

Quarterly Results

HIGHLIGHTS

Jabal Sayid

- A Concentrate Sales Agreement for approximately 20% of the expected per annum production of 240,000t was entered into with the international commodity trading house Transamine SA.
- A mandate was signed with West LB and Riyad Bank for project financing. Due diligence work commenced with the lenders technical and legal advisors.
- The DFS was completed to 95% with all of the quotes for major equipment items received.
- The mine expansion pre-feasibility was commenced to study the Lode 1 open cut at Jabal Sayid. The Lode 1 resource contains, copper, gold and zinc in Inferred and Indicated categories (169kt of contained copper metal and 309,000oz of gold). Resource definition drilling has commenced to convert the resource into measure and indicated.

Jabal Sayid Drilling

Only a small amount of drilling was undertaken at Jabal Sayid during the quarter as the resource definition drilling was completed during the prior quarter. Some outstanding assays were received which have now been included into the resource model.

Better results returned during the quarter include:

- 278m at 3.4% Cu, 0.3g/t Au, from 92m to 371m (BDH4053).
- 287m at 3.6% Cu, 0.3g/t Au, from103m to 390m (BDH4050B).
- 262m at 3.8% Cu, 0.5g/t Au, from 101m to 363m (BDH4048).
- 80m at 4.2% Cu, 0.8g/t Au, from 87m to 167m and 155m at 2.7% Cu from 223m to 379m (BDH4043).
- 88m at 2.8% Cu, 0.4g/t Au, from 327m to 425m (BDH4042).
- 71m at 3.1% Cu, 0.4g/t Au, from 99m to 171m (BDH4041).

GOLD PROJECTS

Bari

A diamond rig has commenced drilling at the Bari project. The drilling campaign has been slow due to drill rig mechanical failures and maintenance availability during Ramadan and the Eid holiday period. 2000m is planned and the revised target is to complete this program by January 2010. A second rig is being mobilised to help complete the program in a timely manner.

Shayban Drilling

Shayban continued to return solid results during the quarter which will continue to upgrade the resource. Results included:

- 45m at 6.16g/t Au (SH102RC).
- 22m at 12.04g/t Au (SH100RC).
- 43m at 9.38g/t Au, 0.58% Cu and 0.11% Zn (SH091RC).
- 21m at 3.18g/t Au, 0.69% Cu and 5.54% Zn (SH080RC).
- 41m at 8.39g/t Au (SH086DD).

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SAFETY

There were no lost time injuries during the quarter. In conjunction with the work for the Definitive Feasibility Study (DFS), a site and infrastructure review of local hospitals was undertaken with a doctor and emergency response expert who is due to complete a report during the following quarter. The town of Al Mahd, approximately 35km from Jabal Sayid, has a well equipped hospital which is used to service the town's needs and that of the Mahd Ad Dhahab mine.

Man Hours at Jabal Sayid were 27,264 including contractors, Jabal Shayban man hours were 4925, the Jeddah office 7,139, giving a country total of 39,328.

There are ongoing discussions with the High Commission for Industrial Security to provide long term safety and security management at Jabal Sayid.

COMMUNITY AND TRAINING

- English language training for Saudi staff based at Jabal Sayid was commenced during Ramadan. As there is little drilling, core cutting and sampling activity on site now that the resource definition drilling is complete, training in English and technical skills has commenced.
- Ongoing community consultation was conducted and an informal review of local businesses and their ability to be able to supply materials and services to Jabal Sayid commenced.
- A local contracting strategy is underway in consultation with the Engineering, Procurement and Construction Management Team.

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Planned Work Program during the December Quarter

1.0 JABAL SAYID PROJECT

- The Engineering, Procurement and Construction Management will commence during the next quarter with an emphasis on completing the detailed engineering for long lead items.
- Short listing of open cut mining contractors for the mining of the Lode 1 oxide gold cap and material required for the ROM pad construction.
- Project financing, legal, technical due diligence, mandating arranging banks and developing term sheets.
- Relocation of key staff to Saudi Arabia including our Operations Manager, Peter Allen.

Definitive Feasibility Study

Planned Work for the Quarter:

The Definitive Feasibility Study (DFS) will be completed during this quarter. The current timetable has the release of the key information and the Executive Summary to the market by the first week in December. Most of the sections for the DFS have been completed with the final item being the scheduling of the mining operation. A review of the current mine plan and schedule has been completed and some areas are undergoing optimization work which has delayed the completion of this section.

To avoid delays to the commissioning of the Jabal Sayid project early engineering work has commenced as part of the Engineering, Procurement and Construction Management scopes of work. This is possible due to the completion of the Concentrator Design last quarter.

2.0 JABAL SHAYBAN PROJECT

- The Resource wireframes have been completed for the Shayban gold resource. As a significant amount of the drilling at Shayban has been reverse circulation (RC) the geological team need to collect additional density information in order to complete the resource.
- A diamond drill rig will be mobilized to Shayban and a limited drilling program will be undertaken to collect sufficient density samples to be able to accurately estimate the resource.

