

JUNE 2009 QUARTERLY REPORT

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HIGHLIGHTS

JABAL SAYID

1. A Memorandum of Understanding (MOU) was signed with the National Water Company in Riyadh on the 20th of June. This MOU is for the provision of treated waste water to the Jabal Sayid mine and concentrator.
2. Concentrate specification and commercial information was sent to a number of commodity traders and smelters. Responses are due back in late July.
3. Debt financing continued with expressions of interest received from local Saudi Arabian banks and international banks.

Drilling

Underground resource definition drilling at Jabal Sayid was completed during the Quarter. Commencing in February 2009 the infill program totaled 47 holes for 12,845m. 39 holes were completed in Lode 4 while 8 holes were drilled into Lode 2.

Better results returned during the quarter include:

- **126m at 3.7% Cu, 0.5g/t Au, 22g/t Ag (BDH2040).**
- **83m at 3.3% Cu, 0.3g/t Au, 17g/t Ag (BDH2047).**
- **61m at 3.1% Cu, 0.5g/t Au, 20g/t Ag (BDH2054).**
- **93m at 1.9% Cu, 0.3g/t Au, 10g/t Ag (BDH2056).**
- **73m at 2.1% Cu, 0.4g/t Au, 19g/t Ag (BDH4031).**
- **102m at 2.3% Cu, 0.5g/t Au, 13g/t Ag (BDH4032).**

GOLD PROJECTS

- Diamond core rig mobilised to the Shayban project to test for extensions of the high grade mineralisation to the north.
- Field mapping including 345 rock chip samples were collected from Bari. The best being a sample that returned 51.5 g/t Au.
- 1st pass RC and diamond drilling program completed at the Lahuf prospect.
- 1st pass RC drilling program completed at the Bari project.

Shayban Drilling

Shayban continued to return outstanding results significantly upgrading the project. Results included:

- **43m at 9.40 g/t Au from 11m (SH091RC).**
- **12m at 8.49 g/t Au from 2m (SH088RC).**
- **40m at 1.66 g/t Au from 58m (SH088RC).**
- **18m at 3.50 g/t Au from 55m (SH080RC).**
- **13m at 4.19 g/t Au from 22m (SH079RC).**

ABOUT CITADEL RESOURCE GROUP

Citadel has a portfolio of Copper, Gold, Zinc and Nickel metal projects on the Arabian Shield in Saudi Arabia. All projects are 100% owned other than Jabal Sayid which is 50% owned. This portfolio includes:

Jabal Sayid (50%): world class VMS system containing Inferred and Indicated Mineral Resources of 100 Mt including 40Mt at 2.3% Cu (see Table 1 and 2 for details).

Jabal Shayban: gold/copper project containing Measured and Indicated Mineral Resources of 1.8Mt at 2.8 g/t Au, 26.7 g/t Ag, 0.5% Cu (see Table 3 and 4 for details) which is open in all directions.

Jabal Baydan: a zinc/gold project 5km from Jabal Shayban where significant high grade zinc and gold mineralisation has been intersected.

Lahuf: lies 6km from a producing gold mine with 6Moz past production, it has a Mineral Resource of 1.7 Mt at 2.6 g/t Au (see Table 5 for details); open at depth.

Bari: ancient gold workings covering 1.4 km of strike with historical drill results and recent Citadel rock chip samples. Currently being drilled.

Wadi Kamal: virtually unexplored layered ultramafic complex where recent exploration has upgraded the Ni-Cu-Pt potential to a high priority.

Muraijib-Bil'iwy limited trenching of a major alteration system which covers an area of 6km x 2km intersected 32m at 1.75 g/t Au and 12m at 1.8 g/t Au.

ASX Code: CGG, CGGCC

Shares on Issue – As at 30 June 2009

949.9m	(listed)
398.3m	(escrowed until Dec 09)
<u>1348.2m</u>	<u>Total</u>

31.2m Contributing Shares (2.5¢ to pay. 6.3m escrowed until Dec 2009)

51.8m - 20¢ Opts (41.5m escrowed)

10m - 35¢ Opts

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SAFETY

There were no lost time injuries during the quarter. A country and site induction system was further refined including the introduction of Man Hour recording by location in Saudi. The logging and follow up of vehicle journeys was audited for compliance. Pre-shift equipment inspection procedures were tightened up along with the associated documentation.

Man Hours at Jabal Sayid were 33,966 including contractors, Jabal Shayban man hours were 7253, the Jeddah office 8,216 giving a country total of 49,535.

The High Commission for Industrial Security has been approached to review and audit the Safety & Security procedures for the construction and operational phases of the project.

COMMUNITY AND TRAINING

- The date and location for the final community consultation program was set with the local Governor and our Environmental and Social Impact consultants (EISA). A local school approximately 14 km from Jabal Sayid will be used for a two day period to explain the project to the local community.
- A preliminary Archaeological report was prepared and submitted to the Deputy Ministry for Mineral Resources (DMMR) and the Supreme Commission for Tourism and Antiquities. It is now with them for review as part of the Exploitation (Mining) License Application procedure.
- A Memorandum of Understanding (MOU) for the supply of water from Madinah to the Jabal Sayid project was signed with the National Water Company in Riyadh on the 20th of June. The MOU will form the basis for the Water Supply Agreement which will be finalized after the grant of the Exploitation License at Jabal Sayid.
- A Saudi Arabian National HR Manager was hired to amongst other responsibilities design and administer the recruitment program aimed at young Saudi's just completing their high school education this year.
- English language training for Saudi staff has commenced. Plans are underway to conduct intensive training on site during the month of Ramadan.

PLANNED WORK PROGRAM DURING THE SEPTEMBER QUARTER

1.0 JABAL SAYID PROJECT

- Continued work associated with the Definitive Feasibility study including, site sterilization, community consultations and construction approval for the new camp facilities.
- Short listing of open cut mining contractors for the mining of the Lode I oxide gold cap and material required for the ROM pad.
- Follow through with Government authorities for the mining license application.
- Project financing, legal, technical due diligence, mandating arranging banks and developing term sheets.
- Continuation of engineering, mining reserve definition and mine design work.

