

ASX RELEASE

Recommended 52.2 cents¹ per share takeover offer by Equinox for Citadel

25 October 2010

The Board of Citadel Resource Group unanimously recommends shareholders accept a A\$1.25 billion cash and scrip takeover offer from Equinox Minerals to create a major international copper company with a pipeline of growth opportunities in two attractive mining provinces – Southern Africa and the Middle East.

Highlights of Equinox Offer for Citadel shareholders

- Recommended Offer of A\$0.105 cash per Citadel share and 1 Equinox share for every 14.3 Citadel shares, valuing Citadel at A\$1.25 billion (A\$0.522 per Citadel share)¹
- Realisation of a 21% premium to the 10-day volume weighted average price of A\$0.43 per Citadel share and a substantial premium to Citadel's \$262 million equity offer completed at A\$0.29 per share in June / July 2010
- Investment in an enlarged, combined group with the flow on benefits of scale and increased liquidity for shares trading on ASX and TSX
- Continued leverage to copper and participation in a leading independent global copper group, ranked amongst the world's top 20 copper producers
- Exposure to Equinox's existing operation at the producing and long life Lumwana copper mine in Zambia and to a diversified portfolio of assets offering long term growth potential
- Continued exposure to the Jabal Sayid copper and precious metals project and to Citadel's advancing Saudi Arabian exploration assets, which will stand to benefit from the project development experience provided by the Equinox team and the financial strength of the combined entity

Citadel Resource Group Limited (ASX: CGG) (**Citadel**) advises that it has entered into a Bid Implementation Agreement (**BIA**) with Equinox Minerals Limited (ASX: EQN, TSX: EQN) (**Equinox**) for a recommended off-market cash and scrip takeover offer (**Offer**) by Equinox to acquire all of the issued shares of Citadel.

Citadel's directors unanimously support the Offer and recommend that Citadel shareholders accept the Offer, in the absence of a superior proposal.

Each Citadel director and a number of Citadel's shareholders including Transamine and Citadel's joint venture partners in the Jabal Sayid Project, Abdul Hadi Al Qahtani and Partners for Maritime and Oilfield Services and Dr Said Al-Qahtani (**Pre-Bid Shareholders**), collectively representing 19.9% of Citadel's

¹ Based on the Equinox 10-day volume weighted average price of A\$5.96 per share as at 22 October 2010.

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outstanding shares, have entered into separate Pre-Bid Acceptance Agreements with Equinox for all their Citadel shares. Under these agreements, the Pre-Bid Shareholders will, in the absence of a superior proposal, accept the Offer for all their Citadel shares within five business days following Citadel dispatching its Target's Statement to Citadel shareholders.

The Board's unanimous support of the Equinox Offer follows careful consideration of the options available to Citadel, including proceeding with the development of Jabal Sayid and the Company's other Saudi Arabian projects on a stand alone basis.

The Citadel Board has concluded that a combination of Citadel and Equinox on the basis of the terms of the Equinox Offer represents an attractive opportunity for Citadel shareholders to maximise the value of their investment and gain exposure to the value that can be unlocked through the combination of the two companies.

Managing Director of Citadel, Ines Scotland, said:

"Equinox's Offer provides our shareholders with an attractive premium, which recognises the substantial achievements of the Citadel team in advancing Jabal Sayid and our other projects in Saudi Arabia to this point. The terms of the Offer enable our shareholders to retain exposure to Citadel's projects through the share component of the Offer, as well as crystallising some value through the cash component of the Offer, and gaining exposure to Equinox's existing operations including the very significant producing Lumwana copper mine.

The Offer also recognises the importance of Saudi Arabia as a developing region in the minerals industry. Citadel's projects have now reached the stage where they will benefit from Equinox's balance sheet strength and technical capability to ensure they reach their full potential for the benefit of all our stakeholders. A merger with Equinox should significantly accelerate the exploitation of Citadel's first mover position in Saudi Arabia."

Summary of the Offer

Under the Offer, Citadel shareholders will receive A\$0.105 cash per Citadel share and 1 Equinox share for every 14.3 Citadel shares held.