3.0 BARI PROJECT

- Ongoing drilling and analysis of assays as they are returned from the laboratory.
- Continued mapping and regional exploration within the greater license area continues as the prospective area is approximately 8sqkm.

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.

- Appointment of SNC Lavalin as the Engineering, Procurement and Construction Manager (EPCM), completed on 1 October.
- Engineering and the commencement 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.
- Normalisation of vendor responses and uploading of information into the cost estimates for the capital and operating costs.
- The DFS capital and operating cost estimate, with mining currently in draft.
- Progress of the DFS document compilation.
- Lode 2 and 4 draft Resource estimates.
- Underground mine design and scheduling.

Jabal Sayid Drilling

Limited geotechnical drilling was undertaken during the quarter. A drilling program to support the Lode 1 expansion pre-feasibility was planned and has commenced. The final assays were received from drilling completed early last quarter with significant intercepts including:

- 278m at 3.4% Cu, 0.3g/t Au, from 92m to 371m (BDH4053).
- 287m at 3.6% Cu, 0.3g/t Au, from103m to 390m (BDH4050B).
- 262m at 3.8% Cu, 0.5g/t Au, from 101m to 363m (BDH4048).
- 80m at 4.2% Cu, 0.8g/t Au, from 87m to 167m and 155m at 2.7% Cu from 223m to 379m (BDH4043).
- 88m at 2.8% Cu, 0.4g/t Au, from 327m to 425m (BDH4042).
- 71m at 3.1% Cu, 0.4g/t Au, from 99m to 171m (BDH4041).
- 100m at 2.45% Cu, 0.5g/t Au from 306m to 406m (BDH 4038).
- 80m at 3.5% Cu, 0.7g/t Au from 92m to 172m and 65m at 3.6% Cu, 0.05g/t Au from 262 to 327m.

Lode 1 Open Cut Expansion

The Jabal Sayid Lode 1 deposit is being evaluated as a potential ore source with both open pit and underground mining zones examined. Lode 1 has an oxide gold gossan overlaying the main copper ore body and both of these areas show good gold and copper grades. Optimisations have been run using various recovery parameters for both the gold and copper ore. Initial indications show potential for a sizable open pit which is 180m deep combined with a smaller underground stoping component.

The gold gossan outcrop and top 35m of the proposed open pit are weathered and will allow for free dig excavation. Below this, the sulphide copper ore body will require a standard drill and blast open cut mining approach. Lode 1 has approximately 1Mt of gold ore, 0.5Mt oxide copper and 3Mt

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of sulphide copper ore in various Resource categories. Metallurgical test work is currently underway to enable Lode 1 to be fully evaluated and potentially included into the mining plan. Lode 1 expansion studies will be completed in early 2010. Citadel is planning to use the copper, gold and zinc mineralisation in Lode 1 to expand production. This expansion may potentially reach 5Mt/pa.



Figure 1: Proposed Lode 1 Open Cut

Mining License & Project Implementation

The application for the Jabal Sayid Exploitation (mining) License has been lodged with the Deputy Ministry for Mineral Resources (DMMR). It was hoped that the License may have been processed and granted prior to Ramadan and Eid but unfortunately the Government timetable did not make this possible.

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The Company is closely following the process and an announcement will be made as soon as information becomes available. The Managing Director, Ines Scotland, is currently in Saudi Arabia and has reported that in various meetings with the Deputy Ministry for Mineral Resources there have been assurances provided that the grant of the mining license is in progress and is on the Government agenda to complete the required internal paperwork.

The Company has no reason to believe that there are any outstanding issues associated with the grant of the license and that once due Government process is complete the license will be granted.

Operational Readiness planning continued including the commencement of IT and Business System projects to support the EPCM team and ongoing operations.

Marketing, Shipping and logistics

Agreement on rates and charges has been reached with the Yanbu Port Authority for port access and rental of a storage shed within the port area. Formal documentation of a rental agreement has commenced. Key commercial terms have also been agreed with the port stevedore, Ajwa Port Services, for loading of Jabal Sayid concentrate onto vessels for export in bulk with formal documentation to be completed in the coming quarter. Tenders for road logistics and port stockpile management were sent out during the quarter and responses are expected back by November. 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.

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 constraints. The Jabal Sayid concentrate contains a good copper grade at 25-27% and is exceptionally clean, containing no elements subject to penalty. During the quarter a five year 50,000 dry metric tonne per annum offtake contract was agreed with international trading house Transamine SA. Transamine SA is one of the oldest, independent, privately held commodities trading companies in the world specialising in raw materials. Over the balance of the year, off-take contracts will be negotiated with preferred counterparties for the majority of the mine's annual production.

Finance

During the quarter WestLB and Riyad Bank were appointed to act as joint lead advisors in relation to the arranging of the debt financing of the Jabal Sayid copper project.