Definitive Feasibility Study

Planned Work for the Quarter:

- Continuation of engineering and the start of detailed engineering around the long lead items such as the construction camp, mills, flotation cells, filters and thickeners.
- Issue of all packages, equipment and contracting, for definitive pricing for input into the DFS.

- Complete the DFS capital and operating cost estimate, excluding mining.
- Progress the DFS document compilation.
- Completion of Lode 2 and 4 Resource estimates.
- Start detailed underground mine design.
- Complete the water pipeline (from Madinah) option study and report.

2.0 JABAL SHAYBAN PROJECT

- Continuation of the drilling programs to support an upgraded resource which will be finalised after the planned drilling programs have been completed.
- Diamond core drilling to test the along strike, down dip, and down plunge potential of the copper mineralization below 100m.
- Further metallurgical test work including column leach test work on diamond core samples.
- Exploration and drilling at other targets within the Jabal Shayban and Jabal Baydan exploration license areas will continue.

3.0 BARI PROJECT

- An exploration program has been designed to follow up on the geological mapping, geochemical sampling and alteration map generated from spectral data.
- Regional exploration within the greater license area continues to assess both the ancient working sites and also the areas that the rock chip samples were collected.

QUARTERLY OPERATIONS

1.0 JABAL SAYID COPPER GOLD PROJECT (50%)

During the quarter the following work was completed for the Jabal Sayid Project.

Engineering

Key activities completed this quarter.

Process Plant:

- Engineering Progress 64% complete with over 22,000 hours completed to date by SNC-Lavalin.
- On track for completion by the end of October 2009.
- Design Criteria and Process and Instrument Diagrams (P & ID's) completed in May 2009.
- 3D model completed in June 2009, with quantity takeoffs and bills of materials well advanced at end of the quarter.
- Geotechnical Interpretive Report completed by Coffey Mining in April confirming sound founding conditions with no surprises.
- Tailings dam design and report completed by Coffey Mining.
- Water pipeline option design well advanced with completion expected early next quarter.
- 35 of approximately 80 work packages issued globally to Vendors for equipment supply for pricing.



Figure 1: Concentrator model viewed from crusher end showing construction cranes

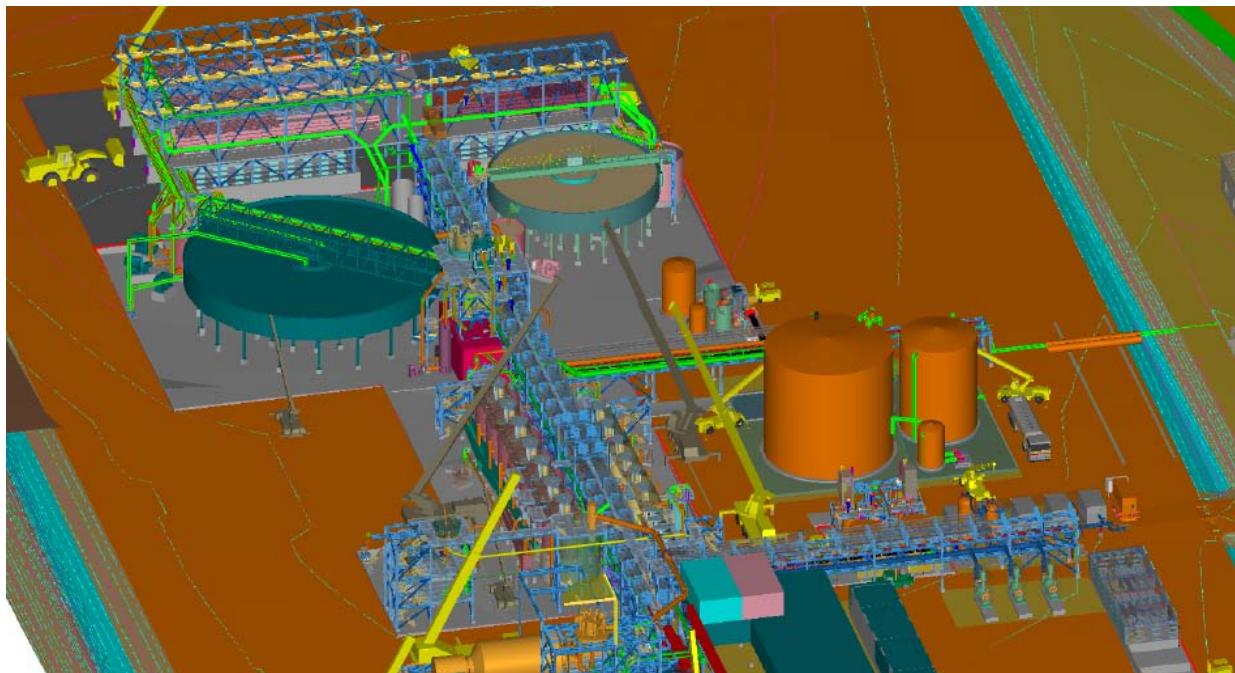


Figure 2: Model view of concentrator showing flotation circuit in the foreground. Thickening, concentrate and tailings filtering sections in the background.

Mining:

- Drilling of geotechnical hole at the intake ventilation shaft progressed to 773 m below surface. Three core samples will be tested to determine inherent rock stresses present for design of open stopes. The hole will be completed early in July 2009.

Metallurgy

- Further metallurgical work has confirmed the high quality of the copper concentrate that will be produced at the Jabal Sayid copper concentrator. Concentrate from Jabal Sayid will generally be shipped with no elements approaching penalty levels. Samples have been sent to potential customers for their own independent assaying.
- Recent test work has also shown that a good quality “sand” product can be separated from the tailings stream for use in underground fill.
- It is intended that treated waste water sewage from Madinah will be used in the process plant. It has been found that there were no detrimental effects when using this water by flotation tests at Ammtec laboratories in Perth.
- A report on the geochemical characterisation of the expected tailings from the Jabal Sayid plant has been received. This report showed that there were no significant issues relating to the tailings, and that the plan to dry stack the filtered tailings in a lined facility is an appropriate long term storage solution.

Jabal Sayid Drilling

The program of underground resource definition drilling was successfully concluded during the Quarter. In total 47 holes for 12,845m were completed from underground as part of Citadel’s resource definition program. All of the assay results for the Lode 2 program were received during the Quarter while there are still a significant proportion of the Lode 4 results pending. A list of the significant drilling results from the Quarter is presented in Table 2.

