CITATION RESOURCES LTD AND ITS SUBSIDIARIES

Consolidated Interim Financial Statements

For the Half Year Ended 31 December 2012

ABN 90 118 710 50

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Corporate Directory

Citation Resources Ltd ABN 90 118 710 508

Directors

Mr Brett Mitchell (Executive Director)

Mr Michael Curnow (Non-Executive Director)

Ms Sophie Raven (Non-Executive Director, appointed 13 December 2012)

Company Secretary

Ms Sophie Raven

Registered Office

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Perth WA 6000

Business Office

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77 St George Terrace

Perth WA 6000

Bankers

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Perth WA 6000

Share Registrar

Security Transfer Registrars Pty Limited

770 Canning Highway

Applecross WA 6953

Auditors

Grant Thornton Audit Pty Ltd

Level 1, 10 Kings Park Road

West Perth WA 6005

Internet Address

www.citation.net.au

ASX Ticker code

Shares - CTR

Listed options – CTRO, CTROA

The Directors present their report of Citation Resources Ltd and its controlled entities ("the Group" or "the Company") for the half year ended 31 December 2012 ("the period").

The consolidated entities consist of Citation Resources Ltd and the entities controlled any time during the period.

DIRECTORS

The following persons were Directors of Citation Resources Ltd during the half year and up to the date of the report:

Brett Mitchell	Appointed as Non-Executive Director on 24 November 2011; appointed as Executive Director on 17 February 2012
Michael Curnow	Appointed as Non-Executive Director on 4 April 2012
Sophie Raven	Appointed as Non-Executive Director on 13 December 2012
Domenic Martino	Resigned as Non-Executive Chairman on 13 December 2012

REVIEW OF OPERATIONS

Atzam Oil Project- Guatemala

During half year, the Company announced the positive electric and mud log results following completion of the post well analysis on the Atzam #4 appraisal well by independent expert Schlumberger. Following analysis and interpretation of these result, as detailed in the table below, the Operator commenced flow testing on the 3 priority reservoir zones in the well- the Lower C18/C19 reservoirs, the Upper C18/Lower C17 reservoirs and the C13/C14 reservoirs.

Atzam # 4 - Initial ELAN and CMR Log Interpretation Results

Zone	Depth	Thickness	% Porosity	% Oil Saturation	Permeability
C13 A	1748-1794	46 feet	15-45%	Up to 53%	Up to 559 md
C13 B	1806-1824	18 feet	20%	Up to 49%	
C14 A	1845-1860	15 feet	28%	Up to 54%	
C14 B	1902-1915	13 feet	13-15%	Up to 74%	Up to 131 md
C16 A	2464-2470	16 feet	15%	Up to 58%	1,390 md
C16 B	2494-2514	20 feet	10%	Up to 73%	50 md
C17 A	2772-2774	2 feet	12%	Up to 90%	100
C17 B	2846-2854	8 feet	6-8%	Up to 50%	
C17 C	2974-2980	6 feet	8-10%	Up to 80%	
C18 A	3140-3160	20 feet	10-14%	Up to 68%	Up to 387 md
C18 B	3278-3286	Est 8 feet	*	*	
C18 N	3675-3695	Est 20 feet	*	*	
C18 O	3706-3712	Est 6 feet	*	*	
C19	3736-3756	20 feet	*	*	
Total			**218 feet (incl. C18 B, N and O and C19)**		

* Porosities and oil saturations not measurable because of large hole diameter caused by extremely fractured and friable limestones and dolomites in the section. The C18 N and O correlate to the producing section in the Atzam #2 well as does the top of the C19. Oil and gas shows in the zones while drilling and a structural gain of 270 and 240 feet respectively indicate productive intervals. Formation tops were picked based upon drilling samples, drilling times and gamma ray logging. Permeabilities were measured in specific points by CMR log.

These operations commenced in late November 2012 with a successful set of perforations run into the C19/Lower C18 reservoir zones, which surprisingly only recovered only minimal fluids. Subsequent acid wash and mini water frac operations established that excess cement deposited into well bore washout created whilst drilling through this zone had stopped the perforations reaching the open reservoir section and flowing oil from this section which was seen at surface in the mud logs whilst drilling.

