

## **JABAL SAYID UP TO 95% RECOVERIES PRODUCING A 27.5% - 30.0% CONCENTRATE**

### **HIGH GRADE CONCENTRATES ACHIEVABLE WITH EXCELLENT METALLURGICAL RECOVERY**

**A program of metallurgical test work has just been completed on master composite samples comprising drill core from Lode 2 and Lode 4 at the Jabal Sayid Project. Highlights include:**

- **Lode 4 produces a 30% Copper concentrate up to 95% metallurgical recovery**
- **Lode 2 produces a 27.5% Copper concentrate up to 95% metallurgical recovery**
- **Significant precious metal credits will be realized from the concentrates with recoveries averaging 58% for gold(Au) and averaging 68% for silver(Ag)**
- **The focus of the test work has been on copper and there are opportunities to improve the precious metal recoveries and these are currently under investigation**
- **In all areas the test work program has demonstrated that the metallurgical performance of the ore is better than first thought**
- **The BFS timetable is on track with the testwork providing sufficient information to size and design critical path items of equipment**
- **Orders for these items can be placed by the end of the 3rd quarter 2008 anchoring the start date of the project and ensuring that these critical items of equipment are available for project start up**
- **Initial indications from the pre feasibility study are that production rates of over 3,000,000tpa will be achievable from the underground mine at Jabal Sayid (Stage 1)**

Citadel Resource Group Limited (ASX: CGG – “Citadel”) is pleased to announce that it has received excellent results from the **Jabal Sayid Copper Project** metallurgical test work program. Jabal Sayid is the flagship project in Citadel’s portfolio of Saudi Arabian gold and base metal projects. Jabal Sayid is a 50% joint venture between Citadel and Saudi company CMCI. The other projects in the portfolio are 100% owned by Citadel.

Early indications from the current Pre-Feasibility work show that an underground mine can be constructed with production rates of over 3,000,000tpa. It is on this basis that the Stage 1 treatment plant design is taking place.

The bench scale test work on which the information used in this announcement is based was conducted by AMMTEC laboratories in Perth. The test work was conducted on a master composite grading 3.5% Cu, 0.46 g/t Au, 9.78 g/t Ag from Lode 4 and a Lode 2 master composite grading 3.4% Cu, 0.38 g/t Au, 17.5 g/t Ag. Lode 4 produced a 30% Copper concentrate at 95% copper recovery grading 2.12g/t Au and 59g/t Ag. Lode 2 produced a 27.5% Copper concentrate at 95% copper recovery grading 2.10g/t Au and 104g/t Ag.

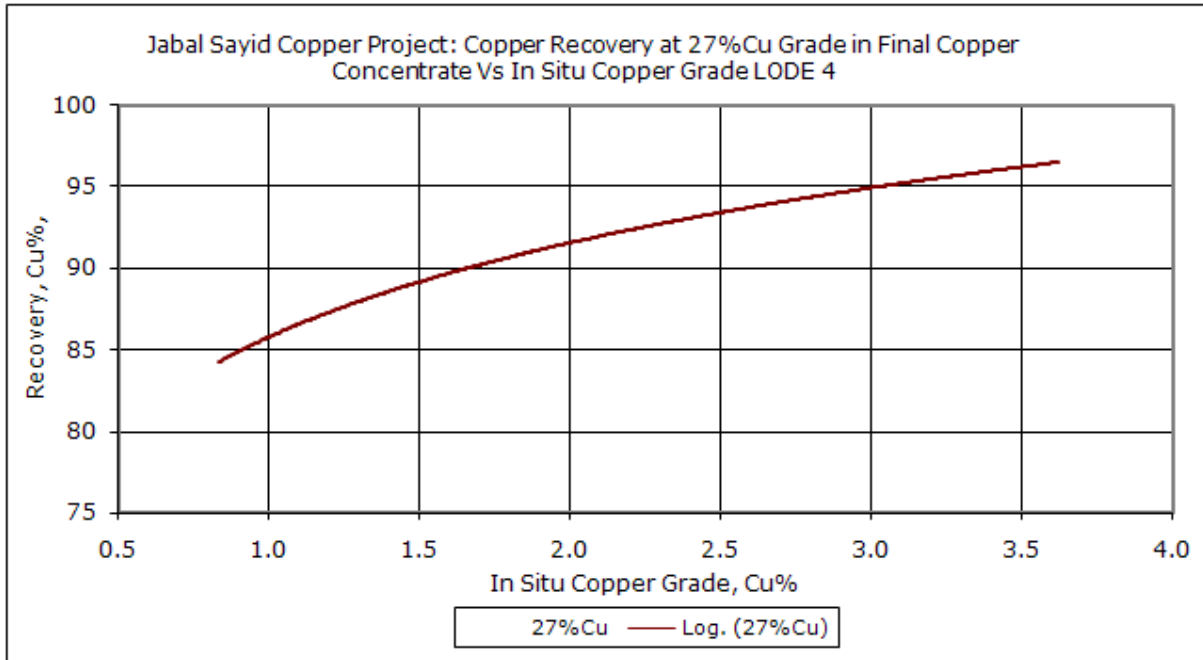
In all areas the test work program has demonstrated that the metallurgical performance of the ore is better than first thought. These latest results are important at this stage of the development of Jabal Sayid.