Equinox's Offer values Citadel at A\$1.25 billion (A\$0.522 per Citadel share)², and represents an approximate:

- 20% premium based on the closing prices of Citadel and Equinox shares on the ASX on 22 October 2010, the last trading day prior to the announcement of the Offer
- 21% premium over the 10-day volume weighted average price of Citadel shares on the ASX up to and including 22 October 2010
- 29% premium to Citadel's enterprise value, being the market capitalisation of Citadel using the last closing price on 22 October 2010 less its cash position as at 30 September 2010 of A\$203.9 million
- 80% premium² to Citadel's successful A\$262 million equity offer at A\$0.29 per new share completed in June / July 2010

Equinox also intends to enter into agreements with each of the Citadel option holders under which Equinox will acquire or cancel the outstanding Citadel options at the implied offer price for each Citadel share under the Offer less the exercise price of the relevant Citadel option (**Option Agreements**). The Offer also extends to all new Citadel shares issued during the Offer period due to the exercise of options in accordance with their terms or to the issue of new shares to holders of Performance Rights

² Based on the Equinox 10-day volume weighted average price of A\$5.96 per share as at 22 October 2010.

If Equinox successfully acquires all of the outstanding Citadel shares under the Offer, Citadel shareholders will own approximately 19.2% of the combined entity and will collectively receive A\$252.2 million in cash³.

Conditions of the Offer

The Offer is conditional on:

- No material adverse change or prescribed occurrence events occurring with respect to Citadel
- Equinox having a relevant interest in not less than 90% of the Citadel shares on issue by the close of the Offer
- Final regulatory approvals from the authorities in Saudi Arabia to the previously announced acquisition of a 20% interest in Bariq Mining Limited and obtaining Citadel shareholder approval for acquisition of the remaining 30% interest in Bariq Mining Limited
- No regulatory intervention which restrains, impedes or prohibits the Offer.

The conditions of the Offer are set out in full in Appendix 1. Equinox retains the right to waive any or all of the conditions of the Offer.

Consistent with the negotiated, recommended nature of Equinox's Offer, the BIA contains certain break fee, exclusivity and other customary deal protections in favour of Equinox. Citadel is also entitled to claim a break fee from Equinox in certain circumstances. The break fee payable by either party to the other is A\$12 million. A summary of these provisions and the other key terms of the BIA is set out in Appendix 2.

Timing

Citadel expects Equinox will dispatch its Bidder's Statement to all Citadel shareholders containing detailed information relevant to the Offer in early November 2010. Assuming the Bidder's Statement is dispatched by this time, Citadel aims to dispatch its Target's Statement around mid November 2010.

Information on Equinox

Equinox is listed on both the Toronto Stock Exchange (TSX) and the Australian Securities Exchange (ASX), with a market capitalisation of approximately A\$4.2 billion⁴. Equinox's main project is the producing, long life Lumwana open pit copper mine in the western Zambian copper-belt, which it successfully commissioned in 2009. Lumwana is forecast to have a mine life of more than 37 years on current reserves and resources, and to produce 140,000 tonnes of copper in concentrate for the 2010 calendar year at a C1 cash cost of US\$1.35/lb.

Advisers

Citadel is being advised in relation to the Offer by Gryphon Partners as its corporate adviser and Minter Ellison as its legal adviser.

Australian investment market and media call

Citadel's Chief Executive Officer, Ms Inés Scotland, and Equinox's Chief Executive Officer, Mr Craig Williams, will host a joint conference call for Australian media, analysts and investors to discuss the transaction on Monday 25 October at 07:30 Perth / 10:30 Sydney time. You may participate in the call by dialling 1800-822-994 toll free in Australia or +1-412-317-6789. Please dial in 10 minutes before the scheduled conference time.

³ Assumes the issue of 168.0 million new Equinox shares under the Offer and the Option Agreements.

⁴ Based on the Equinox 10-day volume weighted average price of A\$5.96 per share as at 22 October 2010.

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The presentation will also be webcast (www.Equinoxminerals.com).

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Appendix 1

Offer Conditions

The Takeover Bid is subject to the following conditions which must be satisfied or waived in accordance with the Bid Implementation Agreement.

(a) No Citadel Material Adverse Change

Before the end of the Offer Period, no Citadel Material Adverse Change occurs, is discovered, announced, disclosed or otherwise becomes known to Equinox or Citadel (whether or not it becomes public).

(b) No Citadel Prescribed Occurrence

Before the end of the Offer Period, no Citadel Prescribed Occurrence occurs.

(c) Minimum Acceptance Condition

Before the end of the Offer Period, Equinox has a Relevant Interest in such number of Citadel Share as represents at least 90% in aggregate of all Citadel Shares on issue.