Of particular significance was BDH4028 which was drilled from the decline, 300m below surface, midway between Lode 2 and Lode 4. The drill hole was designed to test the mineralisation below the current Lode 4 resource (the down plunge extension of Lode 4) and is the deepest hole ever drilled into the project.

BDH4028 proved successful in delineating mineralisation below the 1140mRL level with an intercept of **76.4m at 3.03% Cu, 0.43 g/t Au, 18.9 g/t Ag** (to end of hole). The hole extended the known mineralisation at least 60m below the current resource boundary. The success of this hole in delineating high grade mineralisation at depth, further demonstrates the credentials of Citadels Jabal Sayid Project and its potential to deliver future discoveries and resource expansions.

Importantly, BDH4028 also discovered a new zone of mineralisation approximately 300m below surface situated between Lodes 2 & 4 within 30m of existing development. This new zone recorded an intercept of **59.3m at 1.84 %Cu and 0.34 g/t Au, 7.3 g/t Ag** from 25m downhole. Early interpretation suggests that this new discovery may be a northern extension of Lode 2 some 80m beyond the current Lode 2 resource envelope.

Project Implementation

The application for the Jabal Sayid Exploitation (mining) License has been lodged with the Deputy Ministry for Mineral Resources (DMMR). The Company has been in communication with the DMMR to provide any clarifications required.

Marketing, Shipping and logistics

The process of negotiating port access and warehouse rental agreements with the Yanbu Port Authority has commenced. The Red Sea Port of Yanbu is approximately 400km from the Jabal Sayid Project and is connected to the mine site by a system of existing two and six lane sealed highways. The port has a draft which will comfortably accommodate handy-size and handy-max vessels for shipment of concentrates in bulk to ports in the Middle East, Europe, India and Asia. The port has excellent existing infrastructure, including

available storage sheds which are available for lease. Bulk ship loading equipment is required and negotiations are underway with the port stevedore to provide this infrastructure. A mobile bulk loader is the preferred option due to its low capital cost.

Copper concentrate demand is very strong and the market is forecast to be in deficit for a number of years due to planned smelter expansions and continual supply side issues. The Jabal Sayid concentrate has a good copper grade at 25-27% and is exceptionally clean, having no penalty elements. Potential off-take customers have expressed strong interest in entering into long term concentrate off-take contracts for substantial annual volumes. Indicative concentrate specifications have been provided to all potential customers and concentrate samples have been distributed to a number of smelters to conduct their own assay analysis. Over the balance of the year, off-take contracts will be negotiated with preferred counterparties for the majority of the mine's annual production. The project is excellently located to access buyers located in the Middle East, Europe, India and Asia.

Finance

Preparatory work for the debt financing of the Jabal Sayid copper project is well underway. Marketing of the project to potential financiers in the Middle East, Europe and Australia is ongoing and Citadel is working with both Saudi and international banks to assist with arranging of the project financing. International law firm Baker McKenzie has been retained to conduct a legal review of permits and consents required for the financing and development of the project. An initial review of the Definitive Feasibility Study, which will lead into the Independent Technical Due Diligence for the banks, has also taken place. Over the balance of this year the Company will work with a small number of local Saudi banks and international banks to arrange the project financing.

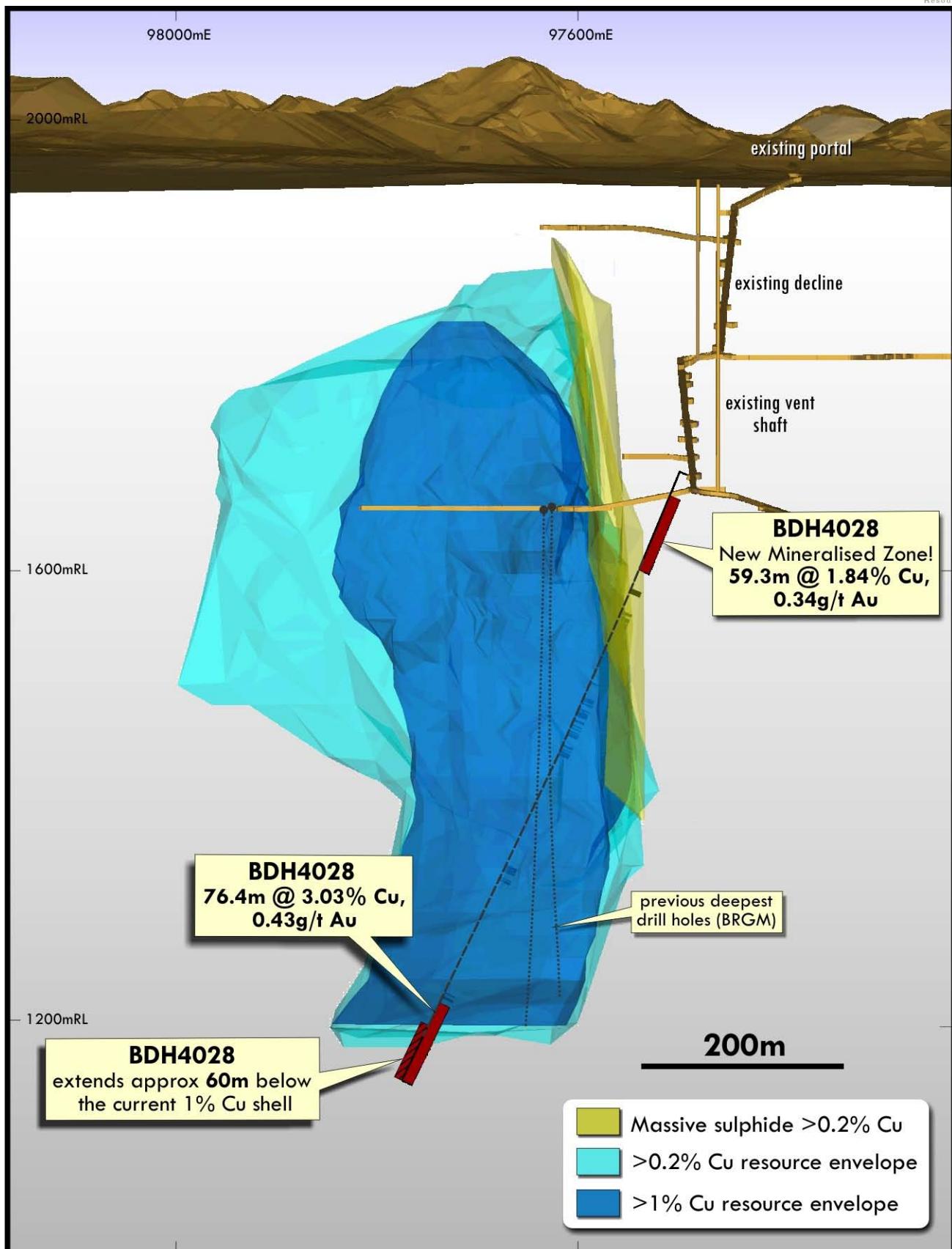


Figure 3: BDH4028 – Oblique view Lode 4, looking from the North showing deep drillholes