Preparatory work for the debt financing of the Jabal Sayid copper project is well underway. WestLB and Riyad Bank are assisting and advising on debt structuring and transaction execution with a view to launching a small bank club loan this quarter. A number of independent experts have been appointed to conduct due diligence for the financing including Behre Dolbear Australia ("BDA") as the banks' independent technical expert. Work on due diligence has commenced on those aspects of the project which have been completed. A site visit by BDA is planned for November. Marketing of the project to potential financiers in the Middle East, Europe and Australia is ongoing. Over the balance of this year the Company will work with a small number of local Saudi banks and international banks to arrange and complete negotiations of the project financing.



Figure 2: BDH4028 – Oblique view Lode 4, looking from the North showing deep drillholes

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2.0 EXPLORATION PROGRAM

WADI SHUGEA PROJECT (100%)

Citadel's Wadi Shugea project is located about 130 kilometres northeast of Jeddah covering 203 square kilometres of the highly prospective Neo-Proterozoic Ariab-Samran-Shayban volcanic belt. Reconnaissance exploration conducted at the Wadi Shugea project during this quarter recorded two main styles of mineralization:

1) syngenetic VMS-style mineralization that varies from Au-Cu rich to Zn-Ag-Au rich and

2) epigenetic syn-deformational quartz-Au-Cu veins.

Our future exploration efforts in the coming quarter will utilize a combination of geophysics (EM), geological mapping and geochemical chip sampling of high-priority areas. The geological mapping will focus on defining syn-volcanic structures that may have acted as hydrothermal feeder zones, fold hinges, volcanic facies and the occurrence of gossanous outcrops.

SHAYBAN GOLD (100%)

The Jabal Shayban gold project is located about 150 kilometres north-east of Jeddah and is accessed off a sealed highway. The geology is characterized by silicified and chlorite-sericite altered felsic tuffs and epiclastics that are locally intersected by dolerite dykes.

Citadel's third drilling programme at Shayban returned more encouraging results further adding to the resource. Better intercepts are:

- 45m at 6.16g/t Au from 108m (SH102RC).
- 22m at 12.04g/t Au from 100m (SH100RC).
- 43m at 9.38g/t Au, 0.58% Cu and 0.11% Zn from 11m (SH091RC).
- 11m at 6.29g/t Au, 1.37% Cu and 0.28% Zn from 21m (SH090RC).
- 41m at 8.39g/t Au from 14m (SH086DD).
- 13m at 2.60g/t Au, 1.42% Cu and 0.29% Zn from 33m (SH083RC).
- 21m at 3.18g/t Au, 0.69% Cu and 5.54% Zn from 55m (SH080RC).

JABAL MATOBER (100%)

The Jabal Matober gold prospect is located approximately 2km to the north-east of Shayban. The geology consists of felsic tuffs with auriferous quartz-pyrite-chalcopyrite veins that are locally cut by dolerite dykes.

A reconnaissance drilling programme at Jabal Matober has been completed during this quarter. The drilling has targeted low-sulphidation style epithermal quartz veins and stockwork zones. Locally, the veins were found to contain significant amounts of chalcopyrite and pyrite (Figure 1), but the Au contents are erratic. Best results are 3m at 1.32g/t Au from 72m (MA001RC), 2m at 1.37g/t Au from surface (MA002RC) and 2m at 7.35g/t Au from surface (MA003RC).

Both the textures of the epithermal veins and the presence of adularia-sericite alteration imply that the boiling horizon of the vein system was intersected. However, the results suggest only low gold contents of the hydrothermal fluids precipitating these veins. This project along with other regional projects are being assessed for their base metal potential in addition to gold closer to surface.

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Figure 3: Low-sulphidation epithermal quartz vein with pyrite-chalcopyrite mineralization at Jabal Matober (Drillhole MA004DD: 30.90-30.95m).

MAHD ADH DHAHAB PROJECT (100%)

BARI GOLD (100%)

Bari is located 38km south-east of the Mahd Adh Dhahab gold mine and is within 80km of Citadel's Jabal Sayid project. It comprises a cluster of over 180 ancient gold workings covering an area of 10 sqkm. An ancient slag dump containing in excess of 3,000 tonnes of slag demonstrates the extensive ancient mining activity.

A geological mapping programme covering the northern and central parts of the Bari project has been conducted during the quarter. The mapping defined large outcrops of alkaline intrusions ranging from monzonites to syenites in composition (Figure 4). Importantly, numerous hydrothermal breccia veins and intrusion breccias have been documented. They are products of the high volatile contents of the alkaline intrusions.