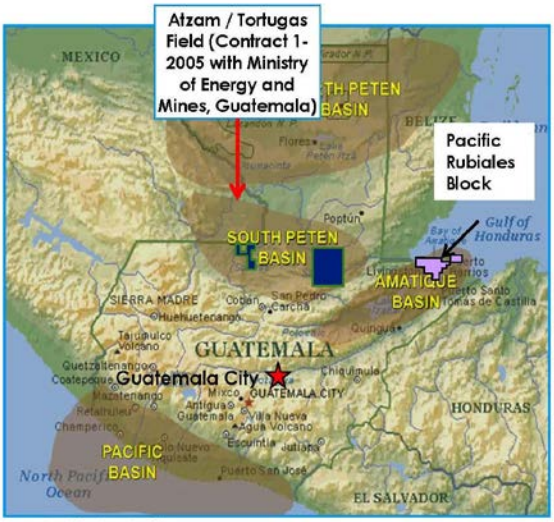
A second set of perforations were then successfully run in the Upper C18/Lower C17 section which is currently being cleaned up as part of the flow test operations on this section of the reservoir. An electric submersible pump has been ordered from the USA to accelerate the clean-up and testing of the Upper C18/Lower C17 sections.

The ongoing recovery of high quality (37.0° API) oil from swabbing of the perforated Upper C18 sections, with continued pressure build up at the well head and from down hole pressure gauges is very encouraging for the commercial potential of these reservoir sections. Due to the heavy muds used whilst drilling (10.5 lb/gallon) and high permeability of these reservoir sections, there were significant mud losses into these Upper C18 section whilst drilling, which required acid washing to break down the muds to allow a natural flow rate to be established. This will be fast tracked with the use of the ESP in the coming weeks.

Testing Highly Prospective C13 and C14 Carbonates in Atzam #4

Depending on the flow rates achieved from the Upper C18 section post acid wash, the highly prospective C13 and C14 reservoir sections may be tested in the Atzam #4 well in Q2 2013. Depending upon the final program, the follow up Atzam #5 well could specifically target the C13 and C14 reservoir sections.

The Operator considers the C13 and C14 carbonates the most commercially prospective reservoir sections in the Atzam #4 well based on the strong mud and electric log results, and the detailed post well evaluation of all the available well data by independent experts including Schlumberger.

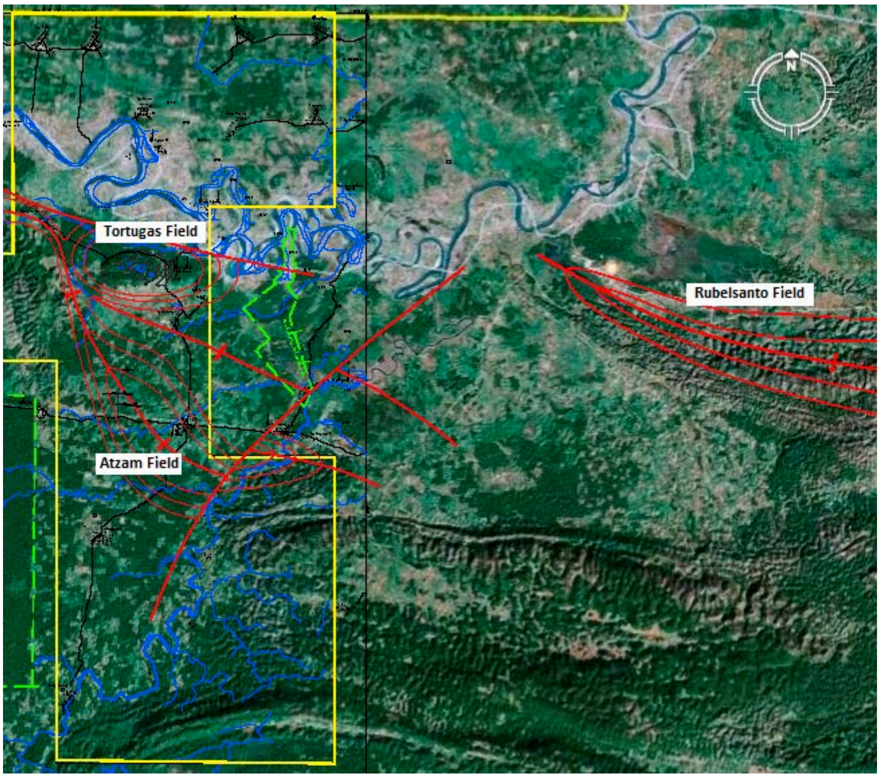


• 90 miles north of Guatemala City

Atzam and Tortugas Fields

The primary producing formations on the Atzam structure are the C18 through C19 formations. The Atzam #2 well had initial flow rates of 1,200 BOPD of 34°API oil which led to new well designs for the Atzam #4 well. The second well, Atzam #5, will spud following completion of a successful 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. 1,500 ft and most others had oil shows in multiple zones.