2.0 EXPLORATION DRILLING PROGRAM

SHAYBAN GOLD PROJECT (100%)

The Jabal Shayban Gold Project is located approximately 150km NE of Jeddah, and is accessed off a sealed highway. Previous work at Shayban includes a Measured and Indicated Resource of 1.8 Mt at 2.76 g/t Au, 23.11 g/t Ag and 0.46% Cu (Source Ma'aden, 1999 – Table 3) which remains open in all directions.

Both RC and diamond drilling continued at the project during the quarter, this drilling focused on better defining and extending the Shayban deposit. All holes intersected significant gold mineralization from surface, or near surface, and results continued to upgrade this exciting gold project. Citadel's 3 drilling campaigns over the past eighteen months has discovered multiple "stacked" high grade gold zones within the Shayban deposit.

Better results for the quarter included **13m at 4.19 g/t Au** from 22m (SH079RC), **18m at 3.50 g/t Au** from 55m (SH080RC), **11m at 6.30 g/t Au** from 21m (SH090RC), **43m at 9.40 g/t Au** from 11m (SH091RC) and **22m at 1.88 g/t Au** from 8m (SH097RC). Silver and base-metal results are pending. A full listing of significant intersections is presented in Table 4.

The holes announced within this report have both extended and, in places, in-filled the Shayban deposit. Drilling continues to focus on extending the northern portion of the deposit to the north, west and east, the central portion of the deposit to the east and the southern portion of the deposit to the south down plunge. A revised and expanded resource calculation will be completed within the next quarter on completion of the current drilling programs.

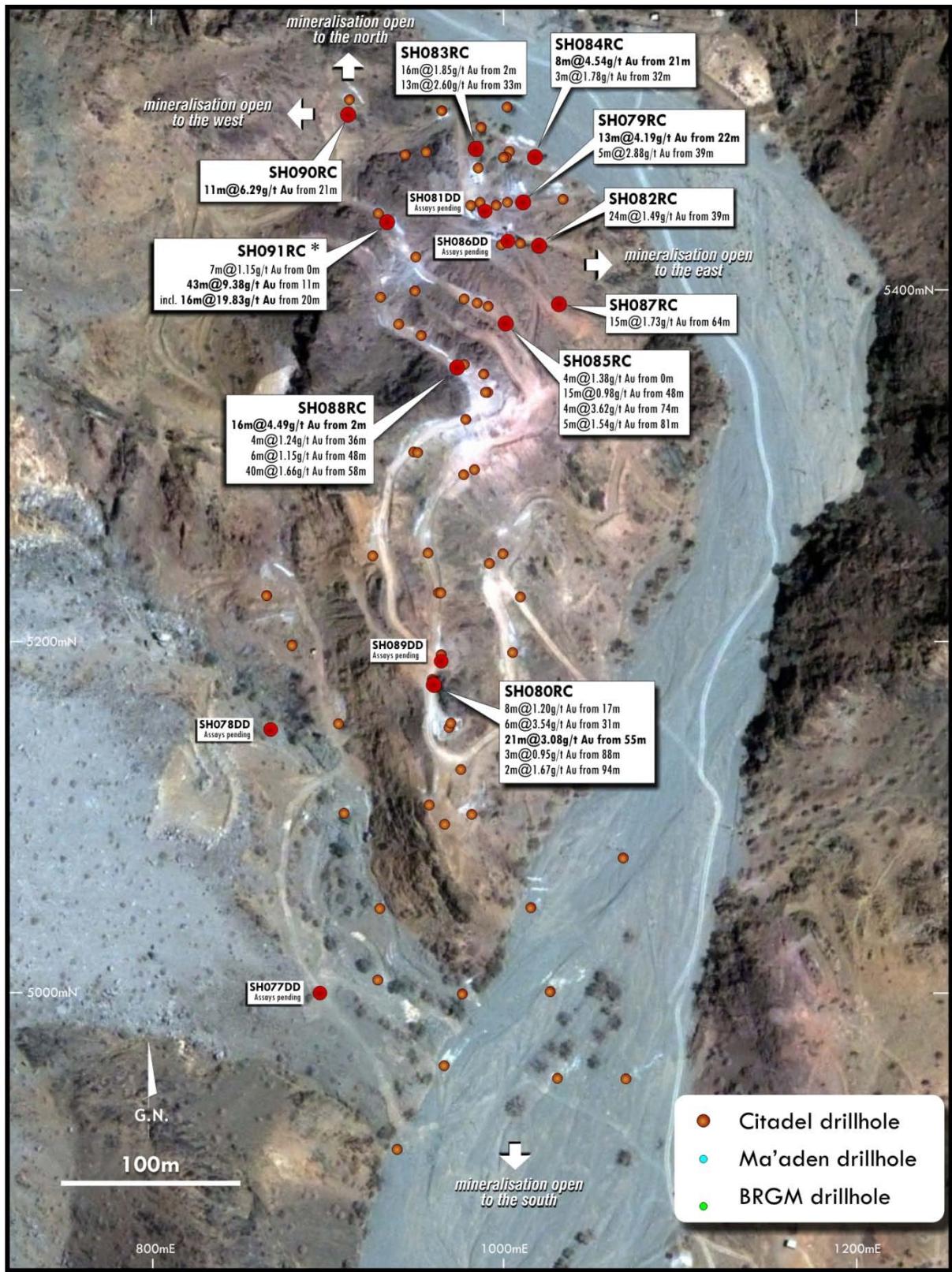


Figure 4: Jabal Shayban collar location plan. * The surveyed collar location of this hole has shifted 150m grid NNW since originally reported

BARI (100%)

Bari is located 38kms south-east of the Mahd Adh Dhahab gold mine and within 80kms of Citadel's Jabal Sayid project. Bari is marked by the presence of a large cluster of ancient gold workings covering an area of 4km by 2km. Within the project area 180 ancient workings have been identified as has significant slag dumps containing an estimated 3,000 tonnes of slag from the ancient smelting processes. Outcrop is limited within the project area which is significantly covered by a thin veil of sands and minor wadi gravels.

