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12 June 2015

Company Announcements Office  
Australian Securities Exchange  
Level 6, 20 Bridge Street  
SYDNEY NSW 2000

*Via E Lodgement*

## **CTR TO ACQUIRE AN INTEREST IN TYRE RECYCLING COMPANY PEARL GLOBAL (PTY) LTD**

Citation Resources Limited (ASX:CTR) (“CTR” or the “Company”) is extremely pleased to announce that it has entered into a Heads of Agreement with Pearl Global Pty Ltd (“Pearl”) pursuant to which the Company has the right to earn and acquire an initial 40% shareholding interest in Pearl (“HoA”).

Pearl is a private unlisted Australian company which holds the exclusive worldwide licensing rights to a unique tyre recovery process (“TRR Project”) which converts waste rubber into clean fuels, scrap steel and carbon black in an environmentally safe and productive manner utilising self power generation and very low comparative capital and operating expenditure. A power point presentation summarising the technology is attached to this Announcement.

The TRR Project (also known as the ‘Erasmus Process’) is a process by which end of life vehicle tyres are converted into commercial by products with near zero emissions by virtue of a unique heating system which manages certain key elements within the thermal desorption process – the keys to the Pearl Process. Details of the Proposed Transaction are set out in the Transaction Summary attached to this announcement.

### **Key Advantages / Features of the TRR Project**

At present in Australia and a number of major countries worldwide, approximately 15% of used tyres are recycled, 20% are exported and 65% are disposed of in landfill. Used tyres are now banned from landfill in selected states in Australia (and certain other countries) and are classed as hazardous waste, meaning their handling and disposal is restricted. Disposal costs are significant which has encouraged significant illegal dumping, and as such, regulators have established clean up targets for used tyres.

The TRR Project successfully removes the main obstacles that block sustainable waste conversion of rubber by keeping emissions well under the world’s strictest environmental standards (EU 6), targeting directly the waste source thus reducing the cost of transport, and reclaiming and reusing the valuable materials that makes rubber sustainable and economically attractive.

The business model of the TRR Project is to reuse discarded resources and sell derivatives to customers, thereby opening multiple revenue channels by the sale of by products including fuels, electricity (through the utilisation of gases produced), carbon black and steel. As such, the TRR Project converts waste streams into commercially viable resources and reduces the environmental impact of used rubber by eradicating emissions and reducing landfill volumes. Manufacturing input costs for the TRR Project are negligible given discarded waste is the raw material used in the process.

The TRR Project involves shredding used tyres to ensure higher yields of derivatives. The TRR Project's modular design and comparatively low capital expenditure (\$1.5m per plant) provides for rapid site mobilisation. The rubber to be recycled enters a unique endothermic thermal desorption unit where the tyres are broken down into their constituent parts and collected for resale to relevant offtakers. The key products generated through the process are high calorific fuels, carbon black and scrap steel. The plants are effectively a renewable energy conversion process which are self generating through the power utilisation of gases produced. Pearl is in advanced discussions with several key jurisdictions overseas as well as industries for the supply of used tyres and also for the sale of offtake products from the TRR Project.

### **Entitlement Issue to Raise \$5,000,000**

It is noted that the Company is intending to undertake a capital raising by way of an underwritten entitlement issue to shareholders of up to 100,000,000 Shares at an issue price of \$0.05 per Share to raise up to \$5,000,000 (before expenses) ("**Capital Raising**"). The Capital Raising will be undertaken via a transaction specific prospectus pursuant to section 713 of the Corporations Act 2001 (Cth) ("**Corporations Act**") ("**Prospectus**") The Company's intended strategy, is to use funds from the Capital Raising to conduct further development activities on both its existing projects (being the North Chapman Ranch and East Texas Cotton Valley oil projects in Texas, USA and the Atzam and Tortugas oil projects in Guatemala) and on earning an initial 40% interest in Pearl (and thereby the TRR Project) and also as general working capital. The Company is in discussions with parties with interest to potentially underwrite this offer.

### **\$500,000 Working Capital Raising Completed**

The Company is also pleased to announce that it has completed a working capital placement to raise \$500,000 (before costs) ("**Placement**") with 10,000,000 ordinary shares at an issue price of \$0.05 per share plus one free attaching option for every two shares issued (exercisable at \$0.05 on or before 30 June 2017 <sup>1</sup>) to professional and sophisticated investors to raise \$500,000 (before costs) ("**Placement**"). The funds from the Placement will be used by the Company to pay ongoing operating costs, general working capital and fund estimated costs of the transaction, as set out below:

- \$315,000 in payment for ongoing Company operating costs and forecast expenditure on CTR's oil and gas projects; and
- \$185,000 to be applied towards costs of the transaction and ongoing administration costs

An Appendix 3B in respect of the Placement is attached.

