

MARCH 2009 QUARTERLY REPORT



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HIGHLIGHTS

JABAL SAYID

- Resource upgrade at Jabal Sayid, announced 2 February 2009:
 - Resource increased from 74MT to 100MT
 - Total contained copper increased by 22% to 1.2 million tonnes of contained copper
 - Copper resources using a 1% Cu cut-off now 40 million tonnes at 2.3% Cu, for 926,000t contained copper, a 29% increase
- Feasibility study indicates Jabal Sayid is a robust project:
 - 3MT pa ore supply producing ~60,000 tpa Cu with a 12 year mine life
 - Life of mine cash costs of US\$0.94 lb with scope to further reduce costs with greater precious metal credits
 - Capex of US\$250M
 - Expansion to 5 Mtpa achievable with current mine plan only exploiting ~32Mt of the 100Mt Cu resource
 - Oxide gold resource of 1.3Mt at 1.3g/t treatable by heap leach or CIL/CIP

GOLD PROJECTS

- Diamond core rig mobilised to the Shayban project to test for extensions of the high grade mineralisation to the north
- RC and diamond drilling commenced at Lahuf project
- Diamond drilling program started at the Bari project
- Additional oxide gold resources close to the Jabal Sayid project identified for increased tonnages through on-site gold treatment facilities

DRILLING

- Jabal Sayid infill drilling at continues to upgrade the project. Previously unannounced results include:
 - 101m at 2.9% Cu, 0.4g/t Au, 11.6g/t Ag (BDH2037)
 - 103m at 2.9% Cu, 0.6g/t Au, 15.4g/t Ag (BDH2032A)
 - 87m at 4.5% Cu, 0.5 g/t Au, 23.2 g/t Ag (BDH2040) Incl 43m at 7.4% Cu, 0.8 g/t Au, 43.0 g/t Ag
 - 75m at 2.3% Cu, 0.2g/t Au, 5.7g/t Ag (BDH2038)
- Shayban drilling continued to return outstanding results significantly upgrading the project. Results included:
 - 32m at 15.22 g/t Au from 36m (SH067RC) including 13m at 35.61 g/t Au from 42m
 - 35m at 13.48 g/t Au from 9m (SH068RC) including 10m at 32.70 g/t Au from 11m
 - 20m at 3.92 g/t Au from 59m (SH072RC)

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 7-9 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 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.

Murajib-Bil'iwiy 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 24 April 2009

894.1	(listed)
398.3m	(escrowed until Dec 09)
<u>1292.4m Total</u>	
35.4m	Contributing Shares (2.5 ¢ to pay)
51.8m	20 Cent Opts (41.5m escrowed)
10m	35 Cent Opts)

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SAFETY

There was one lost time safety incident at Jabal Sayid. A driller's assistant working for one of the drilling contractors had a vehicle accident and was taken to the local hospital at Al Mahd (about 40kms from Jabal Sayid) for treatment. He was released and spent a couple of days recovering from some soreness, cuts and shock. A full incident investigation was conducted and safety measures associated with reversing in tight or steep locations were implemented.

COMMUNITY AND TRAINING

Community interviews and consultation are ongoing as part of the Environmental and Community Impact Study. A preliminary study has been completed and lodged along with the mining license application at Jabal Sayid. A program to identify talented students graduating from the local high school has started with local government and education professionals.

PLANNED WORK PROGRAM DURING THE JUNE QUARTER

1.0 JABAL SAYID PROJECT

- Continued work associated with the Definitive Feasibility study including, water, environmental/community impact assessment and planned infrastructure review.
- Continued in-fill and Resource extension Diamond Core (both underground and surface) and RC drilling associated with the DFS (completion brought forward to approximately 6 weeks time).
- Follow through with Government authorities for the mining license application.
- Project financing including, legal and technical due diligence.
- Copper concentrate specification sheets and samples to be sent to smelters and traders.

2.0 JABAL SHAYBAN PROJECT

- Continuation of the drilling program 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 testwork on diamond core samples.
- Surface exploration along the 15km strike within the greater exploration area.

3.0 LAHUF PROJECT

- Ongoing RC and diamond core drilling program.
- Regional surface exploration of structural, geochemical and spectral anomalies.

4.0 BARI PROJECT

- Initial RC drilling program commenced late in March and will continue during the current quarter.
- Regional surface exploration of structural, geochemical and spectral anomalies.

QUARTERLY OPERATIONS

I.0 JABAL SAYID COPPER GOLD PROJECT (50%)

Definitive Feasibility Study

Considerable progress was made on the Definitive Feasibility Study (DFS) during the quarter with the positive results of the Feasibility Study (FS) released to the market 4 March 2009. The FS confirms the economic viability of the Jabal Sayid project, based on production of ore from an underground mine, and treatment in a conventional crush/grind/float concentrator circuit.

Jabal Sayid will be a world class, large scale, low cost copper producer, producing a clean concentrate which will be sought after by international smelters. First gold production is currently scheduled for Q1 2010, and first copper production in Q2 2011. The project will now continue through the Definitive Feasibility Study and into permitting, financing, construction and development.

The project has been designed to mine **3 MT pa** of ore from Lode 2 and 4 by conventional large scale open stopes, using cemented aggregate backfill in primary stopes. The ore will be trucked to surface, and treated to produce a high quality copper concentrate, containing **60,000 tonnes per annum of copper** with precious metal credits. This will be trucked to the Red Sea coast (Yanbu or Jeddah) for export to European, Indian or East Asian smelters.