The Bari Project is hosted by intrusions of the calc-alkaline "Bari Granodiorite" and contains several well defined prospect areas; the most advanced being the Trench 13 and Old Village prospects, In addition the BRGM defined the Trench 12, P32 and P20 prospect areas that have had lesser amounts of exploration conducted. The mineral occurrences identified to date at Bari generally consist of Au, Ag, Zn and Pb mineralisation hosted within a suite of calc-alkalic intrusive rocks comprising tonalite and quartz diorite. These intrusions in turn are intruded by the Bari granodiorite. The mineralisation is localized within conjugate fracture and shear systems that propagate throughout the project area.

Citadels exploration effort during the quarter included RC drilling, geological and structural mapping, spectral data analysis and rock chip sampling.

The southern and central parts of Bari were geologically mapped and 345 rock chip samples were collected during the course of the mapping program. Of these samples in excess of 140 samples returned gold contents greater than 1 g/t Au with a maximum value of 51.5 g/t Au derived from a sulphidic hydrothermal breccia. Geological mapping documented the presence of common phreatic intrusion breccias, alkaline intrusions as well as propylitic and potassic alteration assemblages. These features are common in the vicinity of porphyry-Cu-Au deposits.

An alteration map has been generated from ASTER spectral data covering the Bari prospect. The data clearly define a distal propylitic alteration halo surrounding a central zone with phyllitic and argillic alteration, the latter overlapping with a well defined magnetic low. These features help to better define the mineral system at Bari and also add to Citadel's exploration targeting and model development.

The gold assays from Citadel's 1st reconnaissance percussion drilling program at Bari have been received and are presented in Table 5. Significant intercepts include **3m at 2.31 g/t Au** from 50m (BA001RC), **1m at 16.95 g/t Au** from 63m (BA003RC), **2m at 1.92 g/t Au** from 96m (BA007RC) and **3m at 2.41 g/t Au** from 57m (BA008RC). The best gold grades were derived from auriferous base-metal (Pb-Zn) veins that are typical features in the vicinity of large porphyry-Cu-Au deposits. Citadel believes this initial program of RC was conducted into the periphery of a wider porphyry system. Future work will aim to gain vectors to better target future drilling programs.

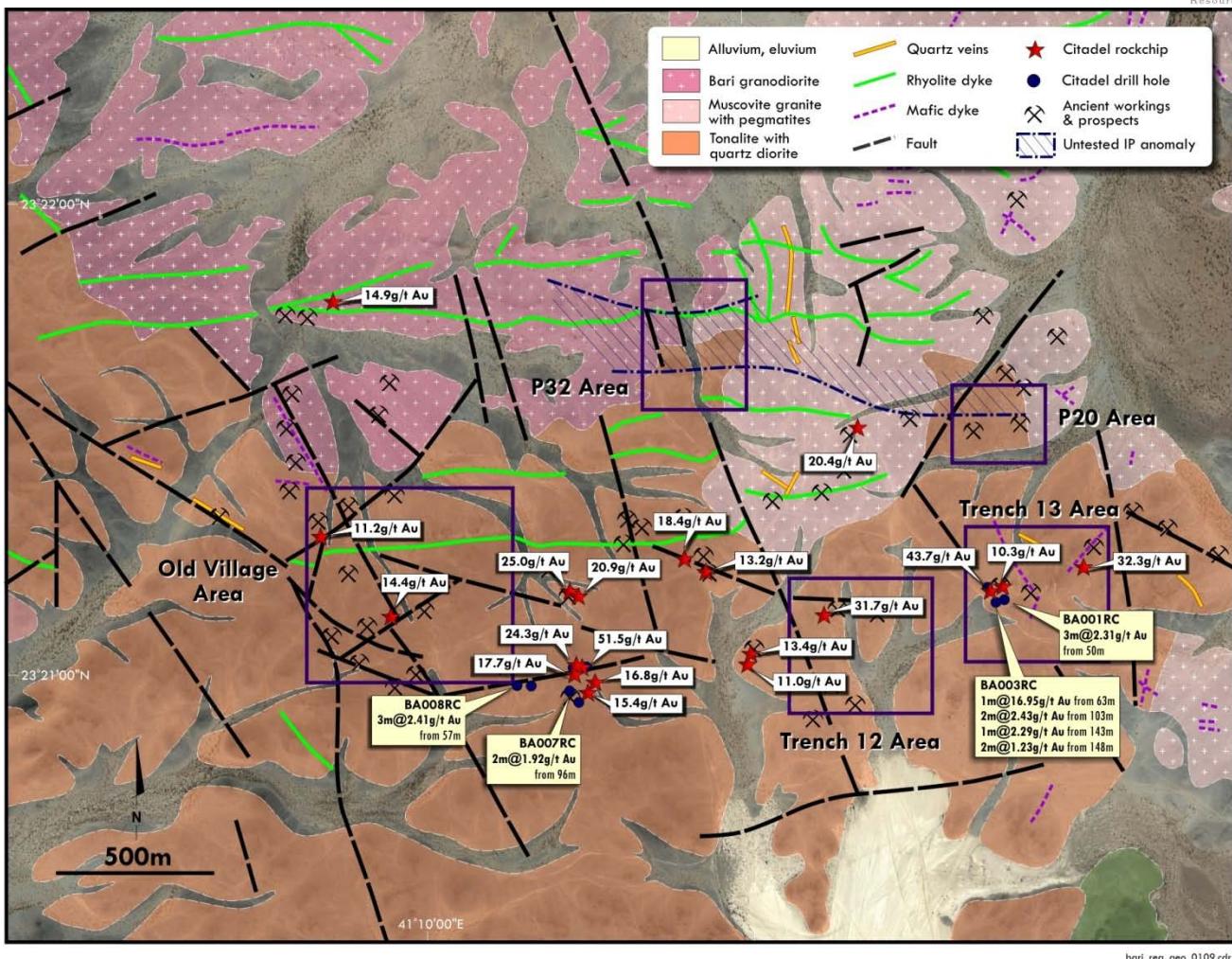


Figure 5: Geology – Bari project showing recent RC drilling and better rockchip assay results from the recent mapping program.