The Atzam and Tortugas Fields have had previous exploration and development programs with old 2D seismic and previous production wells.

Acquisition of Guatemalan Oil and Gas Assets

In July 2012, the Company entered into an agreement to acquire an interest in two oil and gas developments and exploration blocks in Guatemala (Projects) through the acquisition of Citation Resources Pty Ltd, which holds the right to acquire a 70% interest in Latin American Resources Ltd. (**LAR**) through meeting funding commitments on the Projects. The Company is funding the Atzam #4 appraisal well and the next well drilled to acquire the 70% interest in LAR.

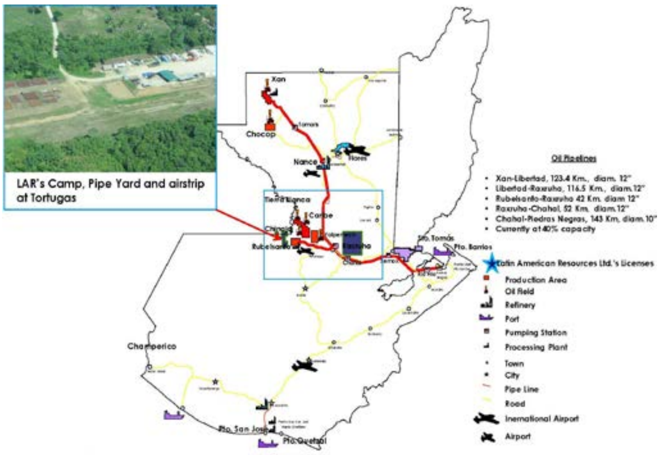
The Projects consist of Block 1-2005 and Block 6-93 in the South Peten Basin in Guatemala (Guatemalan Blocks). The Projects have an established reserve base with significant exploration upside potential. In addition the blocks have had significant previous exploration and an appraisal drilling program is currently underway. The Projects and operational infrastructure are owned by LAR together with its minority joint venture partners.

Established Reserve Base with Significant Exploration Upside Potential

LAR has 2 Guatemalan Blocks (1-2005 and 6-93) with combined 400,000 exploration acres within the highly prospective South Peten Basin of Guatemala. LAR is the operating holding company with a 80-100% interest in both blocks with the ultimate working interest determined by whether previous project operators take up their follow through rights as wells are drilled.

Guatemala Overview

Guatemala is a politically stable country with a developing economy. Guatemala has enjoyed political stability since 1983 when the first free election for National Assembly (Congress) took place and a new constitution, currently in force was approved. In 1985 the first civil president was elected. Since that date, there have been six civilian presidents elected in free and democratic elections. Guatemala has enjoyed more than 30 years of stability, in the social, economic, and political sectors



Guatemala has a favourable business climate for oil companies. There is a base royalty of 20% on 30°API oil; royalty increases/decreases by 1% for each increase/decrease in API degree. In addition the corporate tax rate is 31% and there is cost recovery of 100% of capital expenditures.

Current production in Guatemala is approximately 14,000bopd with similar hydrocarbon geology to Mexico. The trends of major Mexican discoveries (such as the Nazareth Field) have been found to extend into Guatemala. The major producing basins, North Peten and South Peten, account for 90% of domestic production. The first oil discovered in Guatemala was in 1971 at Tortugas in LAR's Block 1-2005.

Coal Tenement Update

The Company holds four conventional coal tenements in Queensland which it considers prospective for exploration, with two tenements located in the Surat Basin (EPC 1748, EPC 1745) and two in the Bowen Basin (EPC 1751, EPC 1864). The details of the coal tenements are:

Tenement	Project Name	Basin	Holder/Applicant	Status (Expiry Date)	No. Sub-blocks	Commodity Target
EPC 1751	Capella	Bowen	Citation Resources Operations Pty Ltd	18/02/2015	37	Semi-soft/PC1
EPC 1864	Pumpkin Hill	Bowen	Citation Resources Operations Pty Ltd	18/02/2015	171	Semi-soft/PC1
EPC 1748	Kumbarilla	Surat	Citation Resources Operations Pty Ltd	10/10/2016	94	Thermal Coal
EPC 1745	Western Creek	Surat	Citation Resources Operations Pty Ltd	13/12/2014	52	Thermal Coal

The Company's Board is committed to maintaining reduced operating expenditure, with the core focus being to preserve existing cash to fund the LAR operations in Guatemala. Any exploration activities undertaken by the Company in either the Bowen or Surat Basin must be cost effective and in line with the exploration strategy.