### **Conversion of Current Company Debt**

Separately, the Company intends to settle \$1m of its current debt via the issue of 20,000,000 Shares (and 10,000,000 options – 30 June 2017, \$0.05<sup>1</sup>) at a deemed issue price of \$0.05 per Share to various existing debt holders (**Debt Conversion**).

### **Texas Oil and Gas Projects – North Chapman Ranch**

As per previous updates, the Company is pleased to announce that the Russel Bevely #2 well at the North Chapman Ranch Project, Texas (NCR) was recently spudded and is currently drilling at 621' (approx. 190m)

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<sup>1</sup> The options are subject to shareholder approval

The RB #2 is an infill appraisal well anticipated to reach its target depth of 14,250 feet (approx. 4,350m) in approximately 5 weeks. The RB #2 well is located between the successful Smith #1 and Russell Bevly #1 wells that previously achieved combined production rates of 9.3 MMcf & 800 bbl of oil per day following successful well stimulation<sup>2</sup>.

Citation has already pre-paid in full its share of the dry hole AFE costs to the Operator (Ventex Operating Corp.) for the Russel Bevly #2 appraisal well on the North Chapman Ranch project.

### Transaction Summary

The key terms of the Proposed Transaction are as follows:

- (a) **Exclusivity** - CTR has a 90 day exclusivity period in respect of the Proposed Transaction;
- (b) **TRR Project - Stage 1 Earn In:** the Company will earn and acquire an initial 40% shareholding interest in Pearl by:
  - (i) paying a deposit of \$100,000 (**Deposit**) to Pearl (to be offset against the earn in expenditure set out in (ii) below);
  - (ii) spending \$3,000,000 (**Stage 1 Earn In Costs**) on the TRR Project within 2 years of the date the conditions precedent to the Proposed Transaction are satisfied in accordance with a 24 month work program, budget and management plan to be agreed between the Company and Pearl; and
  - (iii) issuing 80,000,000 Shares (**Initial Consideration Securities**) at a deemed issue price of \$0.05 each;
- (c) **Board:** following satisfaction of the conditions precedent noted below and for the duration of the Stage 1 Earn In, the Company intends to appoint one nominee of Pearl to the board of directors. It is also intended that one current director of the Company will retire, leaving a board of three directors;
- (d) **TRR Project - Stage 2 Earn In:** following acquisition by the Company of the initial 40% interest in Pearl, the Company will move to earn and acquire the remaining 60% shareholding interest in Pearl within 24 months by:
  - (i) complying with all necessary requirements for the ASX Listing Rules including Chapters 1 and 2;
  - (ii) spending additional funds on the development of the TRR Project within 12 months of the date the Company obtains its initial 40% interest in Pearl in accordance with a work program, budget and management plan to be agreed between the Company and Pearl; and
  - (iii) issuing 260,000,000 Shares (**Further Consideration Securities**) (on a post Consolidation basis) at a deemed issue price of \$0.05 each to the shareholders of Pearl;

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<sup>2</sup> As reported in the Range Resources Limited 2011 Annual Report

- (e) **Buyback Option:** in the event that the Company does not complete the acquisition of the remaining 60% shareholding interest in Pearl, the Pearl shareholders will have the right to buy back from the Company the 40% shareholding interest in Pearl which the Company acquired under the Stage 1 Earn In for \$3,000,000 plus interest accruing at 10% per annum;
- (f) **Conditions:** the acquisition of the initial 40% interest in Pearl by the Company under the Proposed Transaction is conditional upon satisfaction or waiver of the following conditions precedent:
  - (i) payment of the Deposit by the Company;
  - (ii) completion of due diligence by the Company on Pearl's assets and operations and the TRR Project and by Pearl on the Company's business, assets and operations;
  - (iii) the Company obtaining all necessary shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the Proposed Transaction, including, but not limited to, shareholder approval pursuant to the ASX Listing Rules for the issue by the Company of the Initial Consideration Securities and the Further Consideration Securities;
  - (iv) execution of formal agreements as may be necessary for the Proposed Transaction; and
  - (v) receipt of all applicable waivers of any applicable pre-emption or similar rights that have been obtained or have lapsed in respect of the transfer of the TRR Project or the shares in Pearl.