LAHUF (100%)

The Lahuf prospect is located about 10 km along strike from the operating Mahd Adh Daha gold mine (+5Moz). The geology is dominated by andesites and related tuffs of the Lahuf and Tuwal Formations that are locally intruded by felsic porphyry dykes and rhyolite plugs. The andesites and tuffs are intersected by a well-defined low-sulphidation epithermal vein system striking northwest-southeast. The veining system is subdivided into three domains: the Western, Central and Eastern Zones.

During the quarter, Citadel conducted an initial drilling program including percussion and diamond drilling. The best results include 2m at 1.60 g/t Au from 56m (LH005RC), 3m at 1.76 g/t Au from 25m (LH012RC) and 6m at 6.90 g/t Au from 27m (LH017RC). A full listing of significant intercepts is presented in Table 6.

In the coming quarter Citadel will focus on gaining a better understanding of the structural controls of mineralisation within the Lahuf prospect as well as exploring further afield within the project area through mapping and sampling. 3 additional highly prospective areas have been identified within the project area and will be followed up during the next quarter.

CORPORATE

A Memorandum of Understanding (MOU) was signed with the National Water Company in Riyadh on 22 June. This MOU is for the provision of treated waste water to the Jabal Sayid mine and concentrator.

The Company held an Extraordinary General Meeting on the 7th of May, 2009 to approve the issue of shares to sophisticated or professional investors. The following share issues were approved, on the terms specified in the Explanatory Memorandum accompanying the notice of meeting:

1. The issue of 53,656,000 fully paid ordinary shares at an issue price of 10.5 cents.
2. The prior issue of 159,800,000 shares at an issue price of 10.5 cents per share, on 2 April 2009.

Cash at bank of A\$25.192m at the end of the quarter. Expenditure during the quarter was A\$6.7m which was below the budget of A\$7.2m. Expenditure for the coming quarter is budgeted to be A\$8.2m.

KEY PERSONNEL

This quarterly report was compiled by Citadel's Management Team including:

Ivor Whitfield: Ivor is a civil engineer and has over 35 years experience in engineering, construction and project management. Over the last few years, he has been an engineering consultant with various mining, construction and project management companies including Newcrest Mining as a project manager for the development of their \$1.4b Telfer Gold Project in Western Australia. Ivor holds an MBA and a Bachelor in Civil Engineering.

Graham Pratt: Graham brings a wealth of mining experience to Citadel, gained from working for a number of mining companies including; Cloncurry Mining, Oxiana Limited, Zapoan, Ross Mining, Anglo American and Elura. During his career Graham has worked as a General Manager, a Superintendent (Mill, Production & Metallurgical) and a Metallurgist. Graham graduated from University of Queensland with a Bachelor of Commerce and from Murdoch University with a Bachelor of Science (Extractive Metallurgy).

Brett Butlin: Brett is the General Manager for Exploration and has been working with Citadel for the last 3 years in Saudi. Brett has more than 15 years experience as a geologist working most recently at Jabiru metals as a senior exploration geologist at Teutonic Bore in Western Australia. Prior to joining Jabiru, Brett worked for Barrick Gold for more than five years as well as a number of other Australian-based exploration and mining companies.

Peter Allen: Peter brings to the Citadel a great depth of experience gained from working on fifteen copper, nickel and gold projects and two engineering firms in Australia, New Zealand, Papua New Guinea, Oman, Solomon Islands, Indonesia, Guinea, and the Democratic Republic of Congo. Prior to joining Citadel, Peter was General Manager of National Mining Company's copper mine in Oman. He has also worked at a processing plant managerial level for twenty years. He has been resident commissioning processing manager at three greenfields projects - Macraes Mining Company, New Zealand; Tolukuma, PNG and for Ross Mining in the Solomon Islands. Peter graduated from the University of Queensland with a Bachelor of Engineering degree.

Jeff Sells: Jeff has 20 years experience in financial management and was previously CFO of Oxiana Limited for over 4 years. After commencing his career in Accounting, he spent 10 years at Ashton Mining Ltd in a number of senior financial positions including Group Financial Controller and Group Treasurer before becoming Group Treasurer of Sigma Pharmaceuticals Limited in 2002. He has experience with mining operations in Australia, Africa and South East Asia, and a background in general management, accounting, tax, treasury and corporate finance. He is a Chartered Accountant, a member of the Finance and Treasury Association and Australian Institute of Company Directors.

We would like to welcome two new Saudi national employees to our team in the last quarter.

Sameer Khayat: Government Relations Manager

Sameer has over 20 years experience within the Civil Defence Department of the Saudi government, reaching the rank of Colonel before retiring. He has an exceptional knowledge of governmental processes and has developed a very wide communication network amongst governmental departments. Sameer has diverse experiences within government including roles in human resources and training, safety, public relations, supply, and internal affairs.



Rakan Al Marzougi: Human Resources Supervisor

Rakan has 10 years experience in personnel/human resources. He has worked in diverse industries such as automotive, construction and petrochemicals. He brings a very solid background in personnel management and administration to the company.