- They confirm that the metallurgical treatment of the ore will be straightforward with very high recoveries to produce a good quality saleable copper concentrate free of impurities
- A relatively coarse grind of 150 micron will be sufficient to release the copper minerals for flotation. This means that the grinding circuit will require a low power and steel ball consumption
- They indicate that low cost reagents will be suitable further reducing operating costs
- Sufficient test work has now been conducted to permit the development of the Jabal Sayid flow sheet and to allow detailed capital and operating costs to be developed for the proposed treatment plant. The flowsheet is shown in Figure 2
- The work has generated sufficient information to size and design critical path items of equipment. This will mean that orders for these items of equipment can be placed by the end of the 3rd quarter 2008 once the design and contractual process is complete

Further test work has also been carried out on the type of flotation reagents that will be used to treat the ore. This has implications for operating costs. The test work was carried out without pH modification and using low cost Sodium Ethyl Xanthate and AP407 collectors. This delivered consistently superior results to the use of higher cost Potassium Amyl Xanthate collector in conjunction with pH modification using lime. This will serve to reduce operating costs in relation to previous cost estimates and also enable the process to be much easier to control.

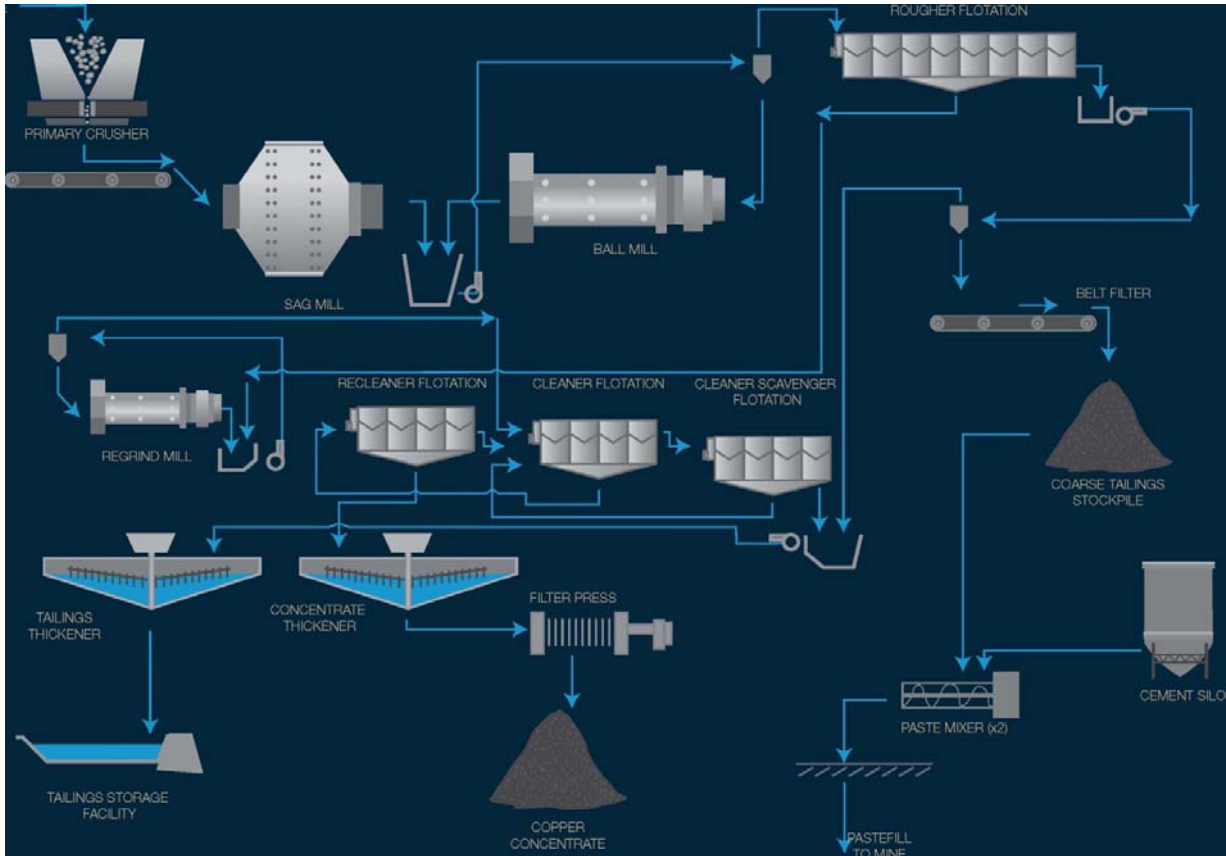
The following chart shows the recovery curve for a 27% concentrate from lode 4. Increasing grade results in slight increases in metallurgical recovery. This means that revenue from the known higher grade portions of the deposit will be maximized by the selected treatment route.

**Figure 1 Jabal Sayid Copper Recovery Curve**



It is expected that the SAG and ball mill will be ordered early in late Quarter 3 2008 once the final design work is complete. Current design is a 7.9m diameter SAG mill and 5.5m diameter ball mill. This will anchor the start date of the project and ensure that these critical items of equipment are available for project start up.

**Figure 2 Jabal Sayid Process Flow Sheet**



*Note 1: The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Steve Rose, Chief Geologist, 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". Steve Rose is a Member of the Australasian Institute of Mining and Metallurgy, a Member of the Institution of Materials, Mining and Metallurgy, and a Chartered Engineer. Steve Rose 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 further information please contact:

**Citadel Resource Group Limited**

Inés Scotland (CEO)

04000 39664

[ines.scotland@citadelrg.com.au](mailto:ines.scotland@citadelrg.com.au)

**Media Enquiries**

John Field

Field Public Relations

08 8234 9555