CORPORATE

Annual General Meeting

The Company held its Annual General Meeting on 23 November 2012, at which all resolutions put to the shareholders were approved. The resolutions approved included the approval of the Company's Remuneration Report, the re-election of the Board of Directors, the appointment of the Company's new auditor, Grant Thornton Audit Pty Ltd, the approval of the issue of up to 150 million new shares (for a future placement), and the approval of an additional 10% placement facility.

Board Changes

During the half year ended 31 December 2012, the Company's Non-Executive Chairman, Mr Domenic Martino, resigned from the Board of Directors, and Ms Sophie Raven was appointed as a Non-Executive Director.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company announced on 6 July 2012 its intention to fund the next phase of operations to earn its right to acquire a 70% interest in LAR, as disclosed in Company announcements.

EVENTS SUBSEQUENT TO REPORTING DATE

On 25 January 2013, Citation Resources Ltd announced that Range Resources Limited (**Range**) had agreed to take a strategic equity interest in the Company of up to 19.9% funded through the conversion of loans used for the initial funding of the Atzam #4 well and acquisition costs of the Atzam Oil Project in Guatemala prior to the Company's involvement.

In addition to this, Range announced its intention to acquire a direct 10% equity stake in LAR, the operator of the Atzam Oil Project in Guatemala.

Subject to any necessary Company shareholder approvals, Range will acquire its strategic interest by way of a placement at $0.02 per share with one free attaching listed option (exercisable at $0.04, expiring June 2015) for every two shares for conversion, the same terms and conditions as the Company's last placement, through the conversion of the loans (approximately $2m for the 19.9% interest in the Company).

On 26 February 2013, the Company confirmed that, following its announcement on 20 February 2013 regarding the Company's intention to undertake a placement to sophisticated investors to raise new working capital to fund the flow testing operations on the Atzam #4 well in Guatemala, the Company received firm commitments for the Placement in the amount of $1,290,000. The terms of the Placement were an offer of 2 cents per share with a free attaching listed 4 cent option expiring on 15 December 2015 for every 2 shares applied for.

Following the receipt of cleared funds in the amount of $795,000 as at close of business on 22 February 2013, the Company issued 39,750,000 Shares to the sophisticated investors who participated in the Placement together with 19,875,000 free attaching listed $0.04 Options. The balance of placement shares and options were allotted on 1 March 2013.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out following this report.

This report is signed in accordance with a resolution of the Directors.

15th day of March 2013, at Perth, Western Australia

Brett Mitchell
Executive Director

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Auditor's Independence Declaration
To The Directors of Citation Resources Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Citation Resources Ltd for the half-year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Partner - Audit & Assurance

Perth, 15 March 2013

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Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2012

	CONSOLIDATED 31 Dec 2012 $	CONSOLIDATED 31 Dec2011 $
Interest revenue	37,323	82,358
Other income	444,784	484,220
Total revenue and other income	482,107	566,578
Professional and consultancy fee	(40,966)	(626,095)
Directors fees	(195,500)	(92,949)
Employee benefit expense	(315,930)	(661,786)
Regulatory expenses	(37,313)	-
Office and administrative overheads	(149,530)	(283,966)
Total expenses	(739,239)	(1,664,796)
Loss before tax	(257,132)	(1,098,218)
Income tax expense	-	-
Loss for the period	(257,132)	(1,098,218)
Other comprehensive loss for the period		
Other comprehensive income	-	-
Total comprehensive loss for the period	(257,132)	(1,098,218)
Total comprehensive loss attributable to owners of Citation Resources Ltd	(257,132)	(1,098,218)
Loss per share attributable to owners of the company:		
Basic and diluted loss per share (cents per share)	(0.09)	(0.49)

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes to the consolidated condensed interim financial statements.

