

JABAL SAYID PROJECT RAPIDLY PROGRESSING TOWARDS BFS

Highlights:

- **Delineation of high grade core in Lode 4 and Lode 2 (31 Mt at 2.3% Cu) provides focus to forward planning for Stage 1 of Jabal Sayid development.**
- **Underground mine concept shows potential for a low cost, bulk tonnage mining operation at Lode 4 and Lode 2 targeting the stockwork resource.**
- **Completion of Feasibility and Development to be fast tracked following successful completion of financing. Rapid advances made in planning include;**
 - **Recruitment of first class core team of geo-professionals under the leadership of Michael Hulmes (COO).**
 - **Pre-feasibility study utilising a local and International team of mining, metallurgical, environmental and water consultants with expected completion in Q2 2008.**
 - **Activities for Crushing and Grinding (Comminution) testing are underway.**
 - **Underground access work has commenced with the expediting of pumps to site and finalization of contracts for stabilisation of workings and underground drilling for resource categorisation.**
- **Recent Lode 4 drilling extends the mineralization closer to surface and at depth;**
 - **BDH4011 (assays pending) has successfully intersected the upper part of Lode 4 stockwork mineralisation 100m closer to surface than any hole previously drilled.**
 - **BDH 4012 (assays pending) drilled to 688m, the deepest hole drilled by Citadel at Jabal Sayid, intersected Lode 4 stockwork to the end of hole.**

Pre Feasibility Study Update

Citadel Resource Group Limited (ASX: CGG – “Citadel” or “the Company”) is pleased to announce that a review and update to the July 2007 pre feasibility study (which was based on a combined open pit and underground operation) has commenced. This will focus exclusively on a high grade underground operation utilizing the Lode 2 and Lode 4 copper stockwork mineralization – Stage 1 of development. This study is expected to be completed in Q2 2008. Stage 2 will incorporate an expanded mining review, due for completion with the Bankable Feasibility Study

Additional drill data led to the identification of a high grade core of copper mineralisation within the stockwork system. This enabled an estimate of the recently announced Mineral Resource upgrade shown in Table 1. This high grade core has a combined Indicated and Inferred Mineral Resource of 25.3Mt @ 2.3% Cu in Lode 4 and 5.9Mt @ 2.3% Cu in lode 2 which is conducive to bulk mechanized bulk underground mining methods. Access to

this ore body is already possible via the existing decline at the operation. The proposed mine layout for the Study of Stage I of the development is shown in Figure 1.

The recently announced successful raising of \$29M will enable this work to move forward rapidly and seamlessly into the Feasibility Study.

Feasibility Study Team

To undertake these studies the Company has opened a Perth Office and assembled a first class team of geo-professionals to manage the activities of the company in The Kingdom of Saudi Arabia. Recent appointments include Mr Tim Benfield as the General Manager Project Development and Mr Steve Rose as Chief Geologist.

Recent Drilling Results

Recently completed surface drill holes BDH4011 and BDH4012 continue to extend the Lode stockwork mineralization closer to surface and at depth.

Drill hole BDH4011 (assays pending) intersected strong chalcopyrite stockwork from 155m through to 200m. The site geologists estimate grades should average between 1.8-2.5% Cu from visual estimates of chalcopyrite. This drillhole has successfully intersected the upper part of Lode 4 stockwork mineralisation 100m closer to surface than any hole previously drilled.

Drill hole BDH 4012 has intersected stockwork to the deepest part of Lode 4 drilled by Citadel to date with the hole ending in mineralisation. Site geologists estimate grades should average between 1.7-2.2%Cu over 270m from the massive sulphide contact to the end of hole, based on the visual estimate of chalcopyrite.*