(d) Acquisition of Bariq Mining Limited

Before the end of the Offer Period:

- (i) notarisation is obtained of the approval to the amendment of the Articles of Association of Bariq Mining Limited by the Saudi Arabian Ministry of Commerce and Industry in relation to the transfer from CMCI of a 20% equity interest in Bariq Mining Limited to Vertex Group pursuant to an agreement between the parties dated 18 June 2010; and
- (ii) if any approval of Citadel Shareholders is necessary for the 100% Bariq Acquisition, such approval is obtained in satisfaction of the condition set out in clause 2(c) of the Share Transfer Agreement.

(e) No regulatory intervention

During the period from the date of the Bid Implementation Agreement to the end of the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by an authority; and
- (ii) no application is made to any authority, or action or investigation is announced, threatened or commenced by an authority in consequence of or in connection with the Offer,

(other than an application to or a determination by ASIC or the Takeovers Panel in the exercise of the powers and discretions conferred by the Corporations Act) which restrains, impedes or prohibits (or if granted could restrain, impede or prohibit) or otherwise materially adversely impacts upon, the making of the Offer or any transaction contemplated by the Bid Implementation Agreement, the Offer or the rights of Equinox in respect of Citadel or Citadel Securities or requires the divestiture by Equinox or Equinox Shareholders of any Citadel Securities or the divestiture of any assets of the Citadel Group, Equinox, the Equinox Group or otherwise.

Appendix 2

Summary of the Bid Implementation Agreement

1. INTRODUCTION

Equinox and Citadel entered into a Bid Implementation Agreement on 25 October 2010. The Bid Implementation Agreement sets out the terms and respective obligations of the parties in relation to Equinox's offer to acquire all of the issued ordinary shares in Citadel by way of off-market takeover bid.

A summary of the key terms of Bid Implementation Agreement is set out below.

2. EXCLUSIVITY

(a) No Shop

During the Exclusivity Period, Citadel and its representatives must not directly or indirectly solicit, invite or otherwise encourage or initiate any enquiries, negotiations or discussions or communicate an intention to do any of those things with a view to obtaining any expression of interest, offer or proposal from any person in relation to a Competing Proposal.

(b) No Talk

Subject to the exception set out in 2(e), during the Exclusivity Period Citadel and its representatives must not directly or indirectly negotiate, enter into, continue or participate in negotiations or discussions with any third party regarding a Competing Proposal, even if:

- (i) the Competing Proposal was not directly or indirectly solicited, initiated or encouraged by Citadel or any of its representatives;
- (ii) negotiations or discussions in relation to the Competing Proposal commenced before the date of the Bid Implementation Agreement; or
- (iii) that third party has publicly announced its Competing Proposal.

(c) No Due Diligence

Without limiting the No Talk restriction but subject to the exception set out in 2(e), during the Exclusivity Period Citadel must ensure that neither it nor its representatives:

- (i) directly or indirectly solicit, invite, facilitate or encourage any party (other than Equinox or its representatives) to undertake a due diligence investigation on any member of the Citadel Group; or
- (ii) make available to any person (other than Equinox or its representatives) or permit any such person to receive any non-public information relating to any member of the Citadel Group.

(d) Notification

During the Exclusivity Period, Citadel must immediately inform Equinox if Citadel or any of its representatives is approached by any person to discuss or engage in any activity that would breach its obligations in relation to the No Talk and No Due Diligence restrictions.

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Further, subject to the exception set out in 2(e), as soon as reasonably practicable, Citadel must provide in writing to Equinox the identity of that person and any person on behalf of which that person is acting, and details of the Competing Proposal sought to be discussed by the person making the approach or in relation to which the person making the approach wishes to engage in such activity.

(e) Exceptions

The No Talk, No Due Diligence and the second Notification restrictions do not apply in respect of a bona fide Competing Proposal that is received by Citadel after the date of the Bid Implementation Agreement and which was not solicited, invited, initiated or encouraged by Citadel or the Citadel board in contravention of the No Shop restriction, if the Citadel board, after having first obtained written advice from its legal and financial advisers, has determined in good faith that:

- (i) the Competing Proposal in respect of which the restrictions and notification would otherwise apply is or may be reasonably expected to lead to a Superior Proposal; and
- (ii) failing to respond to such Competing Proposal would be likely to constitute a breach of the fiduciary or statutory duties of members of the Citadel board.