The capital cost of the project has been estimated at **US\$249.5M**, with an additional **US\$13M** required to advance the Lode 1 oxide gold cap heap leach plant into early production. Cash costs for copper production will be **US\$0.94/lb⁽¹⁾ (after credits)**, and cash costs for the gold starter operation will be approximately **US\$330/oz gold produced**. The initial gold heap leach component of the project will be “fast-tracked”, and will also be designed to accept supplementary ores from Citadel’s other 100% owned gold projects in the region.

⁽¹⁾ using a gold price of US\$850oz Au

Mining

The mine plan developed involves the mining of 32.2MT. Technical and economic factors have been considered in developing the mine plans, including the application of a 1% copper grade as the cutoff for copper ore blocks.

The mineable resource from Lode 2 and 4 underground and delivered to the concentrator over the life of the project will be as follows:

- Mineable resource: 30,401,000 T
- Life of mine average copper grade: 2.26%
- Life of mine average gold grade: 0.14 g/t
- Life of mine average silver grade: 8.11 g/t

The gold and silver grades noted above are considered conservative. As the in-fill drilling into several zones currently categorised as inferred resources is completed, it is expected that both gold and silver grades will increase.

Processing

Conventional flotation is to be used to process the copper ore from Lodes 2 and 4. Metallurgical testwork has been carried out to confirm the viability of the proposed crushing/grinding/flotation flowsheet, a simplified version of which is shown below.

Up to 3.0Mt of ore per annum will be processed in the concentrator, which will consist of crushing, followed by an SABC circuit (SAG mill, Ball mill and scats crushing), rougher flotation, regrind of concentrate and three stage cleaning prior to thickening and filtering of the concentrate. The concentrator will produce approximately 60,000 tonnes per annum of copper in concentrate. In several years when run-of-mine grade is above average, the

copper production exceeds 70,000 tonnes per annum. Testwork at run of mine head grades of 2.26% copper has confirmed 94% to 96% copper recovery, producing a 25% to 27% copper concentrate.

Tailings will be produced as a dry filtercake, and transported to a lined tailings storage facility. Dry tailings storage was chosen to reduce water consumption. Approximately one third of the tailings produced will be de-slimes and returned underground as a component in the cemented aggregate fill for primary stopes.

Infrastructure and Services

The project will require power, water, accommodation and access to the nearby road network. These aspects of the project have been studied and the costs of the provision of these services included in either the operating or capital cost estimates. The overall site layout is shown in the figure below.



Figure 1 - Overall Site Layout

Project Implementation

On the basis of receipt of the Mining License and other approvals by mid 2009, gold production from the Lode 1 oxide gold cap is planned for the first quarter of 2010, and concentrate production from Lodes 2 and 4 ore in second quarter 2011.

Marketing, Shipping and logistics

The project will produce approximately 250,000 tonnes per annum of copper concentrate, containing 25%-27% copper by weight. Metallurgical testwork has confirmed that the concentrate will be of a high quality, and in the majority of the mine schedule there will be sufficient precious metals (gold and silver) content in the concentrate

to result in precious metals credits from the smelters. The smelters treatment and refining charge (TC/RC) used in this study is US\$75/0.075, reflecting current benchmark rates.

Social and Environment

The Jabal Sayid project site is located within an existing mining reserve. The project and operations will comply with international and Saudi Arabian environmental standards, and also the World Bank Equator Principles. Initial studies have indicated that there are no significant environmental issues which will be potential obstacles to the project. In full operation Bariq will have up to 226 direct employees, with a further 160 contract employees (village, mine and power station).

Capital Costs

Total project capital costs have been estimated at US\$ 13.0M for the stand alone gold project, and a further US\$249.5M for the copper project. The estimate is based on preliminary engineering, budget prices and quotes for major equipment items and bulk materials such as steel and concrete.

Operating Costs

Cash costs (CI) after precious metal credits over the life of mine are US\$0.94/lb copper payable.

Value Add Opportunities

A number of opportunities have been identified to add value to the project. These include:

- Mining and treatment of Lode 1 primary mineralisation. This lode contains 6MT at 1.9%Cu, 1.1%Zn, 0.46g/t Au and 28.2g/t Ag (at a 1% Cu cut-off). A large amount of this deposit is mineable by low cost open cut methods.
- Improving precious metals grades in the final mine plan, by infill drilling and remodelling the resource.
- Improving operating costs, including optimisation of fuel supply (Heavy Fuel Oil vs. diesel) for the power station, and downstream logistics costs.
- Resource growth and mine life extension, through exploitation of the known additional Lode 4 mineralisation, further resource extension where the deposit is currently open, and exploitation of the remnant ore blocks.
- Optimisation of the mine plan to accelerate higher grade block extraction.
- Increasing gold production on the heap leach by using the already defined oxide gold at Lahuf, Bari and other nearby gold projects.

Oxide Gold Heap Leach starter operation

During the quarter a decision was made to implement the starter gold heap leach facility at the Jabal Sayid project. Metifex Engineering who's principals are Seit Meka and Stuart Smith, were engaged to study to Heap Leach the oxide gold cap at Jabal Sayid. The study and associated recovery testwork will be completed in June 2009.

Mineral Resource Estimate

An updated resource for Jabal Sayid was completed in February 2009. The Resource inventory increased from 74 to 100 million tonnes with **total contained copper increased by 22% to 1.2 million tonnes of contained copper. Importantly** copper resources using a 1% Cu cut-off now comprise **40 million tonnes at 2.3% Cu, for 926,000t** contained copper. This is a **29% increase** on the previously reported Lode 2 and Lode 4 high grade material defined in the previous resource statement (31Mt @ 2.3%). The resource remains open at depth and along strike at Lodes 1 and 2 and at depth in Lode 4.

