

12 October 2012

ASX Announcement

By Electronic Release

## **Atzam #4 Reaches TD - Preparations Commence for Testing Program**

- **Atzam #4 well was drilled to a total depth (TD) of 4,050ft, running approximately 200ft high to the offset Atzam #2 well at TD**
- **C18 / 19 sections drilled show positive correlation to the same producing zones in Atzam #2**
- **Atzam #2 well had initial flow rate of up to 1,200 BOPD of 34°API oil at a depth of 3,850ft**
- **Schlumberger currently mobilizing equipment to site to run electric logs**
- **Initial log evaluation and interpretation results expected mid next week**



### **Block 1-2005 Atzam #4, South Peten Basin, Guatemala**

Citation Resources (Citation) is pleased to advise that the Atzam #4 well has today reached its total depth of 4,050ft and was completed in good hole condition, running approximately 200ft high to the offset Atzam #2 well in the corresponding reservoir section at TD. The rig is currently circulating pipe in the well bore to maintain condition whilst Schlumberger mobilise electric logging equipment to site, which is expected to arrive later today.

After completion of the electric logging of the well and its potential producing zones, the analysis and interpretation of the logs will be completed by independent experts and determine the flow testing program.

The Operator has confirmed further encouraging oil shows were encountered in drilling through the C 18 and C19 formations down to TD, even whilst drilling with a heavy mud weight. The Operators initial evaluation is that the oil shows encountered from 3,695ft at the top of the C18 section down through the C19 positively correlate to the producing formations in the offset Atzam #2 well.

The Atzam #4 well is being drilled on the same structure that the Atzam #2 well tested at an initial flow rate of up to 1,200 BOPD of 34°API oil at a depth of 3,850 ft. The Guatemalan Blocks on which Atzam #4 is located have TSX certified 51-101 reserves identifying proved plus probable (P1 and P2) reserve estimates of 2.3 MMBBL.

## Atzam and Tortugas Formations

The primary producing formations on the Atzam structure are the C-17 through C-19 formations. The Atzam #2 well had initial flow rates of 1,200 BOPD of 36°API oil which led to new well designs for the Atzam #4 well, and the proposed follow on Atzam #5 well. The second well, Atzam #5, will spud following completion of a flow testing program on the Atzam #4 well.

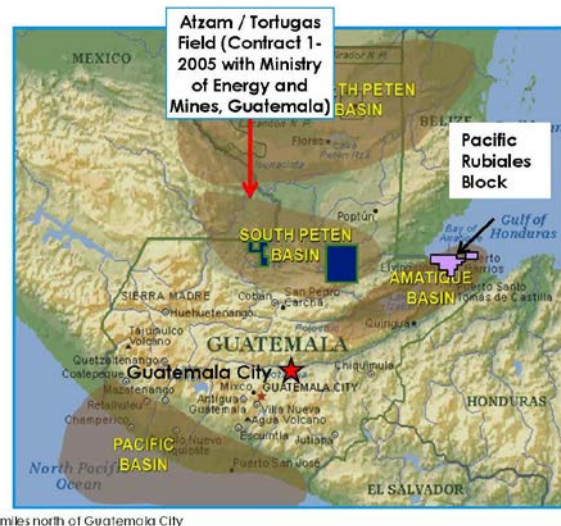
Recent mapping of the Atzam structure using existing data from previous operators (Basic, Hispanoil) and MEM, and incorporating reservoir data acquired since production initiated in December 2007, indicate the possibility of a structure of comparable size and orientation to that of the existing Rubelsanto field in Guatemala. To date, the Rubelsanto field has produced +30 MMBBL of oil since its discovery in 1976. The field currently continues to produce +1,000 BOPD, 36 years after its discovery.

In addition to the Atzam structures on Block 1-2005, the Tortugas structure is a suspended oil field. Originally 17 wells on Tortugas salt dome were drilled by Monsanto looking for sulphur. One well (T9B) had an oil blowout at approx 2,200 ft and most others had oil shows in multiples zones.

The Atzam and Tortugas Fields have had significant previous exploration and development with 2D seismic and previous production wells. In 2012/13 the planned exit production is approximately 1,000 bbl/d based on successful production from the 2 new appraisal wells based on the previous flow rates of wells drilled on the same structure.

## Acquisition of 70% interest in Latin American Resources Ltd

On July 6 the Company announced it had executed a binding term sheet to acquire a 70% interest in Latin American Resources Ltd (LAR), which holds an 80-100% interest in two oil and gas development and exploration blocks in Guatemala (Projects), depending on the participating interest taken up by partners on future wells.



\* 90 miles north of Guatemala City

The Projects consist of Block 1-2005 and Block 6-93 in the South Peten Basin in Guatemala (Guatemalan Blocks). The Guatemalan Blocks have TSX certified 51-101 reserves identifying proved plus probable (P1 and P2) reserve estimates of 2.3 MMBBL, with significant exploration upside potential. In addition the blocks have had significant previous exploration with the two well appraisal drilling program currently underway with the Atzam#4 well. The Projects and operational infrastructure are owned by LAR together with its minority joint venture partners.

*For and on behalf of the Board*

## Competent Person Statement

The inclusion of the information in this Announcement has been consented to by Mr Kelley. Mr Kelley has over 30 years of oil and gas experience and is a Certified Petroleum Geologist (Certificate Number 6092). Mr Kelley is a member of the American Association of Petroleum Geologists, Houston Geological Society, and the Society of Petroleum Engineers. In addition Mr Kelley has been a contributing member of the Potential Gas Committee for over 20 years holding positions of Eastern Region Vice President, Chairman of the Gulf Coast and Atlantic Committees and currently is on the Editorial Committee and Chairman of the Alaska Committee. Estimates as to recoverable hydrocarbon volumes contained in this Announcement are based upon certain assumptions. Accordingly, actual results will differ, and may differ significantly and materially, from those presented.