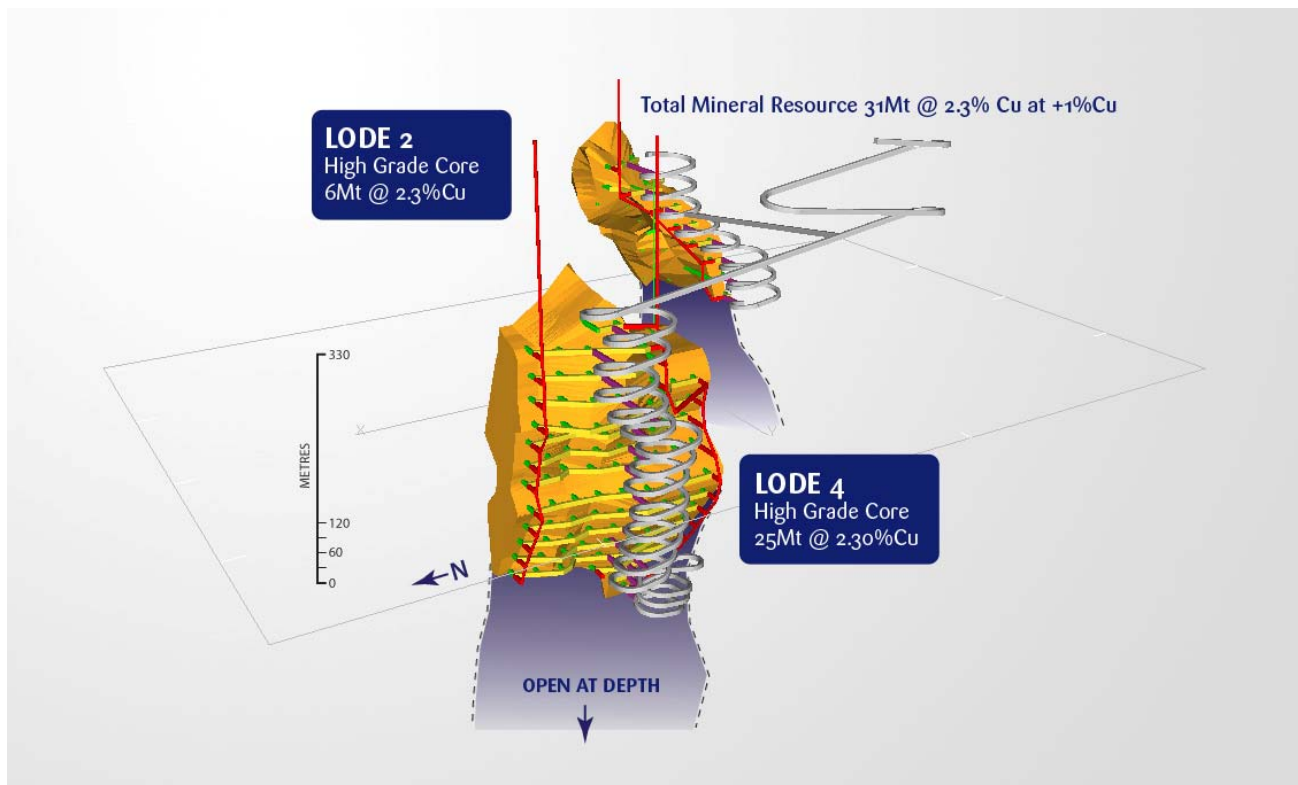


Figure 1 – Underground Mine Schematic of Stage I

Table 1: Jabal Sayid Resource Estimate (Lodes 2 & 4 - stockwork) – 1% Cu cutoff domain

Lode	Category	Cutoff Cu%	Tonnes (Million)	Grade Cu %	Contained Cu (000't)
2	Indicated	1.0	3.3	2.5	80.5
4	Indicated	1.0	10.3	2.4	243.5
Subtotal			13.6		323.9
2	Inferred	1.0	2.6	2.1	54.1
4	Inferred	1.0	14.9	2.3	341.0
Subtotal			17.5		395.1
2	Indicated + Inferred	1.0	5.9	2.3	134.6
4	Indicated + Inferred	1.0	25.3	2.3	584.4
TOTAL			31.1	2.3	719.0

Table 2: Total Jabal Sayid Resource by Category

Resource Category	Type*	Tonnes (Mt)	Cu %	Contained Cu t (000's)	Zn %	Contained Zn t (000's)
Indicated	MS	2.6	1.95	50.9	1.36	36
	MS	0.9	0.35	3.3	1.59	15
	Stockwork	18.6	1.90	353.1	0.09	16
	All	22.2	1.84	407.3	0.30	67
Inferred	MS	1.5	1.80	27.0	1.24	19
	MS	17.1	0.45	77.1	2.17	371
	Stockwork	33.5	1.44	483.4	0.09	32
	All	52.1	1.13	587.6	0.81	421
TOTAL	MS	22.2	0.71	156.3	1.98	440
TOTAL	Stockwork	52.1	1.61	836.6	0.09	48

Zn grade and tonnes estimated for Lodes 1 & 4 and included in the total resource tonnes
 * Refer to section on mineralization type and cut-off grade

Notes:
 # Chalcopyrite is the predominant copper bearing sulphide mineral at Jabal Sayid. The mineral has chemical formula of (CuFeS₂) and contains 31-34.5% Cu. A visual estimate of 10% chalcopyrite could therefore assay 3.1-3.45% Cu.
 Visual estimation of mineralogical content in drillcore is not an exact science the descriptive information provided should be regarded with this in mind. This descriptive terminology is largely reliant on the experience of individual observers. Assaying of representative samples will be the determinant of the accurate metal content.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Ralph Stagg, who is a Member of the Institution of Materials, Mining and Metallurgy, a Chartered Engineer and a Fellow of the Australasian Institute of Mining and Metallurgy, and is the technical director of Bariq Mining. Ralph has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results and Mineral Resources..". Ralph consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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