Δ Quartz monzonite Bari granodiorite Muscovite granite Tonalite with quartz diorite Citadel rock chip Citadel rock chip (assays pending) 4 Citadel drill hole Ancient workings & prospects Hydrothermal breccia Magnetic high anomaly x Δ 23 22'00" 4 9a/+ A x 20.4g/t A Trench 13 x Area old villag 11.2g/t 12 43.7g/t Au 10.3g/t Au 32.3g/t Au 25.0g/t Au 13.2a/t 20.9g/t Au **Old Village** 14.4g/t Au 31.7g/t Au BA001RC Area 24.3g/t Au R m@2.31g/t 5 .5g/t Au 13.4g/t Au x 17.7g/t Au 23°21'00"N 16.8g/t Au 11.0a/t Au BAOO3RC 15.4g/t Au BAOOBRO 1m@16.95a/t Au from 63 @2.43g/t Au from 103n @2.29g/t Au from 143n 12 @2.41g/t A BA007 @1.23g/t Au from 148 @1.92g/t Au from 96n 500m 41°11'00"E 41°10'00"E

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Figure 4: Interpreted geology of the Bari prospect. The alkaline intrusions are shown in dark pink and zones with hydrothermal breccias veins are marked by red brown stippled patterns.

Two diamond holes were drilled and completed at Bari during this quarter. Drilling was delayed due to the mechanical performance of the drill rig, however repairs have now been made to the rig and the 2000 meter program should be completed by January.

A second rig is being mobilised to help ensure completion of the program in a timely manner. Drillhole BA010DD intersected quartz-monzonite porphyry phases intruding granodiorites. Both units are overprinted by moderate to strong, but patchy, sericite (phyllic) alteration. In places, the quartz-monzonite is cut by quartz-pyrite and quartz-carbonate stringer veins with sericite selvedges. The transition from phyllic to propylitic alteration suggests that this hole drilled away from the heat source and potential mineralization.

The second diamond hole BA011DD intersected strongly sericite altered quartz-monzonite dykes cutting massive granodiorite and is incomplete at the time of writing. Locally, the sericite altered quartz-monzonite contains traces of sphalerite (Figure 5). Sphalerite is commonly found in the periphery of porphyry systems.



Figure 5: Strongly sericite altered quartz-monzonite porphyry cut by quartz-carbonate stringer veins with trace sphalerite (BA011DD: 55.85-68.10m).

A ground magnetic survey commenced during the quarter in order to assist with drillhole targeting and geological interpretation. The definition of drill targets at Bari relies to a large degree on geophysics due to the limited outcrop on surface. Preliminary magnetic data suggest the presence of multiple distinct "doughnut" anomalies and magnetic dipole features that will be targeted by future drilling and exploration work. Economic porphyry systems can form distinct magnetic dipole anomalies or doughnut features that are revealed by the magnetic data. Their strong magnetic response is due to their intimate association with biotite-magnetite alteration. On top of the ore bodies this alteration assemblage can be overprinted (and partly de-magnetized) by late-stage sericite alteration, typically resulting in a magnetic low in the centre of a large magnetic high anomaly. This effect is called a magnetic doughnut anomaly. Well known examples of this phenomenon are the Grasberg, Cadia and Goonumbla porphyry systems.

LAHUF (100%)

The Lahuf prospect is located about 10km along strike from the operating Mahd Adh Dhahab gold mine (6Moz). 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. In places, the andesites and tuffs are intersected by low-sulphidation epithermal quartz vein systems trending northwest or north-south. The largest of these vein systems is trending north-west and was drill tested earlier this year. The data realized from this exploration program suggest that the north-northwest trending quartz veins contain the highest gold contents and future drilling should mainly target north or north-northwest trending vein systems similar to those at Mahd Adh Dhahab.

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A reconnaissance exploration programme conducted within the Lahuf project during the quarter discovered additional quartz breccia vein systems to the north and southeast of the previous drill drilling areas. The recently discovered quartz breccia veins are locally accompanied by adularia-sericite alteration and strong malachite staining. Chip sampling returned high gold grades of up to 19.32g/t. More importantly, many of these vein systems strike north-south comparable to the veins at Mahd Adh Dhahab. Detailed geological mapping of these vein systems is in progress and a percussion drilling programme is planned in order to explore the veins depth extensions.

CORPORATE

Cash at the end of the quarter was A\$38.7m. Expenditure for the quarter on project exploration, development and evaluation activities totalled A\$10.8m. This was above forecast largely due to the early commencement of engineering works associated with the Engineering, Procurement and Construction Management (EPCM) and the work associated with the pre-feasibility mining and metallurgy study for the Lode 1 expansion. Expenditure for the coming quarter is budgeted to be A\$8.26m which will include purchasing vendor engineering data and partial mobilisation costs for the mining contractor as well as EPCM costs.

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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.