(f) Matching Right

Before the Citadel board withdraws or changes its recommendation after determining that a Competing Proposal constitutes a Superior Proposal, Citadel must:

- (i) provide Equinox with sufficient details in relation to the Superior Proposal to enable Equinox to respond to the Superior Proposal; and
- (ii) give Equinox at least 3 business days after the provision of details to respond to the Superior Proposal if Equinox chooses in its absolute discretion to do so.

3. REIMBURSEMENT AMOUNT

(a) Payment by Citadel

A reimbursement amount of \$12,000,000 will be payable by Citadel if Equinox does not proceed to acquire 90% of Citadel Shares before the Long Stop Date and any of the following occur:

- (i) at any time before the Long Stop Date, members of the Citadel board (or any one or more of them) endorse or otherwise support a Competing Proposal made by a person other than a member of the Equinox Group;
- (ii) a person other than a member of the Equinox Group:
 - (A) acquires or agrees (conditionally or otherwise) to acquire, any interest in Bariq Mining Limited or the Jabal Sayid Mining Project;
 - (B) acquires or agrees (conditionally or otherwise) to acquire control of Citadel, within the meaning of section 50AA of the Corporations Act;
 - (C) acquires or agrees (conditionally or otherwise) to acquire, the whole or a substantial part of the business or assets of Citadel or the Citadel Group; or
 - (D) otherwise acquires or merges or agrees (conditionally or otherwise) to acquire or merge with Citadel (including by reverse takeover bid or takeover bid, or by establishing a dual listed company structure or stapled security structure),

where an agreement in relation to that acquisition is entered into on or before the Long Stop Date;

- (iii) a Competing Proposal is announced before the Long Stop Date and, within 6 months after the Long Stop Date:
 - (A) the person making the Competing Proposal (whether alone or together with one or more associates (as defined in the Corporations Act) acquires a Relevant Interest in more than 20% of all Citadel Shares (whether by way of acquisition of existing Citadel Shares or issue of new Citadel Shares); or
 - (B) if the Competing Proposal proceeds by way of takeover bid under Chapter 6 of the Corporations Act, the takeover bid is free or becomes free from defeating conditions and the person making the Competing Proposal acquires a Relevant Interest in more than 20% of all Citadel Shares;
- (iv) at any time before the earlier of the end of the Offer Period and the Long Stop Date, members of the Citadel board (or any one or more of them) fail to make, or change or withdraw, a recommendation to Citadel Shareholders to accept the Offer or otherwise make any public statement that suggests that the Takeover Bid is no longer recommended, other than because the Bid Implementation Agreement is terminated by Citadel for material breach by Equinox, an Equinox Prescribed Occurrence or an Equinox Material Adverse Change;
- (v) on the date of the Bid Implementation Agreement Citadel fails to release its announcement in the form agreed between Equinox and Citadel;
- (vi) at any time before the earlier of the end of the Offer Period and the Long Stop Date, Citadel is in breach of any of its exclusivity obligations, where such breach is material in the context of the Takeover Bid; or
- (vii) Equinox terminates the Bid Implementation Agreement for material breach by Citadel or a Citadel Prescribed Occurrence.

(b) Payment by Equinox

A reimbursement amount of \$12,000,000 will be payable by Equinox if:

- (i) the Bid Implementation Agreement is terminated by Citadel for a material breach by Equinox or an Equinox Prescribed Occurrence which results in a material adverse effect on the value of the Consideration or the Offer; or
- (ii) Equinox does not provide the Consideration to Citadel Shareholders in accordance with the terms and conditions of the Offer.

4. TERMINATION

(a) Termination by either party

The Bid Implementation Agreement may be terminated by either party if:

- (i) a court or authority issues a final and non appealable order or ruling or takes an action which permanently restrains or prohibits the Offer;
- (ii) Equinox withdraws the Offer for any reasons including non-satisfaction of a Bid Condition;
- (iii) the Offer lapses without the Bid Conditions being satisfied or waived;