Statement of Financial Position

As at 31 December 2012

	Note	CONSOLIDATED 31 Dec 2012 $	CONSOLIDATED 30 June 2012 $
ASSETS			
Current Assets			
Cash and cash equivalents		181,349	2,593,937
Trade and other receivables		85,946	54,518
Total current assets		267,295	2,648,455
Non-Current Assets			
Property, plant & equipment		1,734	5,399
Exploration & evaluation expenditure	4	6,026,822	501,031
Total non-current assets		6,028,556	506,430
Total assets		6,295,851	3,154,885
LIABILITIES			
Current Liabilities			
Trade and other payables		116,483	266,444
Borrowings	5	527,384	-
Total current liabilities		643,867	266,444
Net assets		5,651,984	2,888,441
EQUITY			
Contributed equity	6a	16,072,775	13,882,100
Options reserve	6b	983,220	400,220
Share based payment reserve	6c	247,000	-
Accumulated losses		(11,651,011)	(11,393,879)
Total Equity		5,651,984	2,888,441

The above statement of financial position should be read in conjunction with the accompanying notes to the consolidated condensed interim financial statements.

Statement of Changes in Equity

For the Half Year Ended 31 December 2012

CONSOLIDATED EQUITY	Issued Capital	Options Reserve	Share based payment reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
At 1 July 2012	13,882,100	400,220	-	(11,393,879)	2,888,441
Loss for the period	-	-	-	(257,132)	(257,132)
Total comprehensive income for the year	-	-	-	(257,132)	(257,132)
Shares issued during the period	2,300,612	-	-	-	2,300,612
Share issue costs	(109,937)	-	-	-	(109,937)
Share based payment expense	-	-	247,000	-	247,000
Option issued during the period	-	583,000	-	-	583,000
At 31 December 2012	16,072,775	983,220	247,000	(11,651,011)	5,651,984
At 1 July 2011	13,876,317	-	-	(9,798,218)	4,078,099
Loss for the year	-	-	-	(1,098,218)	(1,098,218)
Total comprehensive income for the year	-	-	-	(1,098,218)	(1,098,218)
Option issued during the period	-	453,144	-	-	453,144
Option issue costs	-	(52,924)	-	-	(52,924)
At 31 December 2011	13,876,317	400,220	-	(10,896,436)	3,380,101

The above statement in changes in equity should be read conjunction with the accompanying notes to the consolidated condensed interim financial statements.

Statement of Cash Flows

For the Half Year Ended 31 December 2012

	CONSOLIDATED	CONSOLIDATED
CONSOLIDATED	**31-Dec-12**	**31-Dec-11**
	$	**$**
Cash flows from operating activities		
Payments to suppliers and consultants (net GST)	(676,684)	(1,546,060)
Interest received	38,611	72,297
Interest paid	-	(47,787)
Other Income	444,784	-
Net cash outflow from operating activities	(193,289)	(1,521,550)
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	-	1,000
Payments for exploration and evaluation assets	(3,882,342)	(78,373)
Proceeds received on disposal of tenements	-	522,000
Receipts for security deposits	5,000	3,900
Net cash (outflow)/inflow from investing activities	(3,877,342)	448,527
Cash flows from financing activities		
Proceeds from issue of share and share options	1,240,612	453,144
Payment of share issue costs	(109,937)	(52,924)
Proceeds/(Repayments) from borrowings	527,384	(600,000)
Net cash inflow/(outflow) from financing activities	1,658,059	(199,780)
Net decrease in cash and cash equivalents	(2,412,572)	(1,272,803)
Cash and cash equivalents at the beginning of the financial year	2,593,937	4,473,200
Effects of exchange rate changes on the balances held in foreign currencies	(16)	-
Cash and cash equivalents at the end of the financial year	181,349	3,200,397

The above statement of cash flows should be read in conjunction with the accompanying notes to the consolidated condensed interim financial statements.

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1. CORPORATE INFORMATION

The financial report of Citation Resources Ltd and its controlled entities ("Citation" or the "Group") for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 15 March 2013.

Citation Resources Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activity of the Group during the half year was exploration and evaluation of mineral licenses.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of New or Revised Accounting Standards and Interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. The Group has not early adopted any accounting Standards or Interpretations.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half years. However, the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section:

a) items that will not be reclassified subsequently to profit or loss; and
b) items that may be reclassified subsequently to profit or loss when specific conditions are met.

Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Estimates

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, significant judgement made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2012.

Going Concern

The Group has reported a net loss for the period of $257,133 (2011: $1,098,218), a cash outflow from operating activities of $193,289 (2011: $1,521,550) and a net asset deficiency of $376,572.

The Directors are confident that the Group, subject to being able to raise further capital, will be able to continue its operations as a going concern. Without such capital, the net loss for the period and the cash outflow from operating activities indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The directors also carefully manage discretionary expenditure in line with the Group's cash flow.

