

FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Reporting Issuer:

Citadel Gold Mines Inc.
150 Signet Drive
Weston, Ontario M9L 1T9

2. Date of Material Change:

November 6, 2007

3. News Release:

A press release was issued on November 6, 2007 and disseminated across Canada by Canada NewsWire and filed on SEDAR.

4. Summary of Material Change:

Citadel Gold Mines Inc. announces that today it closed its previously-announced non-brokered private placement (the "Private Placement") of a combination of common shares and flow-through common shares to Dr. Bernard Sherman, a principal shareholder and related party to the Company. NEX Exchange approval of the Private Placement was received on November 1, 2007.

The Private Placement was for 4,250,000 common shares at a price of \$0.08 and for 1,454,545 flow-through common shares at a price of \$0.11, for aggregate proceeds to Citadel of approximately \$500,000. Upon completion of the Private Placement, Dr. Sherman controls, directly and indirectly, approximately 55% of the Company.

The common shares issued in connection with the Private Placement are subject to a hold period expiring March 7, 2008.

The terms of the Private Placement were negotiated between Dr. Sherman and a special committee of Citadel's board of directors (the "Special Committee"), consisting solely of independent directors and formed for the purpose of considering the Private Placement. In determining the terms of the Private Placement, the Special Committee received independent advice and a fairness opinion from Research Capital Corporation in respect of the transaction.

5. Full Description of Material Change:

A full description of the material change is set forth in the press release attached hereto.

6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:

Not applicable.

7. Omitted Information:

None.

8. Executive Officer:

For further information, please contact John Sadowski, President, phone: (416) 675-8379

9. *Date of Report:*

November 7, 2007

CITADEL GOLD MINES INC. ANNOUNCES COMPLETION OF PRIVATE PLACEMENT

TORONTO, November 6, 2007/CNW/ - CITADEL GOLD MINES INC. (CGM.H: NEX Exchange).

Citadel Gold Mines Inc. announces that today it closed its previously-announced non-brokered private placement (the "Private Placement") of a combination of common shares and flow-through common shares to Dr. Bernard Sherman, a principal shareholder and related party to the Company. NEX Exchange approval of the Private Placement was received on November 1, 2007.

The Private Placement was for 4,250,000 common shares at a price of \$0.08 and for 1,454,545 flow-through common shares at a price of \$0.11, for aggregate proceeds to Citadel of approximately \$500,000. Upon completion of the Private Placement, Dr. Sherman controls, directly and indirectly, approximately 55% of the Company.

The common shares issued in connection with the Private Placement are subject to a hold period expiring March 7, 2008.

The terms of the Private Placement were negotiated between Dr. Sherman and a special committee of Citadel's board of directors (the "Special Committee"), consisting solely of independent directors and formed for the purpose of considering the Private Placement. In determining the terms of the Private Placement, the Special Committee received independent advice and a fairness opinion from Research Capital Corporation in respect of the transaction.

"We are pleased by Dr. Sherman's vote of confidence in the Company and its future prospects," said John Sadowski, President, Secretary and Treasurer of Citadel. "The completion of this financing enhances our balance sheet and allows us to move forward with our exploration and development work on our joint venture property near Sudbury, Ontario and on other properties of merit presently being considered. We are very excited about Citadel's prospects and appreciate our shareholders' ongoing support."

For further information contact: John Sadowski
 President
 Citadel Gold Mines Inc.
 Telephone: 416.675.8379

The NEX Exchange has neither approved nor disapproved of the information contained herein. The statements used in this press release may contain forward-looking statements that may involve a number of risks and uncertainties. Actual events or results could differ materially from the Company's forward-looking statements and expectations.