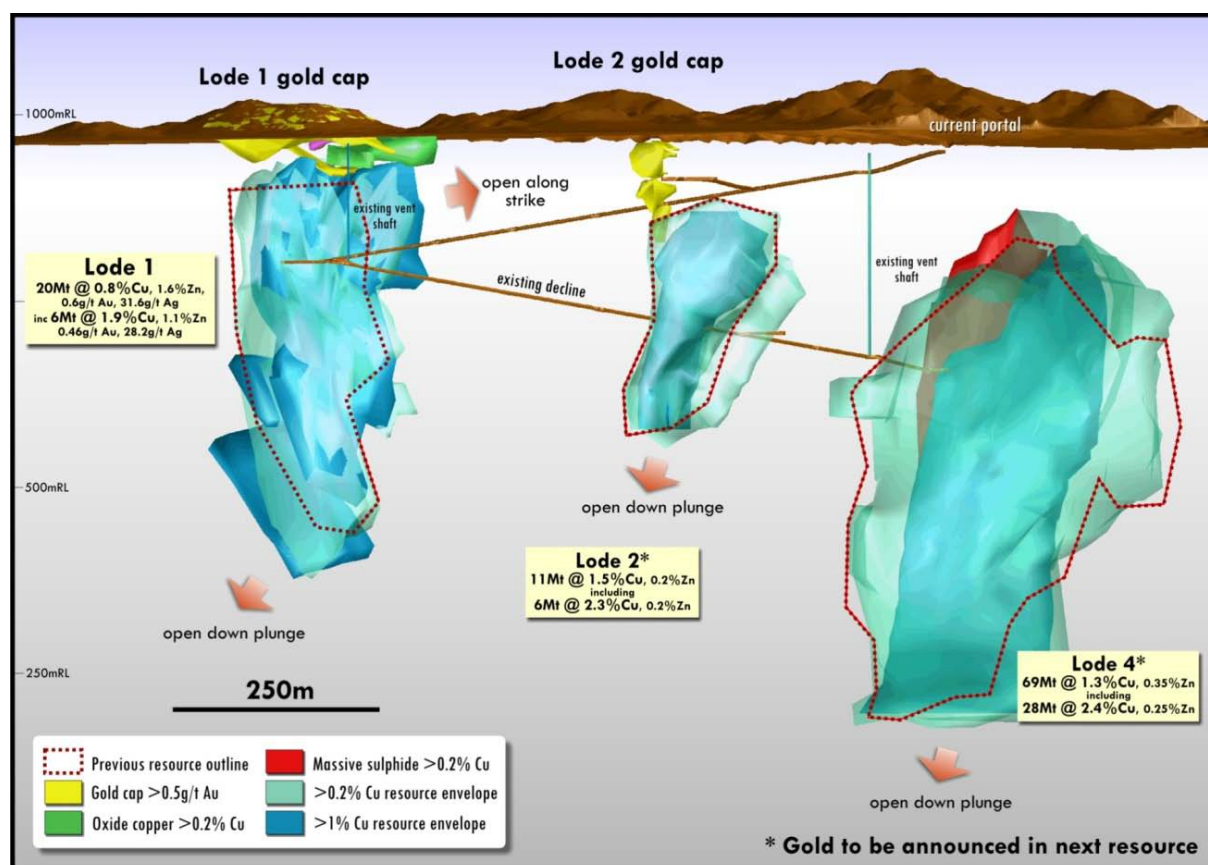


Figure 2 – Jabal Sayid Resources

The updated Indicated and Inferred Mineral Resource estimate for copper totals **99 million tonnes** and includes **77 Mt at 1.3% Cu, 0.2% Zn** (Cu Stockwork), **21 Mt at 0.9% Cu & 1.8% Zn** (Cu/Zn Massive Sulphide) and **0.5Mt at 1.6% Cu** (oxide Cu). In addition the gossan on Lode 1 contains **1.4Mt at 1.3g/t Au, 15.8g/t Ag, 0.1% Cu** (Oxide gold cap).

Citadel will be completing a further mineral resource estimate at the conclusion of the infill drilling needed for the DFS. This further resource will also include updates from the exploration success reported after the resource cut-off date of November 2008 and gold and silver credits for Lodes 2 and 4

Gold and Silver Resources

Jabal Sayid is host to significant gold and silver values which have not been estimated before. The majority of the precious metals are associated with the copper mineralisation, and are being evaluated as credit metals. The upgraded resource contains gold and silver credits for Lode 1. Lode 1 contains gold and silver credits of **369,000 oz Au and 20.7M oz Ag** respectively at an **average grade of 0.6 g/t Au and 31.6 g/t Ag** (Table 8).

Drilling is currently not sufficient to allow estimation of gold and silver for the complete copper zones for Lode 2 and Lode 4 due to incomplete historical information. The current infill drilling program at Lode 2 and Lode 4 will allow credits to be calculated.

Jabal Sayid Drilling

A complete list of the RC and Diamond Core drilling results from the Quarter is given in Tables 1 to 3. Highlights included:

BDH2037 and BDH2038 which were drilled into Lode 2 on section 38590mN*, as infill holes (Figure 3). BDH2037 returned **101m at 2.9% Cu, 0.42g/t Au, 11.63g/t Ag and 0.06% Zn** from 239.1m downhole. This includes a higher grade section of **30.95m at 4.1% Cu, 0.5g/t Au, 15.05g/t Ag and 0.05% Zn** from 239.