The continuing applicability of the going concern basis of accounting is dependent upon the Group's ability to source additional finance. Unless additional finance is received the Group may need to realise assets and settle liabilities other than in the normal course of business and at amounts, which could differ from the amounts at which they are stated in these financial statements.

On 26 February 2013, the Group completed a placement of $1.3 million. Refer to Note 9 Events after reporting date.

3. DIVIDENDS

There are no dividends paid or declared during the period.

4. EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED	CONSOLIDATED
	31-Dec-12	30-Jun-12
	$	$
Exploration and evaluation		
Balance at beginning of the year[1]	501,031	422,613
Exploration expenditure incurred[2]	5,525,791	78,418
Balance at the end of the year	**6,026,822**	**501,031**

[(1)]The balance carried forward represents capitalised exploration expenditure regarding areas of interest where either exploration activities are ongoing or where recoupment of exploration costs is expected through commercial development or exploitation or sale.

[(2)]In July 2012, the Company entered into an agreement to acquire an interest in two oil and gas development and exploration blocks in Guatemala (Projects). The Projects consist of Block 1-2005 and Block 6-93 in the South Peten Basin in Guatemala (Guatemalan Blocks).

The material terms and conditions of the agreement to acquire an interest in the Projects are set out below (Transaction):

(a) the Company raising $640,000 using its existing 15% placement capacity to augment working capital. This placement was completed in July 2012;

(b) the Company getting shareholder approval of the Transaction, which was granted at the General Meeting held on 6 September 2012;

(c) the Company providing an advance of expenditure commitments of US$2,200,000 to LAR in respect to funding the cash call on the Atzam #4 Well (Advance). This was remitted to LAR on 30 July 2012 for exploration activities;

(d) the consideration and post-settlement funding obligations pursuant to the Transaction includes:

(i) the Company funding 100% of all related drilling costs incurred in drilling a two well program on the Project estimated to be US$7,000,000, with the first well to be drilled being Atzam #4 which spudded in June 2012. For avoidance of doubt this includes the Advance;

(ii) in the event that drilling costs exceed US$7,000,000 then the Company will finance carry the other LAR shareholders cost share, being 30% of LAR's total cost share;

(iii) in addition the Company will finance carry the other LAR shareholders cost share, being 30% of LAR's total cost share, for a further US$18,000,000 total spend on the project by LAR;

(iv) the Company, at its own discretion, may elect to participate in the second well of the two well program on the Project by advising LAR in writing on or before a date that is 10 days after the date on which the Company receives flow testing data from the Atzam #4 well. If the Company does not elect to participate in the second well, then the Company shall be deemed to have forfeited any interest it acquired in LAR;

(v) to date US$2,740,000 has been paid in respect of costs incurred to acquire the right to an interest in LAR and the Project, costs for the current drill program (US$1.5m) and for capital expenditure which are repayable as loans at in the event the Company elects to participate in the second well. See note 8 contingent assets and liabilities;

(vi) the issue of 53,000,000 fully paid ordinary shares in the capital of the company (CTR Shares) and 26,500,000 listed options exercisable at $0.04 on or before 15 December 2015 in the capital of the Company (CTR Options) at settlement, subject to shareholder approval by 15 September 2012, or as otherwise agreed between the parties (if required). For avoidance of doubt, the Company agrees to issue these securities as set out in this paragraph to the shareholders following shareholder approval even in the event that the company does not elect to participate in the second well. The 53,000,000 fully paid ordinary shares and the 26,500,000 listed options exercisable at $0.04 were issued and allotted by the company on 19 September 2012;

(vii) the issue of 53,000,000 CTR Shares and 26,500,000 CTR Options upon a commercial test from the Atzam #4 well of at least 200bopd;

(viii) the issue of 54,000,000 CTR Shares and 27,000,000 CTR Options upon election by the company to participate in the second well. In the event that the election is made, then the securities to be issued as per above will also immediately become due irrespective of whether the milestone has been reached;

(ix) the payment of a 3% gross overriding royalty calculated on the Company's net revenue share from all wells on the Project (Atzam #4 well is excluded from the royalty); and

(x) a cash payment of US$1,000,000 to Santa Maria Petroleum Inc (formerly Quetzal Energy Ltd and previous operator of the Projects) in respect of the balance of acquisition cost payable on spudding of the second well or a seismic program is initiated, whichever occurs first.

(e) in addition, the Company shall have an exclusive 12 month option to acquire a further 10% interest in LAR (LAR Option) in consideration for the issue of 50,000,000 CTR Shares and 25,000,000 CTR Options. For avoidance of doubt, the LAR Option will be acquired from the remaining shareholders of LAR on a pro-rata basis as facilitated by the Shareholders.

