 965mE



Note 1: The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Brett Butlin, Exploration 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 as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Brett Butlin is of member of the Australian Institute of Geoscientists. Brett Butlin is a full time employee of Citadel Resource Group, and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For a more detailed Technical Summary of the Shayban and the Regional Prospects please refer to the link on the home page of our website: www.citadelrg.com.au.

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Table 1. Summary of significant mineralised intercepts.

Hole ID	North (local)	East (local)	Azi	Dip	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
SH049RC	5425	998	000	-90	14	42 _(EOH)	28	14.17	Pending	Pending	Pending
SH052RC	5425	985	000	-90	0	41 _(EOH)	41	22.75	Pending	Pending	Pending
		<i>Incl.</i>			22	38	16	50.71	Pending	Pending	Pending
SH053RC	5400	949	000	-90	21	62	41	2.68	Pending	Pending	Pending
SH054RC	5375	990	090	-60	0	2	2	1.14	Pending	Pending	Pending
					17	19	2	1.46	Pending	Pending	Pending
					25	26	1	1.20	Pending	Pending	Pending
SH056RC	5425	892	090	-60	64	68	4	1.96	Pending	Pending	Pending
					81	82	1	1.31	Pending	Pending	Pending

Mineralised intercepts estimated using a 0.2 g/t cutoff with no more than 2m of continuous internal dilution. Au determination by Fire Assay - 50gm. (EOH) = End of hole – hole abandoned.