APPENDICES

Resource Category	Туре*	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	15	0.8%	114	1.9%	279
Informed	Stockwork	52	1.2%	613	0.3%	144
imerreu	Oxide	0.5	1.6%	7	0.3%	1
	All	67	1.1%	735	0.6%	425
	MS	21	0.9%	192	1.8%	385
TOTAL	Stockwork	77	1.3%	1,016	0.2%	186
	Oxide	0.5	1.6%	7	0.3%	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 (February 2009)

Hole ID	Coordi	nates					Significant Assay Results 3rd Qtr-09						
	Northing	Easting	RL	Azi.	Incl.	Total Depth (m)	Fro m (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
MA001RC	2499314	578675	680	065	-55	80.0	72	75	3	1.32	pending	pending	pending
MA002RC	2499383	578610	692	065	-55	24.0	0	2	2	1.37	pending	pending	pending
	2499383	578610	692	065	-55	24.0	4	5	1	1.21	pending	pending	pending
MA003RC	2499373	578615	695	065	-55	120.0	0	2	2	7.35	pending	pending	pending
	2499373	578615	695	065	-55	120.0	13	14	1	0.74	pending	pending	pending
MA004DD	2499029	578874	680	270	-60	150.05	19	20	1	0.55	pending	pending	pending
MA005RC	2499071	578874	690	270	-60	150.00	7	8	1	0.79	pending	pending	pending
MA006RC	2499429	578635	708	065	-55	150.0	51	52	1	0.56	pending	pending	pending
	2499429	578635	708	065	-55	150.0	91	92	1	0.90	pending	pending	pending

Grid is WGS84 Zone 37N. Azimuths are magnetic azimuths. Intersection lengths are calculated downhole, and are presented in this table as length weighted averages Assayed at AI Amri Laboratory in Jeddah, using fire assay or acid digest, AAS finish

Table 2: Jabal Matober significant intercepts – 3rd Quarter 2009

	Co-ord	linates				Total		Significar	nt Assay R	esults		Signi	ficance of Results
						Depth	From	То	Length	Gr	ade	Codes	
									_	Cu	Au	(see	
Hole ID	Northing	Easting	RL	Azi.	Incl.	(m)	(m)	(m)	(m)	(%)	(g/t)	below)	Comments
BDH4033	38458	97440	1981	91	-67	551.2	399	414.5	15.5	1.81	0.05	CR	
							445	450	5	2.62	0.06	CR	
							486	503	17	0.99	0.04	CR	
BDH4035	38838	97528	1925	91	-32	368.7	297	332	35	3.65	0.59	CR	
													Mineralisation at
		-		_			336.1	368.7	32.6	3.38	0.44	CR!	base of hole
BDH4037	38826	97557	1675	85	-33	326.9	92	172	80	3.5	0.72	CR	
							227	256	29	2.12	0.05	CR	
													Mineralisation at
					-		262	326.9	64.9	3.63	0.05	CR!	base of hole
BDH4038	38738	97516	1688	65	-65	440.6	45	75	30	1.49	0.31	CR	
							306	406	100	2.48	0.48	CR	
BDH4039	38825	97557	1676	88	-11	397	109	174	65	4.8	0.59	CR	
							192	219	27	2.92	0.15	CR	
BDH4041	38836	97557	1176	84	-24	372	99.5	171	71.5	3.11	0.47	CR	
							208.4	309	100.6	2.05	0.07	CR	
BDH4042	38738	97516	1688	75	-55	425.5	32	85	53	2.37	0.5		
													Mineralisation at
							327	425.5	88.5	2.82	0.42	CR!	base of hole
BDH4043	38836	97557	1675	86	-36	387	87	167	80	4.22	0.87		
							223.8	379	155.2	2.71	0.04	CR	
BDH4044	38739	97516	1689	68	-44	315	253	315	62	1.51	0.03		
							53.7	88	34.3	5.32	1.61	CR	
													Mineralisation at
BDH4045A	38826	97557	1676	66	-13	257.7	128	257.7	129.7	2.15	0.2	CR!	base of hole
BDH4046	38739	97516	1689	74	-46	401.8	46.4	111.9	65.5	2.52	0.66	CR	
													Mineralisation at
							338	401	63	2.05	0.03	CR!	base of hole
													Mineralisation at
BDH4048	38826	97557	1675	87	-68	363	101	363	262	3.81	0.49	CR!	base of hole
BDH4049A	38739	97516	1688	74	-52	425.7	52	84.5	32.5	2.81	0.81		
													Mineralisation at
							356	425.7	69.7	2.12	0.14	CR!	base of hole
BDH4050B	38826	97557	1675	86	-48	410	103	390	287	3.67	0.28	CR	
BDH4053	38826	97557	1675	86	-58	379	92	370.9	278.9	3.39	0.31	CR	
	X =	Not yet drille	d			! = Mineralisation at Base of Hole					NZ = New mineralisation zone!		
	~ =	Hole underwa	ау				CI = Confirms geological interpretation UR =				UR = 1	Upgrades Resource	
	* = Assays not received				PCI = Partly confirms geological interp. CR = Confirms Res				Confirms Resource				
	? = Data s	subject to ver	ification				DI = Dispro	ves geolog	gical interpr	etation		DR = D	owngrades 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 length weighted averages