BDH2038 intersected **74.9m at 2.3% Cu, 0.19g/t Au, 5.7g/t Ag and 0.02% Zn** from 270m downhole. This intersection confirms the current grade shell and will upgrade Inferred resource to Indicated. Although both holes appear on the same section, they are separated by over 30m north-south. Drillhole BDH2032A was drilled into

Lode 2 on section 38510mN*. BDH2032A intersected **103.4m at 2.87%Cu, 0.55g/t Au, 15.37g/t Ag and 0.25% Zn** from 103.4m downhole. This intersection confirms the resource model, and serves to increase confidence in this area.

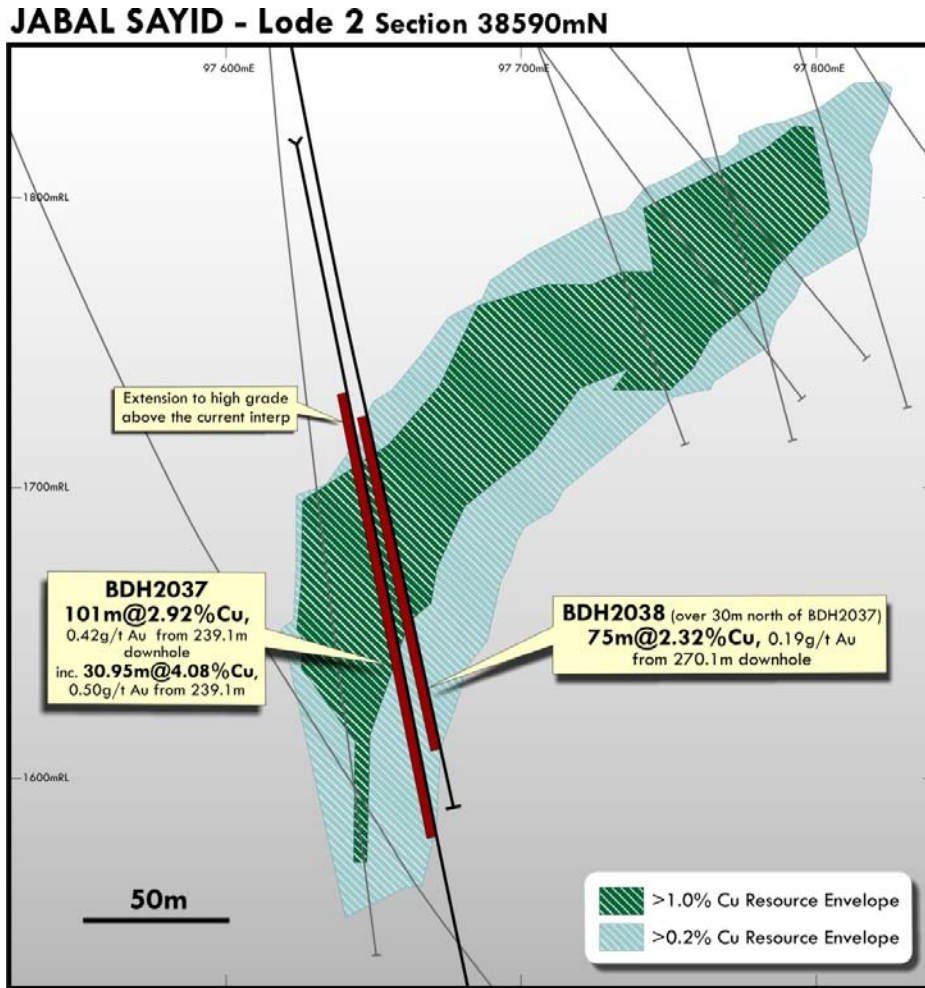


Figure 3 - Section 38590M showing Lode 2 Drilling

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 4) which remains open in all directions.

Results from Citadel's s second drilling program at Shayban were received during the quarter. All holes intersected significant gold mineralization from surface, or near surface, and results continued to upgrade this exciting gold project. Citadel's drilling program over the past four months has discovered multiple "stacked" gold zones within the Shayban deposit.

Results included **32m at 15.22 g/t Au** from 36m (SH067RC) including **13m at 35.61 g/t Au** from 42m (SH067RC), **35m at 13.48 g/t Au** from 9m including **10m at 32.70 g/t Au** from 11m (SH068RC), **16m at 2.59 g/t Au** from 5m (SH069RC), and **20m at 3.92 g/t Au** from 59m (SH072RC). . A complete listing of all gold assays received during the quarter is given in Table 6. Silver and base metal results for all holes are pending and should be available shortly.

LAHUF GOLD (100%)

The Lahuf prospect lies 12km from the operating Mahd Adh Dahab gold mine and currently has mineral resources of 1.7Mt at 2.6 g/t Au (Ma'aden 1999) (Table 5). During the last quarter further assessment of the project was undertaken including field verification, data compilation, interpretation and minor sampling. This work led to the development of a drilling program which commenced in the current quarter.

During the quarter, Citadel had two drill rigs operating at the Lahuf. No assay data is as yet available for Citadel's RC and diamond drilling programs at Lahuf. Future exploration work at Lahuf will be completed with the aim of generating near surface gold resources that could be treated in conjunction with the Jabal Sayid oxide cap.

