

# ASX Release

## JABAL SAYID LODE 1 DRILLING UPDATE

28 July 2010

Citadel Resource Group (ASX:CGG) is pleased to announce additional high grade Copper results from the Lode 1 expansion study resource drilling program. The final drill hole in this program (BDH1088) was drilled into the central portion of the upper copper sulphide resource and recently returned results of:

- 90m at 1.9% Cu, 0.7g/t Au and 33g/t Ag from 99.6m

The expansion drilling program has better defined the upper copper sulphide zone such that a new updated resource can now be estimated in support of the Expansion Study. This latest intercept, when combined with others demonstrates the broad and continuous copper zones present in the Lode 1 deposit. The result from BDH1088 adds further weight to the potential of the Lode 1 deposit to significantly enhance the economics of the Jabal Sayid Project.

Better results from this expansion study program includes (*previously reported*):

- 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

Following the success of this recent drilling program an updated resource will be estimated focusing on the copper, gold and silver that is hosted within the upper Lode 1 copper sulphide zone (*Figure 1*). This resource will form the basis of the Lode 1 Expansion Study which is scheduled for completion in late September 2010. Lode 1 will provide increased production and potential mine life extension to the Jabal Sayid project.

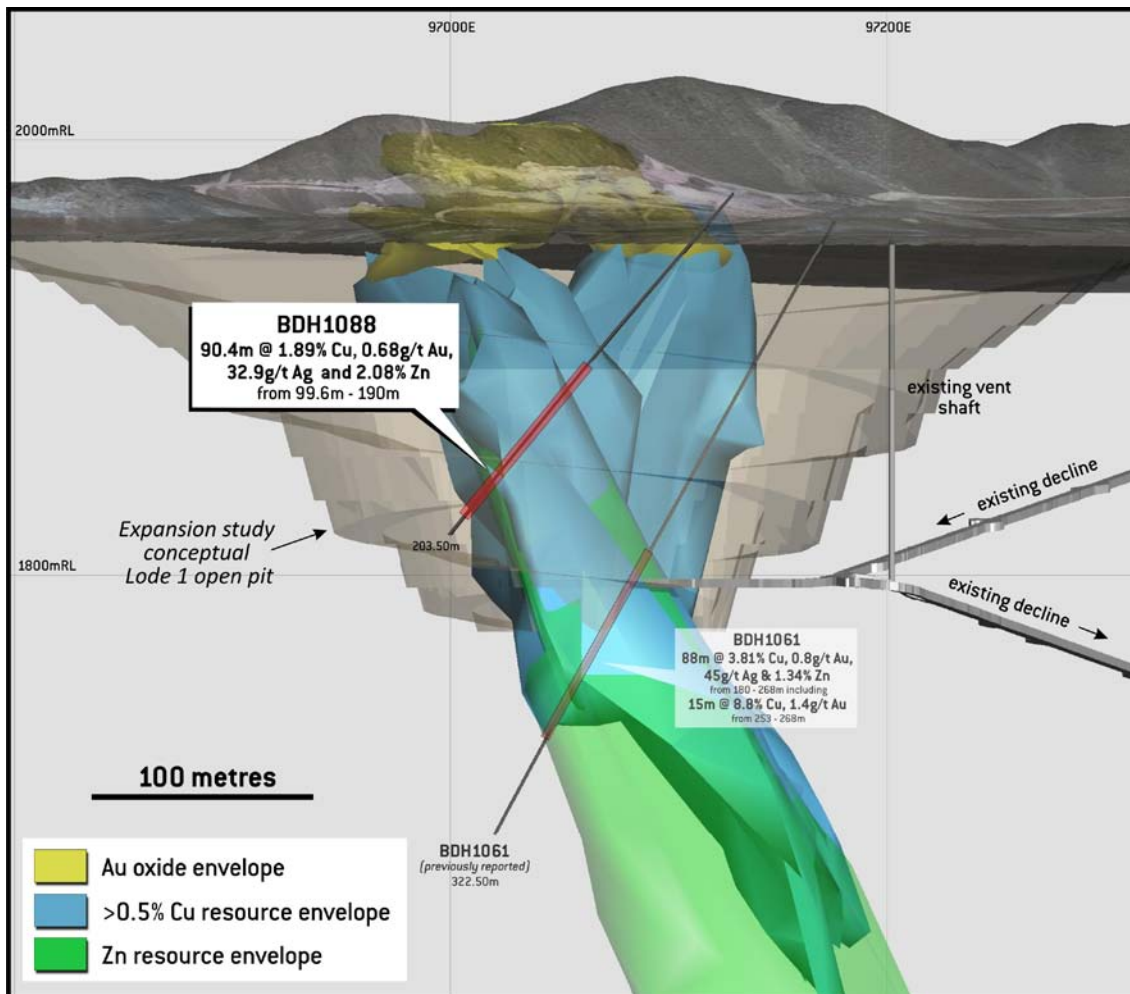


Figure 1. Lode 1 deposit viewed from south northwards showing drill hole BDH1088, existing infrastructure and conceptual pit.