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- (iv) the Long stop Date is reached and the Offer Period has not concluded; or
 - (v) the other party is in breach of a material term or a representation or warranty is untrue, inaccurate or misleading in a material respect, other than as a result of a breach of the Bid Implementation Agreement by the terminating party, and the breach has not been remedied within 5 business days of the terminating party providing notice to the other party of its intention to terminate the Bid Implementation Agreement which sets out details of the matters and circumstances giving rise to the termination right;
- (b) Termination by Equinox
- The Bid Implementation Agreement may be terminated by Equinox if:
- (i) Citadel is in breach of its exclusivity obligations;
 - (ii) the Citadel board or any one or more members of the Citadel board change or withdraw their recommendation that Citadel Shareholders accept the Offer in respect of all their Citadel Shares, or make a public statement indicating that they no longer support the Offer or that they support a Competing Proposal;
 - (iii) a Citadel Prescribed Occurrence occurs; or
 - (iv) a Citadel Material Adverse Change occurs;
- (c) Termination by Citadel
- The Bid Implementation Agreement may be terminated by Citadel if:
- (i) the Citadel board (or a majority of members of the Citadel board) change or withdraw their recommendation in accordance with the Bid Implementation Agreement provided that Citadel has complied with its obligations under 2;
 - (ii) an Equinox Prescribed Occurrence occurs as a result of which there is a material adverse effect on the value of the Consideration or the Offer; or
 - (iii) an Equinox Material Adverse Change occurs.

DEFINITIONS

Capitalised terms used in Appendices 1 and 2 have the meanings given to them below.

100% Bariq Acquisition means the acquisition by Vertex Group of:

- (a) a 20% equity interest in Bariq Mining Limited from Abdul Hadi Al Qahtani and Partners for Maritime and Oilfield Services; and
 - (b) a 10% equity interest in Bariq Mining Limited from Dr Said Al-Qahtani,
- pursuant to the Share Transfer Agreement.

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

Bariq Mining Limited means Bariq Mining Limited, commercial registration number 205133257, registered in the Kingdom of Saudi Arabia.

Bid Implementation Agreement means the bid implementation agreement between Equinox and Citadel dated 25 October 2010.

Citadel Group means Citadel and its related entities.

Citadel Material Adverse Change means any event, matter or circumstance which individually, or when aggregated with all such other events, matters or circumstances:

- (a) results in or could reasonably be expected to result in the value of the consolidated net assets of the Citadel Group reported in Citadel's financial statements for the year ended 30 June 2010 being reduced by \$70 million or more;
- (b) results in or could reasonably be expected to result in the project development costs or the cash operating costs in respect of the development and operation of the Jabal Sayid Mining Project as disclosed to ASX before the date of the Bid Implementation Agreement being increased by 10% or more;
- (c) results in or could reasonably be expected to result in a diminution in Citadel's JORC compliant resources and reserves (as disclosed in to ASX before the date of the Bid Implementation Agreement) by 5% or more;
- (d) results in, or could be reasonably expected to result in (now or at any time in the future) the termination or loss of, or a reduction in the Citadel Group's interest in, any material licenses of the Citadel Group; or
- (e) results in or could reasonably be expected to result in completion of the 100% Bariq Acquisition not occurring in accordance with the Share Transfer Agreement,

other than an event, matter or circumstance:

- (i) required to be done as a result of the Bid Implementation Agreement;
- (ii) the occurrence of which was fairly disclosed to Equinox or public filings with ASIC; or
- (iii) that arises as a direct result of any reduction in the London Metals Exchange Cash Seller Settlement Price (in US Dollars per tonne) for Copper Grade A, as published in the London Metal Bulletin each day (based on Greenwich mean time days), from the amount of the London Metals Exchange Cash Seller Settlement Price (in US Dollars per tonne) for Copper Grade A published in the London Metal Bulletin on the date of the Bid Implementation Agreement.

Citadel Prescribed Occurrence means any of the following:

- (a) Citadel converts all or any of its shares into a larger or smaller number of shares;
- (b) any member of the Citadel Group (other than a direct or indirect wholly owned subsidiary of Citadel) resolves to reduce its share capital in any way or reclassifies, redeems or repurchases directly or indirectly any of its shares;
- (c) any member of the Citadel Group (other than a direct or indirect wholly owned subsidiary of Citadel) enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) any member of the Citadel Group issues securities or agrees to make such an issue or grants an option or performance right over any securities (including equity securities, debt securities or convertible securities) other than to Citadel or to a direct or indirect wholly owned subsidiary of Citadel or pursuant to performance rights, the conversion of convertible securities or the exercise of options the existence of which has been disclosed to ASX before the date of the Bid Implementation Agreement;
- (e) any member of the Citadel Group amends or proposes to amend its constitution, other than proposed amendments to the Articles of Association of Bariq Mining Limited referred to in Bid Condition 5(a) and required to effect the 100% Bariq Acquisition and proposed amendments to the Articles of Association of Vertex Group pursuant to the shareholders resolution dated 5 September 2010;