BARI GOLD (100%)

Bari is located 38kms south-east of the Mahd Adh Dhahab gold mine and within 80kms of Citadel's Jabal Sayid project. It is marked by the presence of a large cluster of ancient gold workings covering an area of 4km by 2km. Within this area 132 ancient workings have been identified as has a significant slag dump containing an estimated 3,000 tonnes of slag indicating the extreme level of ancient mining.

Bari contains several well defined prospect areas; the most advanced Trench 13 and Old Village prospects as well as the Trench 12, P32 and P20 areas that have had lesser amounts of exploration conducted. Supported by recent work where a "vuggy silica" rock chip returned **17.6 g/t Au** from the Old Village Area Citadel believes the Bari project to be highly prospective which the Company will aggressively explore in 2009.

Citadel has commenced a program of up to 5 holes to test the previous high-grade gold drill intercepts. Following this initial test a systematic program of ground induced polarization (IP) is planned.

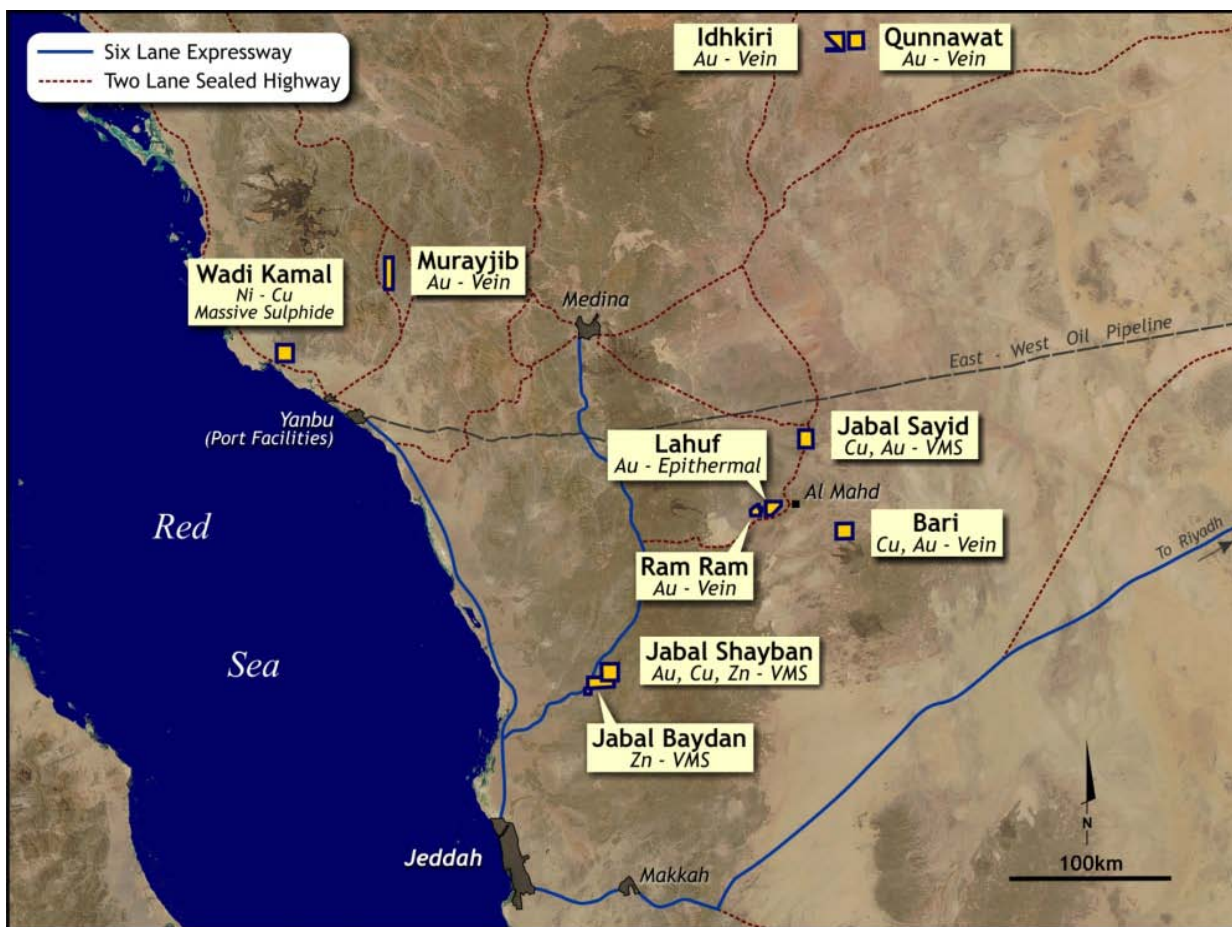


Figure 4 - Location Map with Jabal Sayid, Shayban, Lahuf and Bari

CORPORATE

In late March Citadel was placed in a 48 hour trading halt to raise capital from Institutional Investors. The capital raising was successful. Shares totalling 213,456,000 were placed at 10.5 cents per share, raising a total amount of \$22,412,880 before costs.

The Company will hold an Extraordinary General Meeting on the 7th of May, 2009 to approve approximately 25% of the share placement, which is in excess of the 15% limit.