For and on behalf of the board

**Peter Landau**  
**Director**

For further information, please contact +61 (0) 8 9488 5220

### Indicative Capital Structure - Subject to Finalisation

	Fully Paid Ordinary Shares	Options
Current issued share capital	17,296,651	6,242,158 <sup>1</sup>
Placement to raise \$500,000	10,000,000	5,000,000
Securities to be issued pursuant to the Debt Conversion as approved at the 1 May 2015 General Meeting	20,000,000	10,000,000
<b>Sub-Total</b>	<b>47,296,651</b>	<b>21,242,158</b>
Securities to be issued pursuant to the proposed entitlement issue Capital Raising	100,000,000	-
<b>Total Securities pre Proposed Transaction</b>	<b>147,296,651</b>	<b>21,242,158</b>
Initial Consideration Securities to be issued pursuant to the Proposed Transaction	80,000,000	-
<b>Total Securities post acquisition by the Company of initial 40% interest in the TRR Project</b>	<b>227,296,651</b>	<b>21,242,158</b>

**Notes:**

<sup>1</sup>Consisting of 4,824,658 quoted options exercisable at \$4.00 on or before 15 December 2015, 87,500 unquoted options exercisable at \$1.50 on or before 17 June 2017, 670,000 unquoted options exercisable at \$0.50 on or before 31 January 2020, 330,000 unquoted options exercisable at \$0.40 on or before 31 January 2020 and 330,000 unquoted options exercisable at \$0.30 on or before 31 January 2020.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Citation Resources Ltd

ABN

90 118 710 508

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |                                       |
|---|--|---------------------------------------|
| 1 | +Class of +securities issued or to be issued   | Fully Paid Ordinary Shares            |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 10,000,000 Fully Paid Ordinary Shares |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully Paid Ordinary Shares            |

+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?	Yes  If the additional securities do not rank equally, please state: <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>
5	Issue price or consideration	\$0.05 per Fully Paid Ordinary Share
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Placement of shares to professional and sophisticated investors to raise \$500,000.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?  If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	26 November 2014
6c	Number of +securities issued without security holder approval under rule 7.1	Nil

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	Nil	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	10,000,000	
6f	Number of securities issued under an exception in rule 7.2	Not applicable	
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	Not applicable	
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Not applicable	
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	15 June 2015	
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		27,296,861	Ordinary Shares
		4,824,658	Options ex \$4.00, exp 15/12/15

+ See chapter 19 for defined terms.



	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	87,500	Unlisted Options ex \$1.50, exp 17/06/17
	670,000	Unlisted Options ex \$0.50, exp 31/01/20
	330,000	Unlisted Options ex \$0.40, exp 31/01/20
	330,000	Unlisted Options ex \$0.30, exp 31/01/20
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Company does not have a dividend policy	

## Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	Not applicable
12 Is the issue renounceable or non-renounceable?	Not applicable
13 Ratio in which the +securities will be offered	Not applicable
14 +Class of +securities to which the offer relates	Not applicable
15 +Record date to determine entitlements	Not applicable
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17 Policy for deciding entitlements in relation to fractions	Not applicable

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has +security holders who will not be sent new issue documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not applicable
25	If the issue is contingent on +security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable

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+ See chapter 19 for defined terms.

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- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1 (Ordinary Shares Only)
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
 1 - 1,000  
 1,001 - 5,000  
 5,001 - 10,000  
 10,001 - 100,000  
 100,001 and over
- 37  A copy of any trust deed for the additional +securities

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+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: ..... Date: 12 June 2015  
Company Secretary

Print name: Anthony Eastman  
=====

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+ See chapter 19 for defined terms.



# Corporate Presentation

June 2015

*Leading Technology meets industrial Commercialisation*



1

Overview

2

Pearl Global committed to help

3

Commercial JV Model for Expansion

4

Thank you

1

# OVERVIEW



THE DISPOSAL OF  
END-OF-LIFE  
TYRES

IS OF GLOBAL  
ENVIRONMENTAL  
CONCERN



In Australia

**53 MILLION TYRES**  
REACH END OF LIFE  
**EACH YEAR**

In South Africa

**60 MILLION TYRES**  
REACH END OF LIFE  
**EACH YEAR**

In USA

**450 MILLION TYRES**  
REACH END OF LIFE  
**EACH YEAR**

In UK

**120 MILLION TYRES**  
REACH END OF LIFE  
**EACH YEAR**

In Italy

**150 MILLION TYRES**  
REACH END OF LIFE  
**EACH YEAR**



2

WHAT  
PEARL GLOBAL  
IS DOING  
TO HELP



# WE HAVE INNOVATED

*Pearl has addressed the three major issues of tyre recycling being Economics, Emissions and Environment*