- (f) any member of the Citadel Group creates or agrees to create any Encumbrance over the whole or any part of its assets or undertaking other than an Encumbrance arising in the ordinary course of business;
- (g) an order or application is made or a resolution is passed for the winding up of any member of the Citadel Group other than ADV Medical Holdings Pty Ltd and DBC Finance Pty Ltd;
- (h) an administrator, liquidator, provisional liquidator, receiver or receiver and manager is appointed in respect of any member of the Citadel Group or the whole or any part of the assets or undertaking of any member of the Citadel Group, or any member of the Citadel Group executes a deed of company arrangement;
- (i) any member of the Citadel Group other than ADV Medical Holdings Pty Ltd and DBC Finance Pty Ltd ceases to carry on business or is deregistered under the Corporations Act;
- (j) any member of the Citadel Group enters into any arrangement, agreement or understanding under which any one or more members of the Citadel Group incur, or will incur, a commitment in excess of \$1,000,000;
- (k) any member of the Citadel Group enters into any swap, futures contract, forward commitment or other derivative transaction;
- (l) any member of the Citadel Group enters into a contract or commitment restraining any member of the Citadel Group from competing with any person or conducting activities in any market;
- (m) any member of the Citadel Group enters into or otherwise becomes a party to, any material transaction with a related party (as that term is defined in Chapter 2E of the Corporations Act) of Citadel (other than between Citadel and a direct or indirect wholly owned subsidiary of Citadel);
- (n) any member of the Citadel Group materially amends any arrangement with its financial advisers in respect of the Offer or the acquisition of control of the Citadel;
- (o) any member of the Citadel Group engages or terminates (other than for cause) the engagement of any director, senior employee, or increases the remuneration (except in the ordinary course as a result of annual performance reviews to be conducted in December 2010 and in any event by no more than 5% increase in total remuneration paid to employees of the Citadel Group) or otherwise varies any agreement with any such person (including varying any bonus, incentive, severance or retention arrangements) or agrees to pay or pays any termination or severance payment to such person other than as set out in the Citadel Employee Arrangements;
- (p) any member of the Citadel Group enters into any enterprise agreement or other collective agreement with or relating to any group of employees;
- (q) Vertex Group determines to pay any proportion of the consideration for the 100% Bariq Acquisition by way of issue of Citadel Shares under clause 4(c) of the Share Transfer Agreement;
- (r) during the period from the date of the Bid Implementation Agreement to the end of the Offer Period, any member of the Citadel Group (other than a direct or indirect wholly owned subsidiary of Citadel) declares, pays, or determines to be payable any distribution, bonus or other share of its profits or assets (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);
- (s) any member of the Citadel Group acquires, or offers or agrees to acquire, or announces a bid or tender for, any business, asset, joint venture interest, entity or undertaking (or any interest in a business, asset, joint venture, entity or undertaking) the value of which, individually or in

aggregate, exceeds \$1,000,000 or makes an announcement in relation to such an acquisition, offer or agreement;

- (t) any member of the Citadel Group disposes of, or offers or agrees to dispose of, any material business, asset, joint venture interest, entity or undertaking (or any interest in a business, asset, joint venture, entity or undertaking) or makes an announcement in relation to such a disposal, offer or agreement;
- (u) any member of the Citadel Group enters into, or offers or agrees to enter into, any agreement, joint venture, partnership, management agreement or commitment which would require expenditure, or the foregoing of revenue, by the Citadel Group of an amount which is, in aggregate, more than \$1,000,000 or makes an announcement in relation to such an entry, offer or agreement;
- (v) any member of the Citadel Group enters into, or offers or agrees to enter into, any agreement, joint venture, partnership, management agreement or commitment which would involve the disposal of any legal, beneficial or economic interest or right to or in connection with any mining tenements held by any member of the Citadel Group or any applications therefor;
- (w) any member of the Citadel Group:
 - (i) enters into any financing arrangement or commitment or agrees to extend, repay or materially amend any existing financing arrangement or commitment; or
 - (ii) guarantees, indemnifies or provides security for the obligations of any person or entity other than a member of the Citadel Group.
- (x) any member of the Citadel Group takes any action to enter into a binding agreement, arrangement or understanding in relation to the Project Financing on or before the Long Stop Date;
- (y) any member of the Citadel Group agrees or announces an intention to take any of the actions referred to in the foregoing paragraphs,

provided that a Citadel Prescribed Occurrence will not include any matter:

- (i) required to be done or procured by Citadel under the Bid Implementation Agreement or which is otherwise contemplated by the Bid Implementation Agreement;
- (ii) in relation to the occurrences described in paragraphs (j),(s),(u) and (w), that does not relate to the Jabal Sayid Mining Project and has been fairly disclosed to Equinox;
- (iii) in relation to the occurrences described in paragraphs (j), (s), (u) or (w) that is set out in the Project Schedule; or
- (iv) approved in writing by Equinox, such approval not to be unreasonably withheld or delayed.

Citadel Securities means all securities of Citadel on issue including Citadel Shares, options and performance rights.

Citadel Shareholder means a person who is registered in Citadel's register of members as the holder of one or more Citadel Shares from time to time.

Citadel Share means a fully paid ordinary share issued in the capital of Citadel.

Competing Proposal means any expression of interest, offer or proposal by a third party in respect of a transaction under which, if the transaction were completed, a person (whether alone or together with one or more Associates) would:

- (a) acquire a legal, equitable or economic interest or Relevant Interest in 10% or more of all Citadel Shares (whether by way of acquisition of existing Citadel Shares or issue of new Citadel Shares);

- (b) acquire the whole or a substantial part of the business or assets of Citadel or the Citadel Group;
- (c) acquire any interest in Bariq Mining Limited or the Jabal Sayid Mining Project;
- (d) acquire control of Citadel, within the meaning of section 50AA of the Corporations Act;
- (e) otherwise acquire or merge with Citadel (including by reverse takeover bid or takeover bid, or by establishing a dual listed company structure or stapled security structure).

Consideration means the consideration to be provided by Equinox under the Offer, comprising:

- (a) \$0.105 cash; and
- (b) 0.06993 Equinox CDIs or 0.06993 Equinox Shares (at the Citadel Shareholder's election),

in respect of each Citadel Share held by a Citadel Shareholder.

Corporations Act means the *Corporations Act 2001* (Cth).

Equinox CDI means a CHESS depositary interest which confers a unit of beneficial interest in an Equinox Share registered in the name of CHESS Depositary Nominees Pty Ltd.

Equinox Group means Equinox and its related entities (other than members of the Citadel Group).

Equinox Material Adverse Change means any event, matter or circumstance which individually, or when aggregated with all such other events, matters or circumstances:

- (a) results in or could reasonably be expected to result in the value of the consolidated net assets of the Equinox Group reported in Equinox's financial statements for the half year ended 30 June 2010 being reduced by USD\$200 million or more;
- (b) results in or could reasonably be expected to result in the cash operating costs in respect of the Lumwana Project as disclosed to ASX or TSX before the date of the Bid Implementation Agreement being increased by 10% or more; or
- (c) results in or could reasonably be expected to result in a diminution in Equinox's JORC compliant resources and reserves (as disclosed to ASX or TSX before the date of the Bid Implementation Agreement) by more than 5%,

other than an event, matter or circumstance:

- (i) required to be done as a result of the Bid Implementation Agreement;
- (ii) the occurrence of which was fairly disclosed to Citadel or in public filings with ASIC; or
- (iii) that arises as a direct result of any reduction in the London Metals Exchange Cash Seller Settlement Price (in US Dollars per tonne) for Copper Grade A, as published in the London Metal Bulletin each day (based on Greenwich mean time days), from the amount of the London Metals Exchange Cash Seller Settlement Price (in US Dollars per tonne) for Copper Grade A published in the London Metal Bulletin on the date of the Bid Implementation Agreement.

Equinox Material Subsidiary means each of Equinox Resources Limited, Equinox Overseas Pty Ltd, Equinox Africa Limited and Lumwana Mining Company Limited.