Cash at bank of A\$26.1m at the end of the quarter. Expenditure during the quarter was A\$9.5m which was substantially above the budget of \$4.9m. The reason for expenditure being above budget is the amount of work that was completed during the quarter with some of this work completed ahead of time. There was also a number of one off items that were incurred during the quarter. This included the one off cost to complete the refurbishment of the decline which was \$1.3m. This allowed the underground drilling to move ahead quickly with drilling and the associated testwork costing \$2.3m. The completion of the Feasibility Study and launch into the Definitive Feasibility Study was also a major expenditure item during the quarter with engineering and the associated consulting work costing \$1.1m. Most of this work was scheduled across Q1 and Q2 of 2009. Independent consultants to verify the resource upgrade at Jabal Sayid and the associated mine design work was also completed with a cost of approximately \$500k. Other items included some one off capital purchases associated with the decline refurbishment and ventilation systems and costs associated with closing the Perth and Sydney offices.

Budgeted expenditure for the next quarter is A\$7.2m of which 50% will be engineering costs associated with detailed engineering for the Definitive Feasibility Study at Jabal Sayid and approximately 30% on drilling and assays. At Jabal Sayid the infill drilling program will be completed during the coming quarter as will the majority of the engineering work. The remaining expenditure will be on the gold program including ongoing metallurgy and drilling of the gold projects.

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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.

ATTACHMENTS

Table 1 - Jabal Sayid RC Drill Program

Lode 1

Hole ID	Co-ordinates		RL	Azi.	In cl.	Total Depth (m)	Significant Assay Results							Significance of Results	
	Northing	Easting					From (m)	To (m)	Length (m)	Grade				Codes (see below)	Comments
										Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)		
BRC1057	638174	697137	990	270	-60	36	7	36	29	0.02	0.02	2.00	11.80		Oxide Gold Cap
X = Not yet drilled						! = Mineralisation at Base of Hole						NZ = New mineralisation zone!			
~ = Hole underway						CI = Confirms geological interpretation						UR = Upgrades Resource			
* = Assays not received						PCI = Partly confirms geological interp.						CR = Confirms Resource			
? = Data subject to verification						DI = Disproves geological interpretation						DR = Downgrades Resource			

Table 2 - Jabal Sayid Diamond Drill Program

Lode 4

Hole ID	Co-ordinates		RL	Azi.	Incl.	Total Depth (m)	Significant Assay Results							Significance of Results	
	Northing	Easting					From (m)	To (m)	Length (m)	Grade				Codes (see below)	Comments
										Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)		
BDH4022	638900	697950	975	270	-71	290.05	214	289	75	2.36	0.46	0.30	13.6		
X = Not yet drilled						! = Mineralisation at Base of Hole						NZ = New mineralisation zone!			
~ = Hole underway						CI = Confirms geological interpretation						UR = Upgrades Resource			
* = Assays not received						PCI = Partly confirms geological interp.						CR = Confirms Resource			
? = Data subject to verification						DI = Disproves geological interpretation						DR = Downgrades Resource			

Grid is truncated UTM grid, AIN EL ABD '70. Azimuths are grid azimuths.

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

Intersection lengths are calculated downhole

Table 3 - Jabal Sayid Diamond Drill Program

Lode 2

Hole ID	Co-ordinates		RL	Azi.	Incl.	Total Depth (m)	Significant Assay Results							Significance of Results	
	Northing	Easting					From (m)	To (m)	Length (m)	Grade				Codes (see below)	Comments
										Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)		
BDH2032A	38499	97452	1973	94	-72	300	130.6	234	103.4	2.87	0.25	0.55	15.37	CR	
						<i>inc</i>	131.5	178	46.5	4.12	0.41	0.91	29.80		
BDH2031	638450	697535	983	91	-67	240	2	14.4	12.4	0.03	0.06	0.72	70.93	CR	Still waiting on complete sampling record
BDH2037	38568	97355	1970	94	-84	536	239.1	340	101	2.92	0.06	0.42	11.63	UR	
						<i>inc</i>	239.1	270	30.95	4.08	0.05	0.50	15.05		
							436	442	6	2.98	0.14	0.24	28.88		
							451	461	10	0.70	1.20	1.65	87.0		
BDH2038	38589	97351	1970	94	-81	380	270.1	345	74.9	2.32	0.02	0.19	5.7	CR	
BDH2039	38567	97484	1973	94	-80	282	175	211.7	36.65	2.03	0.11	0.32	9.6	CR	
							237	252	15	2.67	0.02	0.35	9.9		
BDH2040							276.5	363.8	87.3	4.54	0.11	0.45	23.2	CR	
						<i>inc</i>	276.5	306.3	29.85	5.31	0.05	0.49	21.4		
						<i>inc</i>	321	363.8	42.75	7.38	0.27	0.75	43.0		
BDH2041							185.6	269.5	83.95	2.38	0.27	0.26	15.6	CR	
BDH2042							157	212.1	55.1	1.97	0.17	0.20	8.9	CR	
BDH2043							224	269	45	3.46	0.14	0.38	15.9	DR	
							225	258	33	3.98	0.10	0.42	18.7		
BDH2044A	38552	97510	1976	94	-69	215	122	189	67	1.63	0.06	0.25	12.3	CR	
BDH2045	38488	97381	1971	94	-75	407	263.5	312	48.5	2.39	0.73	0.31	26.7	CR	
X = Not yet drilled						! = Mineralisation at Base of Hole							NZ = New mineralisation zone!		
~ = Hole underway						CI = Confirms geological interpretation							UR = Upgrades Resource		
* = Assays not received						PCI = Partly confirms geological interp.							CR = Confirms Resource		
? = Data subject to verification						DI = Disproves geological interpretation							DR = Downgrades Resource		

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

Samples are half HQ 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

Figure 5 - Jabal Shayban Long Section (Previously Announced)