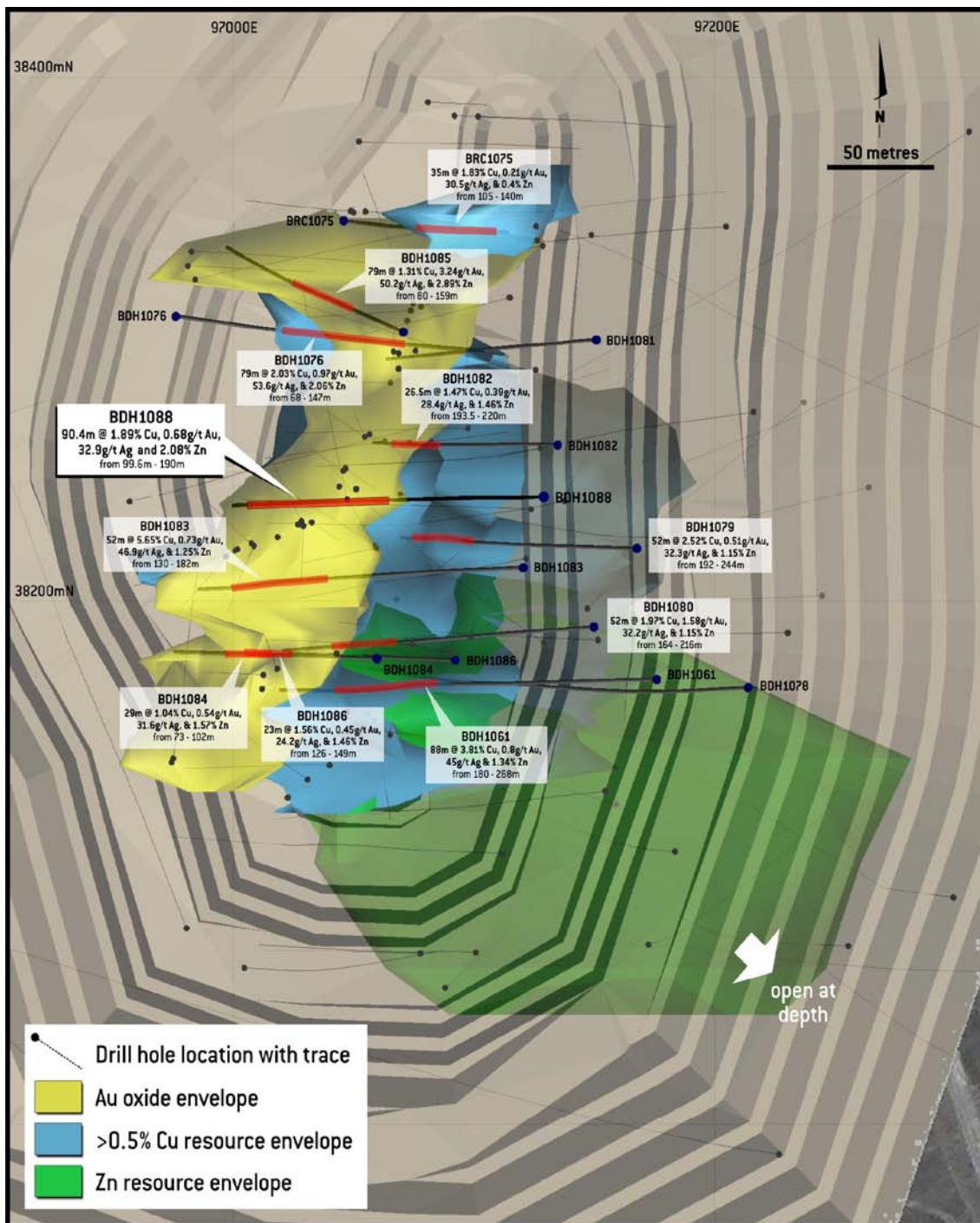


Figure 2. Lode 1 deposit viewed from above showing recent results (previously reported) from the expansion study drilling program, existing infrastructure and conceptual pit.

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The information in this document that relates to Exploration Results and Mineral Resources, is based on information compiled by Brett Butlin (General Manager - Geology), 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). Brett Butlin is a member of the Australian Institute of Geoscientists 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.