Table 3: Significant assay results received for Jabal Sayid

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Hole ID	Coordi	nates				Total	Significant Assay Results 3 rd Qtr-09						
	Northing	Easting	RL	Azi.	Incl	Depth	From	То	Length	Au	Ag	Cu	Zn
	(local)	(local)			·	(m)	(m)	(m)	(m)	(g/t)	(g/t)	(%)	(%)
SH079RC	5454	1007	635	000	-90	100.00	22	35	13	4.19	19	0.52	pending
	5454	1007	635	000	-90	100.00	39	44	5	2.88	4	0.22	pending
SH080RC	5177	957	656	090	-60	110.00	8	14	6	0.77	12	0.22	0.22
	5177	957	656	090	-60	110.00	17	25	8	1.20	51	0.53	1.30
	5177	957	656	090	-60	110.00	31	37	6	3.54	148	0.68	4.34
	5177	957	656	090	-60	110.00	40	41	1	1.03	58	0.35	1.52
	5177	957	656	090	-60	110.00	55	76	21	3.18	126	0.69	5.54
	5177	957	656	090	-60	110.00	88	91	3	0.95	49	0.23	4.88
	5177	957	656	090	-60	110.00	94	96	2	1.68	53	0.11	2.39
SH082RC	5425	1016	642	000	-90	150.00	19	20	1	1.08	nsa	nsa	nsa
	5425	1016	642	000	-90	150.00	39	63	24	1.49	7	0.54	0.11
SH083RC	5480	979	636	000	-90	60.00	2	18	16	1.85	7	0.72	0.22
	5480	979	636	000	-90	60.00	33	46	13	2.60	17	1.42	0.29
SH084RC	5476	1013	630	000	-90	90.00	21	29	8	4.55	10	1.82	0.52
	5476	1013	630	000	-90	90.00	32	35	3	1.78	9	nsa	0.23
SH085RC	5382	998	662	000	-90	150.00	0	4	4	1.39	3	0.14	nsa
	5382	998	662	000	-90	150.00	48	63	15	0.98	4	0.21	0.18
	5382	998	662	000	-90	150.00	74	78	4	3.61	2	0.22	nsa
	5382	998	662	000	-90	150.00	81	86	5	1.54	2	0.23	nsa
SH086DD	5430	995	641	000	-90	86.00	14	55	41	8.39	pending	pending	pending
SH087RC	5395	1026	653	000	-90	150.00	64	79	15	1.73	10	0.25	0.20
SH088RC	5357	972	679	270	-85	120.00	2	18	16*	4.94*	4*	0.24*	0.05*
	5357	972	679	270	-85	120.00	36	40	4	1.24	9	0.48	0.15
	5357	972	679	270	-85	120.00	48	54	6	1.15	8	0.50	0.66
	5357	972	679	270	-85	120.00	58	98	40	1.66	9	0.49	0.23
SH089DD	5191	962	657	090	-75	124.45	24	27.20	3.20	2.86	111	0.73	0.73
	5191	962	657	090	-75	124.45	36.80	37.70	0.90	3.66	815	0.73	43.53
	5191	962	657	090	-75	124.45	58	61	3	1.03	44	nsa	0.91
	5191	962	657	090	-75	124.45	84	91.60	7.60	7.09	69	2.28	8.79
	5191	962	657	090	-75	124.45	95	96	1	1.94	15	2.73	nsa
	5191	962	657	090	-75	124.45	106.5	107.5	1	3.54	19	0.94	14.96
SH090RC	5510	911	657	000	-90	90.00	21	32	11	6.29	24	1.37	0.28
SH091RC	5441	930	660	090	-60	100.00	0	7	7**	1.15*	3**	0.18**	0.02**
	5441	930	660	090	-60	100.00	11	54	43	9.38	11	0.58	0.11
SH092RC	5404	960	659	000	-90	120.00	8	10	2	1.03	4	0.45	0.14
	5404	960	659	000	-90	120.00	22	37	15	1.31	9	0.62	1.01
	5404	960	659	000	-90	120.00	50	59	9	1.11	2	0.24	0.35
SH093DD	5150	999	643	000	-90	131.35	0	2.35	2.35	1.27	12	0.23	0.35
	5150	999	643	000	-90	131.35	39	42	3	2.30	73	0.36	1.54
	5150	999	643	000	-90	131.35	71	72	1	1.20	5	0.18	8.79
	5150	999	643	000	-90	131.35	86.50	87.35	0.85	1.14	11	1.08	0.22
	5150	999	643	000	-90	131.35	91	94	3	1.01	5	0.17	0.13
SH094RC	5328	975	677	000	-90	105.00	29	30	1	1.06	25	0.64	nsa
	5328	975	677	000	-90	105.00	75	83	8	1.61	7	0.25	0.42
	5328	975	677	000	-90	105.00	86	87	1	1.53	96	nsa	4.13