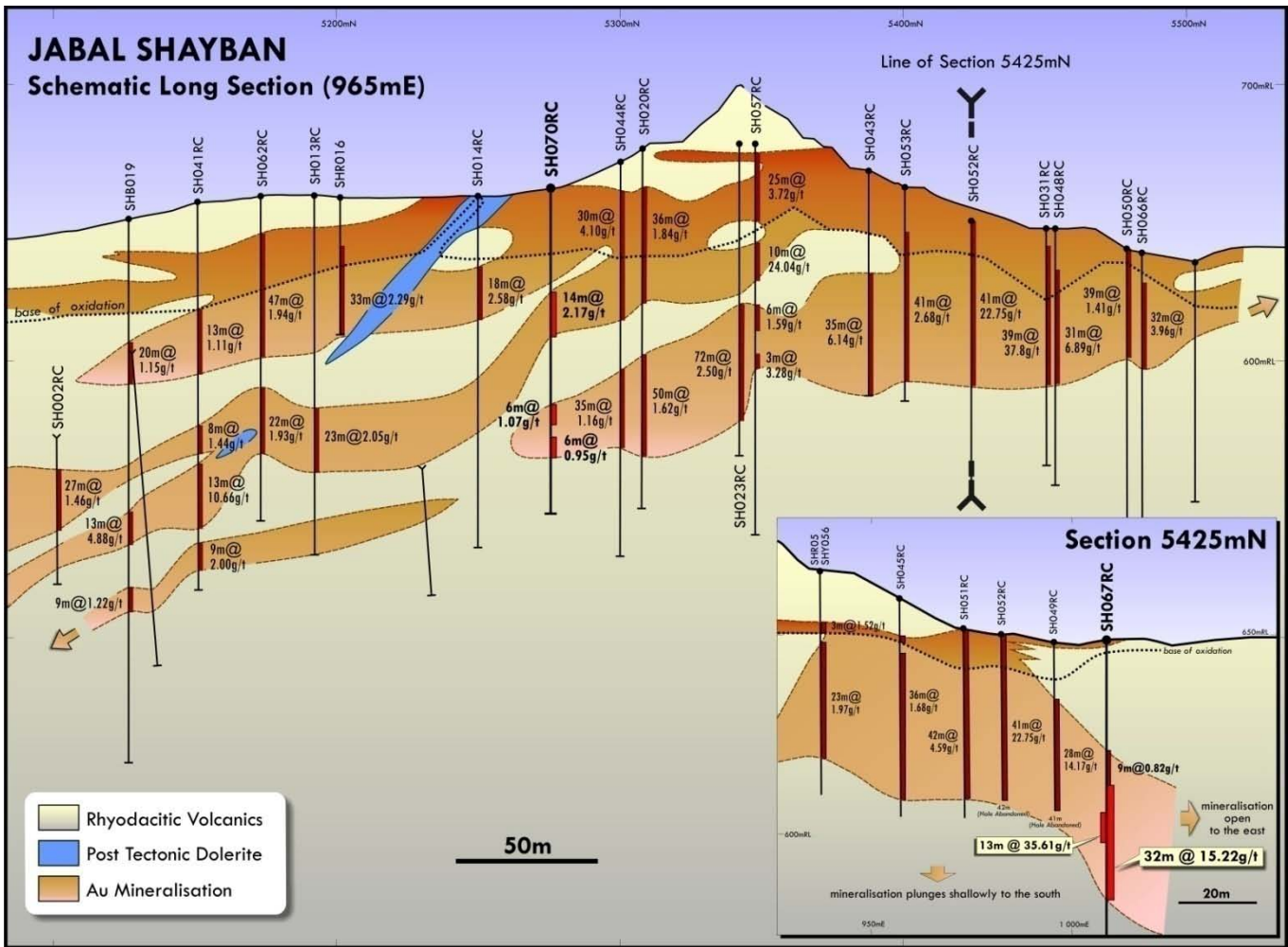


Table 4 - Jabal Shayban Mineral Resource

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 5 - Lahuf Mineral Resource Estimate

Zone	Mineralisation	Measured		Indicated		Inferred		Totals	
		Mt	Au g/t	Mt	Au g/t	Mt	Au g/t	Mt	Au g/t
Western	Oxide	0.01	5.92	0.15	1.08	0.10	1.25	0.25	1.31
	Sulphide	0.09	3.77	0.11	1.56	0.05	2.01	0.25	2.47
Central	Oxide	0.11	2.82	0.49	1.32	0.27	1.74	0.87	1.65
	Sulphide	0.06	9.66	0.19	5.65	0.08	3.03	0.33	5.76
Eastern	Oxide	0.06	9.66	0.19	5.65	0.08	3.03	0.33	5.76
	Sulphide		0.00	0.00	0.75	0.01	19.27	0.01	15.08
Totals	Oxide	0.18	5.26	0.82	2.26	0.45	1.87	1.45	2.52
	Sulphide	0.09	3.77	0.11	1.54	0.06	4.41	0.26	2.97
Grand Total		0.28	4.76	0.93	2.18	0.50	2.16	1.71	2.59