5. BORROWINGS

	CONSOLIDATED 31-Dec-12 $	CONSOLIDATED 30-Jun-12 $
Non-interest bearing borrowings[1]	527,384	-
Total borrowings	**527,384**	**-**

[1] A short term working capital loan was provided by Range Resources Limited funding operations on the Atzam #4 well. Refer to note 9.

6. CONTRIBUTED EQUITY

(a) Issued Share Capital

	CONSOLIDATED 31-Dec-12 Shares	CONSOLIDATED 30-Jun-12 Shares	CONSOLIDATED 31-Dec-12 $	CONSOLIDATED 30-Jun-12 $
Fully paid ordinary shares	**341,778,448**	226,769,698	**16,072,775**	13,882,100
	341,778,448	226,769,698	**16,072,775**	13,882,100

Reconciliation of share movement	**No of shares**	**Issue Price**	**Amount**
Opening balance at 1 July 2012	**226,769,698**		**13,882,100**
Shares issued in placement[1]	32,000,000	0.020	640,000
Share issued as part of the acqusition[3]	53,000,000	0.020	1,060,000
Shares issued in placement[4]	30,000,000	0.020	600,000
Options exercised[5]	8,750	0.070	613
Less share issue costs			(109,937)
Balance at 31 December 2012	**341,778,448**		**16,072,775**

Reconciliation of share movement	**No of shares**	**Issue Price**	**Amount**
Opening balance at 1 July 2011	**226,572,021**		**13,876,317**
Share issued to Gell Southam Group PL	197,677	0.029	5,783
Balance at 30 June 2012	**226,769,698**		**13,882,100**

(b) Options

	CONSOLIDATED 31-Dec-12 Shares	CONSOLIDATED 30-Jun-12 Shares	CONSOLIDATED 31-Dec-12 $	CONSOLIDATED 30-Jun-12 $
CTRO options –share based payment	**19,000,000**	-	**247,000**	-
CTRO listed options	**57,500,000**	-	**583,000**	-
CTROA listed options	**226,563,271**	226,572,021	**400,220**	400,220
	303,063,271	226,572,021	**1,230,220**	400,220

CTRO listed options

Reconciliation of option movement	No of option	Issue Price	Amount
Opening balance at 1 July 2012	**-**		**-**
Options issued as part of a placement[1]	16,000,000	-	-
Options issued as share based payment[2]	19,000,000	0.013	247,000
Options issued as part of the acqusition[3]	26,500,000	0.022	583,000
Options issued as part of a placement[4]	15,000,000	-	-
Balance at 31 December 2012	**76,500,000**		**830,000**

CTROA listed options

Reconciliation of option movement	No of option	Issue Price	Amount
Opening balance at 1 July 2012	**226,572,021**		**400,220**
Options exercised	(8,750)	-	-
Balance at 31 December 2012	**226,563,271**		**400,220**

Reconciliation of option movement	No of option	Issue Price	Amount
Opening balance at 1 July 2011	**5,277,079**		**-**
Expired during the period	(5,277,079)	-	-
Options issued	226,572,021	-	453,144
Less: Option issue costs			(52,924)
Balance at 30 June 2012	**226,572,021**		**400,220**

The company issued the following shares and options during the period:

1. On 16 July 2012, the Company issued 32 million shares at $0.02 to raise $640,000. On 19 September 2012, 16 million free attaching options were issued to the participants in this placement, one for every 2 shares held. The options have an exercise price of $0.04 and an expiry date of 15 December 2015.
2. On 6 September 2012, the Company issued 19,000,000 unlisted options exercisable at $0.04 and expiring on 15 December 2015 to the Company's two then-Directors, Mr Brett Mitchell and Mr Michael Curnow, and the Company Secretary, Ms Sophie Raven. Refer to Note 6c Share Based Payment Reserve.
3. On 19 September 2012 the Company announced the issue of 53 million shares and 26.5 million listed options, pursuant to the prospectus dated 18 September 2012. These shares were issued to vendors as part of the acquisition of the Guatemalan assets. Refer to Note 4, Exploration and Evaluation Expenditure.
4. On 2 October 2012 a placement made to sophisticated investors for $600,000 was completed. As part of the placement, 30,000,000 shares were issued on 4 October 2012 at $0.02, with a free attaching listed option for every 2 shares held. The options have an exercise price of $0.04 and expire on 15 December 2015.
5. On 12 October 2012, 8,750 ordinary shares were issued following the exercise of 8,750 CTROA listed options exercisable at $0.07 each.