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Note 1: The information in this report that relates to Exploration Results and Mineral Resources: is based on information compiled by Brett Butlin, who is a Member of the Australian Institute of Geoscientists. Brett Butlin is a full time employee of Citadel Resource Group. Brett Butlin 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, Mineral Resources and Ore Reserves". Brett Butlin 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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APPENDICES

Resource Category	Type*	Tonnes (Mt)	Cu %	Contained Cu t (000's)	Zn %	Contained Zn t (000's)
Indicated	MS Stockwork Oxide	6.4 24.8	1.21% 1.62%	77 403	1.67% 0.17%	106 42
	All	31.2	1.54%	480	0.47%	148
	MS Stockwork Oxide	15 52 0.5	0.8% 1.2% 1.6%	114 613 7	1.9% 0.3% 0.3%	279 144 1
Inferred	All	67	1.1%	735	0.6%	425
	MS Stockwork Oxide	21 77 0.5	0.9% 1.3% 1.6%	192 1,016 7	1.8% 0.2% 0.3%	385 186 1
	Grand Total	99	1.2%	1,215	0.6%	572

*MS = Massive Sulphide mineralisation; Stockwork = copper stockwork mineralisation; Oxide=copper oxide mineralisation

Table 1: Jabal Sayid Mineral Resource by Category

Hole ID	Co-ordinates		RL	Azi.	Incl.	Total Depth (m)	Significant Assay Results 2 nd Qtr-09					Significance of Results					
	Northing	Easting					From (m)	To (m)	Length (m)	Grade							
										Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)				
BDH2033	38586	97380	1970	92	-60	287	203	274.9	71.9	1.88	0.05	0.34	12.4				
BDH2040	38588	97350	1970	90	-86.3	427.85	276.45	402	125.55	3.72	0.11	0.46	21.9				
BDH2047	38508	97380	1970	90	-75	342	250	333	83	3.28	0.15	0.28	17				
BDH2054	38458	97382	1732	32.5	-31	155.8	86.45	147	60.55	3.07	0.09	0.46	20.2				
BDH2056	38458	97382	1732	20	-45	201	91	184.3	93.3	1.90	0.05	0.29	10.3				
BDH4028	38737	97515	1684	85	-65	605.7	24.7	84	59.3	1.84	0.06	0.34	7.3	Previously Reported; ASX - June 3rd 2009			
							529.3	605.7	76.4	3.03	0.28	0.43	18.9				
						incl.	529.3	557	27.7	4.43	0.11	0.66	25.3				
						incl.	583.45	605.4	21.95	3.70	0.33	0.52	21.0				
BDH4031	38737	97516	1684	80.6	-4.8	220	43.1	116.2	73.1	2.05	0.38	0.46	18.8				
BDH4032	38737	97515	1684	68	-14	155.3	67	145.9	101.9	2.30	0.47	0.47	13.1				

Grid is local grid PMG, based on truncated WGS84 Zone 37N. Azimuths are grid azimuths.*

Samples are half NQ diamond core, assayed at Al Amri Laboratory in Jeddah, using fire assay or acid digest, AAS finish

Intersection lengths are calculated downhole, and are presented in this table as weighted averages

Table 2: Jabal Sayid significant intercepts - 2nd Quarter 2009

Mineralisation	Measured				Indicated			
	Tonnes	Au g/t	Ag g/t	Cu %	Tonnes	Au g/t	Ag g/t	Cu %
Oxide	266,300	2.56	31.1	0.43	156,100	3.79	30.4	0.39
Sulphide	738,900	2.78	20.5	0.52	648,500	2.58	31.1	0.42
Grand Total	1,005,200	2.72	23.3	0.50	804,600	2.81	31.0	0.41

Table 3: Jabal Shayban Mineral Resource

Hole ID	North (local)	East (local)	Azi	Dip	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
SH079RC	5450	1010	000	-90	22	35	13	4.19	pending	pending	pending
	5450	1010	000	-90	39	44	5	2.88	pending	pending	pending
SH080RC	5175	960	090	-60	8	9	1	2.38	pending	pending	pending
	5175	960	090	-60	17	25	8	1.20	pending	pending	pending
	5175	960	090	-60	31	37	6	3.54	pending	pending	pending
	5175	960	090	-60	40	41	1	1.03	pending	pending	pending
	5175	960	090	-60	55	73	18	3.50	pending	pending	pending
	5175	960	090	-60	88	91	3	0.95	pending	pending	pending
	5175	960	090	-60	94	96	2	1.67	pending	pending	pending
SH083RC	5480	983	000	-90	2	13	11	2.35	pending	pending	pending
	5480	983	000	-90	15	18	3	1.10	pending	pending	pending
	5480	983	000	-90	33	46	13	2.60	pending	pending	pending
SH085RC	5381	1000	000	-90	0	4	4	1.38	pending	pending	pending
	5381	1000	000	-90	48	50	2	1.48	pending	pending	pending
	5381	1000	000	-90	59	63	4	1.90	pending	pending	pending
	5381	1000	000	-90	74	78	4	3.61	pending	pending	pending
	5381	1000	000	-90	81	86	5	1.54	pending	pending	pending
SH087RC	5392	1031	000	-90	64	74	10	1.94	pending	pending	pending
	5392	1031	000	-90	75	79	4	1.56	pending	pending	pending
SH088RC	5356	973	270	-85	2	14	12*	8.49*	pending	pending	pending
	5356	973	270	-85	16	18	2	0.95	pending	pending	pending
	5356	973	270	-85	36	40	4	1.24	pending	pending	pending
	5356	973	270	-85	48	54	6	1.15	pending	pending	pending
	5356	973	270	-85	58	98	40	1.66	pending	pending	pending
SH090RC	5500	911	000	-90	21	32	11	6.30	pending	pending	pending
SH091RC?	5443	928	090	-60	0	6	6**	1.39**	pending	pending	pending
	5443	928	090	-60	5	7	2	1.25	pending	pending	pending
	5443	928	090	-60	11	54	43	9.40	pending	pending	pending
SH092RC	5400	961	000	-90	8	11	3	0.86	pending	pending	pending
	5400	961	000	-90	22	37	15	1.31	pending	pending	pending
	5400	961	000	-90	50	52	2	1.14	pending	pending	pending
	5400	961	000	-90	57	59	2	2.78	pending	pending	pending
SH094RC	5325	977	000	-90	29	31	2	0.87	pending	pending	pending
	5325	977	000	-90	77	83	6	1.93	pending	pending	pending
	5325	977	000	-90	86	87	1	1.53	pending	pending	pending
	5325	977	000	-90	92	95	3	2.47	pending	pending	pending
SH095RC	5475	915	000	-90	34	36	2	1.00	pending	pending	pending
	5475	915	000	-90	49	51	2	2.34	pending	pending	pending
SH097RC	5500	911	270	-60	8	30	22	1.88	pending	pending	pending
	5500	911	270	-60	34	36	2	1.73	pending	pending	pending

*This interval includes 3m of sample loss at 6-8m and 9-10m; they have been excluded.

