

Citadel Resource Group Limited

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Citadel agrees strategic partnership with Transamine through A\$25m share placement and concentrate sales agreement

Citadel Resource Group Limited ("Citadel") is pleased to announce it has at 5pm today entered into a A\$25 million Share Subscription Agreement and copper concentrate off-take arrangements with Transamine SA ("Transamine"), a global non-ferrous trading house, for the sale of 50,000 dry metric tonnes per annum of copper concentrate from Jabal Sayid mine at market terms for 5 years from 2011.

Transamine is one of the oldest, independent, privately held commodities trading companies in the world specialising in raw materials. It provides services in marketing, raw material sourcing, finance and investment worldwide, with a core business focus on non-ferrous metals.

These arrangements represent an important milestone for Citadel, underpinning the Company's share price at a premium to current market prices and providing Citadel with the additional funding to enable the ongoing development of the Jabal Sayid Copper-Gold Project, where first production is targeted for 2011.

Transamine's investment decision follows an extensive due diligence exercise and reflects both the quality of the Jabal Sayid project and Transamine's confidence in Citadel and the ability of its Board and Management team to deliver the Jabal Sayid project on schedule.

Transamine will subscribe for A\$25 million of equity in Citadel through the issue of 72.6 million ordinary shares (representing approximately 5% of Citadel on a fully diluted basis) broadly as follows:

- A single cash payment of A\$25 million payable upon completion;
- Shares to be issued at an issue price of 34 cents per share, a 30% premium to Citadel's 5-day volume weighted average price as at close of trading on Tuesday, 18 August 2009; and,
- Shares issued will be escrowed for a period of 8 months, subject only to a Board recommended takeover offer for Citadel or sale of the Jabal Sayid Project.

Separately, Citadel has entered into an offtake arrangement with Transamine under which Transamine will take 50,000 dry metric tonnes per annum of copper concentrate from Jabal Sayid for a period of at least 5 years from 2011.

At full production, the Jabal Sayid Copper-Gold Project is expected to produce approximately 240,000 dry metric tonnes per annum of copper concentrate containing 60,000 tonnes per annum of copper with payable gold and silver. The off-take arrangement agreed with Transamine represents a sale of just over 20% of the project's forecast annual production at attractive commercial terms.

Citadel is being advised by Gryphon Partners Advisory Pty Ltd ("Financial Advisor").

For further information in relation to this announcement, please contact:

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