+ + + + + + + +

Hole ID	Coordi	nates				Total	Significant Assay Results 3rd Qtr-09						
	Northing	Easting	RL	Azi.	Incl	Depth	From	То	Length	Au	Ag	Cu	Zn
	(local)	(local)				(m)	(m)	(m)	(m)	(g/t)	(g/t)	(%)	(%)
	5328	975	677	000	-90	105.00	92	97	5	1.66	5	0.35	nsa
SH095RC	5477	900	656	000	-90	87.00	34	36	2	1.00	5	0.25	nsa
	5477	900	656	000	-90	87.00	46	51	5	1.17	12	0.40	0.18
SH096DD	5098	975	642	000	-90	139.35	5	20	15	1.51	pending	pending	pending
	5098	975	642	000	-90	139.35	24	32	8	1.44	pending	pending	pending
	5098	975	642	000	-90	139.35	50	52	2	1.99	pending	pending	pending
	5098	975	642	000	-90	139.35	59	62	3	1.12	pending	pending	pending
	5098	975	642	000	-90	139.35	64.60	68.00	3.40	2.05	pending	pending	pending
	5098	975	642	000	-90	139.35	87	89	2	2.13	pending	pending	pending
	5098	975	642	000	-90	139.35	105	106	1	1.43	pending	pending	pending
	5098	975	642	000	-90	139.35	108	109	1	1.11	pending	pending	pending
	5098	975	642	000	-90	139.35	113	114	1	1.29	pending	pending	pending
	5098	975	642	000	-90	139.35	135	136	1	1.82	pending	pending	pending
SH097RC	5507	908	657	270	-60	80.00	8	30	22	1.88	7	0.22	nsa
	5507	908	657	270	-60	80.00	34	36	2	1.73	16	0.27	0.50
SH098RC	5274	927	683	000	-65	124.00	0	3	3	7.31	pending	pending	pending
	5274	927	683	000	-65	124.00	100	101	1	6.16	pending	pending	pending
	5274	927	683	000	-65	124.00	108	110	2	1.45	pending	pending	pending
	5274	927	683	000	-65	124.00	113	121	8	2.63	pending	pending	pending
SH099RC	5573	910	640	270	-60	150.00	27	28	1	11.9	pending	pending	pending
SH100RC	5335	917	713	090	-68	150.00	23	24	1	2.09	pending	pending	pending
	5335	917	713	090	-68	150.00	40	44	4	1.04	pending	pending	pending
	5335	917	713	090	-68	150.00	70	77	7	1.00	pending	pending	pending
	5335	917	713	090	-68	150.00	84	86	2	1.47	pending	pending	pending
	5335	917	713	090	-68	150.00	100	122	22	12.0	pending	pending	pending
	5335	917	713	090	-68	150.00	127	137	10	1.13	pending	pending	pending
SH101RC	5334	915	713	045	-55	102.00	12	13	1	1.43	pending	pending	pending
	5334	915	713	045	-55	102.00	14	16	2	1.13	pending	pending	pending
	5334	915	713	045	-55	102.00	21	27	6	1.01	pending	pending	pending
	5334	915	713	045	-55	102.00	44	46	2	1.03	pending	pending	pending
	5334	915	713	045	-55	102.00	51	53	2	2.94	pending	pending	pending
	5334	915	713	045	-55	102.00	58	61	3	1.05	pending	pending	pending
	5334	915	713	045	-55	102.00	66	68	2	1.05	pending	pending	pending
	5334	915	713	045	-55	102.00	69	70	1	1.53	pending	pending	pending
	5334	915	713	045	-55	102.00	77	86	9	1.87	pending	pending	pending
	5334	915	713	045	-55	102.00	90	97	7	1.19	pending	pending	pending
SH102RC	5331	901	714	090	-72	153.00	108	153	45	6.16	pending	pending	pending
SH103RC	5334	902	715	045	-55	131.00	10	12	2	1.20	pending	pending	pending
	5334	902	715	045	-55	131.00	38	57	19	1.65	pending	pending	pending
	5334	902	715	045	-55	131.00	61	62	1	4.30	pending	pending	pending
	5334	902	715	045	-55	131.00	71	88	17	1.06	pending	pending	pending
	5334	902	715	045	-55	131.00	112	119	7	1.09	pending	pending	pending
	5334	902	715	045	-55	131.00	130	131	1	14.0	pending	pending	pending
SH105RC	5335	905	715	000	-55	150.00	16	20	4	2.99	pending	pending	pending
	5335	905	715	000	-55	150.00	69	73	4	2.06	pending	pending	pending

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Hole ID	Coordi	nates				Total	Significant Assay Results 3rd Qtr-09						
	<i>Northing</i> (local)	Easting (local)	RL	Azi.	Incl	Depth (m)	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
	5335	905	715	000	-55	150.00	87	89	2	1.49	pending	pending	pending
	5335	905	715	000	-55	150.00	92	93	1	1.00	pending	pending	pending
SH106RC	5397	879	691	092	-70	112.00	74	75	1	1.12	pending	pending	pending

*This interval includes 3m of sample loss at 6-8m and 9-10m.

**This interval includes 1m of sample loss at 4-5m. Azimuths are grid azimuths. Intersection lengths are calculated downhole, and are presented in this table as length weighted averages Assayed at AI Amri Laboratory in Jeddah, using fire assay or acid digest, AAS finish

Table 4: Jabal Shayban significant intercepts – 3rd Quarter 2009

+ + + + + + + +

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 at 1.2% Cu including 30Mt at 2.3% Cu.