## **Economics:**

1. Processing plants reside in 40 Foot Sea Container (build cost \$1.5m)
2. Low operating costs versus high value secondary product outputs
3. Fully transportable and not requiring any external power source

## **Emissions:**

and other

Process converts contaminated gases into clean burning gases (similar to LPG) uses co-generation to power itself. Excess energy created - can be used for energy requirements (E.g. grid power - other industrial processes)

## **Environment:**

Any

EPA Works Approval in Australia reflecting high environmental acceptance level . gases produced for energy are well below Euro 6 standards



### **Emissions:**

Well under world's strictest environmental standards (EU 6)



### **Economics:**

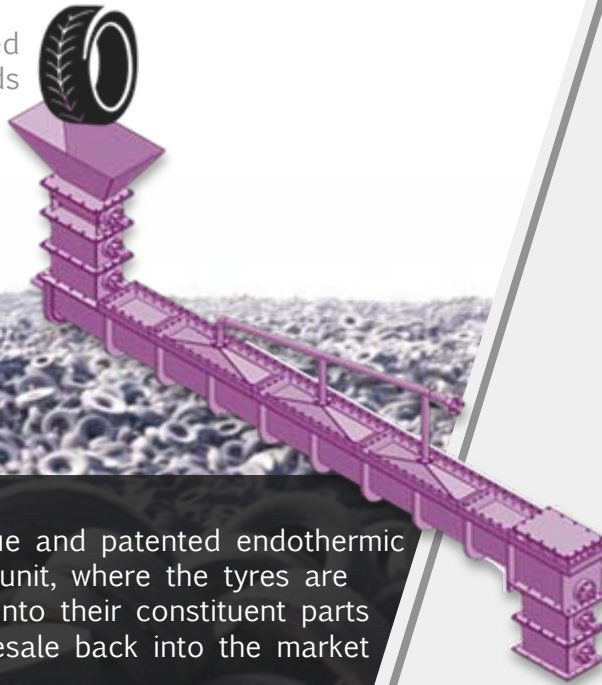
With TRR we go to the waste source (mobility of the process) reducing the cost of transport.



### **Environment:**

reclaim and reuse the valuable materials that makes rubber Sustainable and economically attractive.

Tyres are shredded for higher yields

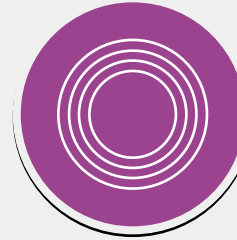


Rubber enters unique and patented endothermic thermal desorption unit, where the tyres are broken down back into their constituent parts and collected for resale back into the market



## SOLVENTS – DIESEL - GASOLINE

High grade solvents are produced with fractioning – alternatively diesels and gaso can be manufactured from Pearl fuels (Ref U.W.A Report)



## RADIAL STEEL

Radial steel discharged as a clean, rubber free product sold to recyclers worldwide and re-used in manufacturing and steel industries.



## FUELS

High grade oil is produced in quantities large enough to have a sustainable market requirement.



## CARBON BLACK

A highly refined powdered substance that is in high demand world wide for the plastic and manufacturing industries.



## CLEAN GASES

A high value clean gas (LPG/CNG) is produced in the process. This can be for re-use as an energy source for multiple applications other than self powering of the plant. Estimates = 20MWh per day assuming a 20 hour processing day



3

COMMERCIAL JV MODEL  
FOR  
GLOBAL EXPANSION



# TYPICAL JV MODEL

## GENERAL PEARL OBLIGATIONS

Technology and Expertise

Plant build and onsite commissioning

Technical Support – including maintenance schedules

Training of Operations Team and provide operation manuals

Board and Operational overseeing as required

Provide reporting and operating systems

## GENERAL JV PARTNER OBLIGATIONS

In-country jurisdiction experience

Financial commitment -ability to support and fund expansion

Source feedstock (tyres/conveyor belts/etc)

Secure sites, leasing, general operations expertise

Assist operations team for offtake agreements

Business Promotion activities for expansion

4

THANK YOU  
JOIN US ON THE  
ROAD TO  
GREATER PROSPERITY