Table 6 – Jabal Shayban Drilling Results

Hole ID	North (local)	East (local)	Azi	Dip	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	
SH067RC	5425	1007 <i>Incl.</i>	000	-90	36	68	32	15.22	<i>Pending</i>	<i>Pending</i>	<i>Pending</i>	
					42	55	13	35.61				
SH068RC	5448	995	000	-90	0	1	1	2.26	<i>Pending</i>	<i>Pending</i>	<i>Pending</i>	
					9	44	35	13.48				
					<i>Incl.</i>	11	21	10				32.70
					51	53	2	1.20				
SH069RC	5475	926	000	-90	5	21	16	2.59*	<i>Pending</i>	<i>Pending</i>	<i>Pending</i>	
SH070RC	5275	965	090	-75	30	44	14	2.17	<i>Pending</i>	<i>Pending</i>	<i>Pending</i>	
					72	78	6	1.07				
					84	90	6	0.95				
SH071RC	5225	990	270	-70	38	47	9	1.22	<i>Pending</i>	<i>Pending</i>	<i>Pending</i>	
SH072RC	5225	990	000	-90	59	79	20	3.92	<i>Pending</i>	<i>Pending</i>	<i>Pending</i>	
					85	90	5	1.00				
SH074RC	5244	991	000	-90	3	4	1	2.27	<i>Pending</i>	<i>Pending</i>	<i>Pending</i>	
SH075RC	5050	928	090	-60	78	90	12	1.63	<i>Pending</i>	<i>Pending</i>	<i>Pending</i>	
					15	17	2	1.21				
					21	23	2	1.19				
					26	33	7	1.04				
					40	51	11	1.83				
SH076RC	5492	986	000	-90	9	12	3	1.67	<i>Pending</i>	<i>Pending</i>	<i>Pending</i>	
					16	18	2	1.00				
					33	35	2	4.52				

Mineralised intercepts estimated using a 0.5 g/t cutoff with no more than 2m of continuous internal dilution. Au determination by Fire Assay - 50gm. (EOH) = End of hole. * Denotes sample loss in interval 10-11m.

Table 7 – Mineral Resource Estimate for Jabal Sayid Copper by Domain and Category

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

MS: Massive Sulphide, Stockwork: copper stockwork mineralization, Oxide: copper mineralisation in weathered zone, where copper is not as chalcopryite, but as malachite Totals are subject to rounding.

Table 8 – Lode I Mineral Resource Estimate including gold and silver credits

Resource Category	Tonnes (Mt)	Grade Cu%	Contained Cu Metal (Kt)	Grade Zn%	Contained Zn Metal (Kt)	Grade Au g/t	Contained Au Metal (oz)	Grade Ag g/t	Contained Ag Metal (oz)
Indicated	5.6	1.23	69	1.56	88	0.48	86,130	31.52	5,694,100
Inferred	15	0.7	100	1.7	247	0.6	282,800	31.6	14,995,000
Total	20	0.8	169	1.6	334	0.6	368,900	31.6	20,689,000

Reported for all Lode I copper and gold domains. Gold dominant domains reported at 0.5g/t Au cut-off; copper dominant domains reported at 0.2% Cu cut-off Totals are subject to rounding.

Table 9 - Jabal Sayid Mineral Resource at a 1% Cu cut-off

	Resource Category	Tonnes (Mt)	Grade Cu%	Contained Cu Metal (Kt)	Grade Zn%	Contained Zn Metal (Kt)
Lode 1	Indicated	2.6	2.05	53	1.12	29
	Inferred	3	1.8	53	1.0	31
	Total	6	1.9	106	1.1	60
Lode 2	Indicated	4.0	2.53	100	0.17	7
	Inferred	2	2.0	43	0.2	4
	Total	6	2.3	143	0.2	11
Lode 4	Indicated	11.2	2.30	257	0.12	14
	Inferred	17	2.4	420	0.2	41
	Total	28	2.4	677	0.2	54
Total	Indicated	17.7	2.32	410	0.28	49
	Inferred	22	2.3	515	0.3	76
	Total	40	2.3	926	0.3	125

*Reported for all Jabal Sayid copper domains at 1.0% Cu cutoff
Totals are subject to rounding.*

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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")

31 March 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
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	(8,725) (697) -	(15,907) (2,075) -
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	473	1,223
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(8,949)	(16,759)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	- - (615)	(2,000) - (913)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	14	-
Net investing cash flows	(601)	(2,913)
1.13 Total operating and investing cash flows (carried forward)	(9,550)	(19,672)

* The previous Appendix 5B reported Administration expenses on the Other Working Capital line in error.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(9,550)	(19,672)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	14,561	14,561
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)	532	1,156
	Net financing cash flows	15,093	15,717
	Net increase (decrease) in cash held	5,543	(3,955)
1.20	Cash at beginning of quarter/year to date	20,241	27,981
1.21	Exchange rate adjustments to item 1.20	285	2,043
1.22	Cash at end of quarter	26,069	26,069

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	111
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

--

• **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

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	7,165
4.2	Development	-
Total		7,165

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	17,153	5,736
5.2 Deposits at call	8,916	14,505
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	26,069	20,241

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			

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 <i>(description)</i>	nil	nil		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	1,132,058,147	733,716,847	Fully paid	Fully paid
		33,019,060	26,764,071	Contributing \$0.20	Paid to \$0.1750
		908,000	908,000	Contributing \$0.20	Paid to \$0.1625
		2,000,000		Contributing \$0.20	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	- 2,041,500 1,000,000	- 2,041,500 1,000,000	 3.75 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		
7.7	Options	10,287,019 41,500,000 10,000,000	nil nil nil	<i>Exercise price</i> 20 cents 20 cents 35 cents	<i>Expiry date</i> 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)				
7.12	Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

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: 27 April 2009
(Company secretary)

Print name: David Forsyth

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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