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 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; open at depth.

Bari: ancient gold workings covering 1.4km of strike with historical drill results and recent Citadel rock chip samples. Drilling program underway.

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, CGGCD

Shares on Issue – As at 30 September 2009

955.27m	(listed)
72.64m	(escrowed until Apr 2010)
398.34m	(escrowed until Dec 2009)
1,426.25m	Total
27.12m Contributi	ng Shares (1.25 ¢ to pay 6.05m escrowed until Dec 2009)
0.20m Contributin	g Shares (2.5 ¢ to pay escrowed until Dec 2009)
49.40m - 20¢ Opts	(41.5m escrowed)
10m - 35¢ Opts	

Registered Office

Citadel Resource Group Limited Level 12, 350 Collins Street Melbourne VIC 3000 GPO BOX 2844, Melbourne VIC 3001 Ph: +61 (03) 8680 4601 Email: <u>info@citadelrg.com.au</u>

Exploration Office

Bariq Mining Limited Villa 261. Ibrahim bin Abdullah Anqari St Sector N46W14. District Al Mohammedeyah/5. Jeddah P.O. Box 1360 Jeddah 21431 Kingdom of Saudi Arabia

Appendix 5B

Rule 5.3

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 September 2009

Current quarter

Year to date

(3 months)

Consolidated statement of cash flows

Cash flows related to operating activities

		\$A'000	\$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation (b) development	(10,848)	(10,848)
	(c) production (d) administration	(1.325)	(1.325)
	(e) other working capital	-	-
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature		
	received	163	163
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	(12,010)	(12,010)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	(134)	(134)
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	-	-
	Net investing cash flows	(134)	(134)
1.13	Total operating and investing cash flows	, , ,	
	1	1	1

⁺ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows		
	(brought forward)	(12,144)	(12,144)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	25,518	25,518
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)	398	398
	Net financing cash flows		
	The munching cubit nows	25,916	25,916
	Net increase (decrease) in cash held	13,772	13,772
1.20	Call of the similar of a set of second state	25 102	25 102
1.20	Cash at beginning of quarter/year to date	25,192	25,192
1.21	Exchange rate adjustments to item 1.20	(223)	(223)
1.22	Cash at and of quarter	38,741	38,741
1.44	Cash at thu vi qualter		

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	94
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 and 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
- 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

⁺ 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

4.1	Exploration and evaluation	8,255
4.2	Total	8.255

Reconciliation of cash

Record shown the re-	nciliation of cash at the end of the quarter (as n in the consolidated statement of cash flows) to lated items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	2,111	5,582
5.2	Deposits at call	36,630	19,610
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	38,741	25,192

⁺ See chapter 19 for defined terms.

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	Amount paid up per
				security (see note	security (see note 3)
				3) (cents)	(cents)
7.1	Preference	nil	nil		
	+securities				
	(description)				
7.2	Changes during				
	quarter				
	(a) Increases				
	through issues				
	(b) Decreases				
	capital buy backs				
	redemptions				
7.3	+Ordinary	1.426.250.527	1.027.909.227	Fully paid	Fully paid
, 10	securities	1,120,200,027	1,027,707,227	r unij pulu	I will puid
		28,022,560	21,967,571	Contributing \$0.20	Paid to \$0.1875
		200,000	-	Contributing \$0.20	Paid to \$0.1750
		1,000,000	-	Contributing \$0.20	Paid to \$0.1375
		1,000,000	-	Contributing \$0.20	Paid to \$0.1250
7.4	Changes during				
	quarter				
	(a) Increases	70 (11 010	70 (11 010	24.42	T 11 11 11
	through issues	72,641,018	72,641,018	34.42 cents/ share	Fully paid ordinary
	(b) Increase through				
	Paid Shares	187 000	187.000	2.50 cents/ share	Fully paid ordinary
	i ald Shares	2 777 500	2 777 500	1 25 cents/share	Fully paid ordinary
	(c) Decreases	_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		r any para oraniary
	through returns of				
	capital, buy-backs				
7.5	+Convertible debt				
	securities	nil	nil		
7.6	Changes during				
	quarter				
	(a) Increases	nil	nil		
	through issues				
	(b) Decreases				
	matured converted	nil	nil		
77	Ontions	1111	1111	Exercise price	Expiry date
/./	options	7.896.157	nil	20 cents	31 December 2009
		41,500,000	nil	20 cents	31 December 2010
		10,000,000	nil	35 cents	1 August 2013
7.8	Issued during				
	quarter				
7.9	Exercised during	2,390,862		20 cents	31 December 2009
	quarter				
7.10	Expired during				
	quarter				
7.11	Debentures				
	(totals only)				

⁺ See chapter 19 for defined terms.

7.12	Unsecured notes	
	(totals only)	

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: 28 October 2009 (Company secretary)

Print name: Sue-Ann Higgins

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.