**This interval includes 1m of sample loss at 4-5m; it has been excluded.

? The surveyed collar location of this hole has shifted 150m grid NNW since originally reported.

 Table 4: Significant intercepts from Shayban – 2nd Quarter 2009

Hole ID	North (UTM)	East (UTM)	Azi mag	Dip	From (m)	To (m)	Interval (m)	Au (g/t)
BA001RC	2584202	724314	0	-60	14	15	1	0.53
	2584202	724314	0	-60	50	53	3	2.31
BA003RC	2584192	724275	0	-60	37	38	1	0.72
	2584192	724275	0	-60	63	64	1	16.95
	2584192	724275	0	-60	101	102	1	0.74
	2584192	724275	0	-60	103	105	2	1.43
	2584192	724275	0	-60	137	138	1	0.74
	2584192	724275	0	-60	143	144	1	2.29
	2584192	724275	0	-60	148	150	2	1.23
BA004RC	2583937	722489	220	-60	55	56	1	0.51
BA005RC	2583932	722431	180	-60	33	34	1	0.98
BA006RC	2583797	722455	0	-60	40	41	1	0.68
BA007RC	2583843	722414	0	-60	37	38	1	1.31
	2583843	722414	0	-60	96	98	2	1.92
BA008RC	2583864	722185	0	-60	57	60	3	2.41
BA009RC	2583862	722147	0	-60	80	81	1	0.86
	2583862	722147	0	-60	90	91	1	0.90

Table 5: Significant intercepts from Bari – 2nd Quarter 2009

Hole ID	North (UTM)	East (UTM)	Azi	Dip	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	Zn (%)
LH001RC	2597937	681497	215	-60	39	41	2	1.02	0.45	0.75
	2597937	681497	215	-60	69	70	1	1.18	0.15	0.17
LH002RC	2597817	681750	215	-60	76	79	3	1.11	0.49	0.90
LH003RC	2597818	681941	215	-60	0	1	1	1.25	0.02	0.02
	2597818	681941	215	-60	114	115	1	1.64	3.18	1.04
LH004DD	2597756	680979	215	-70	178	179	1	1.46	0.01	0.01
	2597756	680979	215	-70	199	200	1	1.14	0.01	0.01
LH005RC	2597792	680783	215	-60	33	34	1	1.03	0.01	0.01
	2597792	680783	215	-60	56	58	2	1.60	0.02	1.36
LH006RC	2597224	680783	030	-55	43	44	1	0.73	0.14	0.38
LH008DD	2597693	681226	230	-60	147.7	148.7	1	0.72	0.48	0.26
LH009RC	2597757	680395	050	-60	4	5	1	0.75	0.03	0.17
	2597757	680395	050	-60	125	128	3	0.76	0.01	0.01
	2597757	680395	050	-60	129	131	2	0.76	0.01	0.01
LH010RC	2597714	680948	215	-60	35	36	1	0.51	0.01	0.03
LH012RC	2597254	680743	035	-55	25	28	3	1.76	0.25	0.53
LH013DD	2597751	681704	035	-55	46	47	1	0.84	0.19	0.08
LH014RC	2597685	681137	215	-55	86	87	1	3.50	0.64	1.61
LH015RC	2597866	681866	215	-60	70	74	4	0.80	0.24	0.39
LH016RC	2597619	680973	215	-60	44	45	1	0.73	0.12	0.23
	2597619	680973	215	-60	54	55	1	0.50	0.02	0.09
LH017RC	2597616	681195	190	-60	10	12	2	1.90	0.08	0.23
	2597616	681195	190	-60	27	33	6	6.90	0.22	1.29
	2597616	681195	190	-60	42	43	1	2.13	0.20	0.48

Table 6: Significant intercepts from Lahuf – 2nd Quarter 2009

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Citadel Resource Group Limited

ABN

92 007 727 959

Quarter ended (“current quarter”)

30 June 2009

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration (e) other working capital	(6,045)	(21,952)
1.3	Dividends received	(739)	(2,814)
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	94	1,317
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(6,690)	(23,449)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	-	(2,000)
1.9	Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets	(2)	(915)
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other	-	-
Net investing cash flows		(2)	(2,915)
1.13	Total operating and investing cash flows (carried forward)	(6,692)	(26,364)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(6,692)	(26,364)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	6,854	21,415
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Partly Paid Shares)	33	1,189
	Net financing cash flows	6,887	22,604
	Net increase (decrease) in cash held	195	(3,760)
1.20	Cash at beginning of quarter/year to date	26,069	27,981
1.21	Exchange rate adjustments to item 1.20	(1,072)	971
1.22	Cash at end of quarter	25,192	25,192

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	95
1.24	Aggregate amount of loans to the parties included in item 1.10	nil
1.25	Explanation necessary for an understanding of the transactions Director's fees, salaries & expense reimbursements paid in this quarter.	

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

• Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	nil	nil
3.2 Credit standby arrangements	nil	nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	8,255
4.2 Development	-
Total	8,255

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	5,582	17,153
5.2 Deposits at call	19,610	8,916
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	25,192	26,069

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities (description)	nil	nil		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	1,348,254,147 31,187,060 2,000,000	949,912,847 24,932,071	Fully paid Contributing \$0.20 Contributing \$0.20	Fully paid Paid to \$0.1750 Paid to \$0.1250
7.4	Changes during quarter (a) Increases through issues (b) Increase through conversion of Partly Paid Shares (c) Decreases through returns of capital, buy-backs	213,456,000 2,740,000	213,456,000 2,740,000	10.5 cents/ share 2.50 cents/ share	Fully paid ordinary Fully paid ordinary
7.5	+Convertible debt securities	nil	nil		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	nil nil nil	nil nil nil		
7.7	Options	10,287,019 41,500,000 10,000,000	nil nil nil	Exercise price 20 cents 20 cents 35 cents	Expiry date 31 December 2009 31 December 2010 1 August 2013
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				

⁺ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.12	Unsecured notes <i>(totals only)</i>		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date:
(Company secretary)

Print name:

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.