Equinox Prescribed Occurrence means any of the following:

- (a) Equinox converts all or any of its shares into a larger or smaller number of shares;
- (b) any member of the Equinox Group (other than a direct or indirect wholly owned subsidiary of Equinox) enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement;
- (c) any member of the Equinox Group issues equity securities or agrees to make such an issue or grants an option or performance right over any equity securities (including convertible securities) other than to Equinox or to a direct or indirect wholly owned subsidiary of Equinox

or pursuant to performance rights, the conversion of convertible securities or the exercise of options the existence of which has been disclosed to ASX or TSX before the date of the Bid Implementation Agreement;

- (d) Equinox amends or proposes to amend its bylaws;
- (e) an order or application is made or a resolution is passed for the winding up of Equinox or any Equinox Material Subsidiary;
- (f) an administrator, liquidator, provisional liquidator, receiver or receiver and manager is appointed in respect of Equinox or any Equinox Material Subsidiary or the whole or any part of the assets or undertaking of Equinox or any Equinox Material Subsidiary, or Equinox or any Equinox Material Subsidiary executes a deed of company arrangement;
- (g) Equinox or any Equinox Material Subsidiary ceases to carry on business or is deregistered;
- (h) any member of the Equinox Group enters into any unusual or abnormal contract or commitment which is outside the ordinary course of business and which could reasonably be expected to:
 - (i) change the nature of the business conducted by the Equinox Group; or
 - (ii) have a material adverse impact on the business conducted by the Equinox Group;
- (i) any member of the Equinox Group enters into or otherwise becomes a party to, any material transaction with a related party (as that term is defined in Chapter 2E of the Corporations Act) of Equinox (other than between Equinox and a direct or indirect wholly owned subsidiary of Equinox);
- (j) any member of the Equinox Group agrees or announces an intention to take any of the actions referred to in the foregoing paragraphs,

provided that a Equinox Prescribed Occurrence will not include any matter:

- (i) required to be done or procured by Equinox under the Bid Implementation Agreement or which is otherwise contemplated by the Bid Implementation Agreement;
- (ii) approved in writing by Citadel, such approval not to be unreasonably withheld or delayed.

Equinox Share means a common share in the capital of Equinox.

Exclusivity Period means the period starting on the date of the Bid Implementation Agreement and ending on the first to occur of termination of the Bid Implementation Agreement and the Long Stop Date.

Jabal Sayid Mining Project means any project for the exploration, mining, recovery, storage or sale of minerals from within or adjacent to the site known as the "Jabal Sayid" project area in the Kingdom of Saudi Arabia the subject of any instruments issued under the laws of the Kingdom of Saudi Arabia permitting or relating to exploration, mining and the carrying away the mined material (including the Jabal Sayid Mining Licence issued by the Ministry of Petroleum and Mineral Resources of the Kingdom) and any additional parcels or areas of land used from time to time in conjunction with those operations.

Long Stop Date means the earlier of:

- (i) the date on which the Offer Period ends; and
- (ii) 28 February 2011, or such later date as Equinox and Citadel agree in writing.

Offer means the offer by Equinox to acquire each Citadel Share (including all rights attaching to them) under the Takeover Bid for the Consideration.

Offer Period means the period the Offer is open for acceptance.

Project Financing means the project financing for the development of the Jabal Sayid Mining Project.

Project Schedule means the schedules for the Jabal Sayid Mining Project comprising the mining schedule, the 3D model, the schedule of contracts and the project development schedule.

Relevant Interest has the meaning given in the Corporations Act.

Share Transfer Agreement means the share transfer agreement dated 8 September 2010 for the acquisition by Vertex Group of:

- (a) a 20% equity interest in Bariq Mining Limited from Abdul Hadi Al Qahtani and Partners for Maritime and Oilfield Services; and
- (b) a 10% equity interest in Bariq Mining Limited from Dr Said Al-Qahtani,

between Vertex Group, Citadel, Dr Said Al-Qahtani, Abdul Hadi Al Qahtani and Partners for Maritime and Oilfield Services.

Superior Proposal means a written bona fide Competing Proposal which the Citadel Board acting in good faith and, after having first obtained written advice from its legal and financial advisers, determines is:

- (a) reasonably capable of being completed, taking into account all aspects of the Competing Proposal; and
- (b) more favourable to Citadel Shareholders than the Takeover Bid, taking into account all terms and conditions of the Competing Proposal.

Takeover Bid means the off-market takeover bid to be made by Equinox for all Citadel Shares under the Corporations Act, subject to the Bid Conditions and otherwise in accordance with the Bid Implementation Agreement.

TSX means the Toronto Stock Exchange.

Vertex Group means Vertex Group (Middle East) Holdings WLL CR 55007 of Bahrain, a wholly owned subsidiary of Citadel.