(c) Share Based Payment Reserve

Share options were issued to Directors and the Company Secretary on 19 September 2012, pursuant to shareholder approval at the General Meeting on 6 September 2012.

The fair value of the share options, at grant date is determined using a binomial option pricing method that takes into account the exercise price, the term of the option, the probability of exercise, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of options:

Valuation Date	6 September 2012
Dividend yield (%)	Nil
Expected volatility (%)	128%
Risk-free interest rate (%)	3%
Expected life of option (days)	1,195
Option exercise price ($)	$0.04
Share price at grant date ($)	$0.02
Expiry date	15 December 2015
Performance conditions	none

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The probability of the performance conditions occurring was included in determining the fair value of the options.

As there are no vesting or exercise conditions and the options vest immediately, the full cost of the options have been recognised in share based payments for the period.

Number of options	19,000,000
Fair value per option	$0.013
Total value of the issue	$247,000

7. SEGMENT INFORMATION

The Board have determined that there are no operating segments because no discrete information is provided to them and no segment information has therefore been disclosed. The Board only receive consolidated financial information for the Group. This is consistent with the group's consolidated financial statements.

The Group is currently not selling products and as such no information has been provided on a product basis for 2012 or 2011. The Group has no sales revenue and no customers. As such no information has been disclosed for sales revenue on a geographic basis, nor are there any major customers that comprise more than 10% of the Group's revenue.

8. CONTINGENT ASSETS AND LIABILITIES

(a) **Bank Guarantees**

	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
Bank Guarantee	64,658	64,658

The Bank Guarantee secures rent on office premises.

(b) **Capital Contingencies**

Range Resources Limited has advanced US$2,740,000 in respect of costs incurred to acquire the right to an interest in LAR and the Project. These costs relate to the initial drill program and initial capital expenditure. These amounts are repayable in the event that the Company elects to participate in the second well. Refer to Note 9, Events after reporting date.

9. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 25 January 2013, Citation Resources Ltd announced that Range Resources Limited (**Range**) had agreed to take a strategic equity interest in the Company of up to 19.9% funded through the conversion of loans used for the initial funding of the Atzam #4 well and acquisition costs of the Atzam Oil Project in Guatemala prior to the Company's involvement, and the short term working capital loan as set out in note 5.

In addition to this, Range announced its intention to acquire a direct 10% equity stake in LAR, the operator of the Atzam Oil Project in Guatemala.

Subject to any necessary Company Shareholder approvals, Range will acquire its strategic interest by way of a placement at $0.02 per share with one free attaching listed option (exercisable at $0.04, expiring June 2015) for every two shares for conversion, the same terms and conditions as the Company's last placement, through the conversion of the loans (approximately $2m for the 19.9% interest in the Company).

On 26 February 2013, the Company confirmed that, following its announcement on 20 February 2013 regarding the Company's intention to undertake a Placement to Sophisticated Investors to raise new working capital to fund the flow testing operations on the Atzam #4 well in Guatemala, the Company has received firm commitments for the Placement in the amount of $1,290,000. The terms of the Placement were an offer of 2 cents per share with a free attaching listed 4 cent option expiring on 15 December 2015 for every 2 shares applied for.

Following the receipt of cleared funds in the amount of $795,000 as at close of business on 22 February 2013, the Company issued 39,750,000 Shares to the Sophisticated Investors who participated in the Placement together with 19,875,000 free attaching listed $0.04 Options. The balance of Placement shares and options were allotted on 1 March 2013.

Director's Declaration

The Directors of the Company declare that:

1. The interim financial statements and notes, are in accordance with the *Corporations Act 2001* and:

    a) comply with Accounting Standards AASB134 Interim financial reporting and the Corporations Regulations 2001;
    b) give a true and fair view of the Company's and consolidated Group's financial position as at 31 December 2012 and their performance for the period ended on that date;

2. in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors, pursuant to s 303(5) of the Corporations Act.

Brett Mitchell
Executive Director

15th day of March 2013, at Perth, Western Australia

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Independent Auditor's Review Report
To the Members of Citation Resources Ltd

We have reviewed the accompanying half-year financial report of Citation Resources Ltd ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Citation Resources Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Citation Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit we have not become aware of any matter that makes us believe that the half-year financial report of Citation Resources Ltd is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualification to the conclusion expressed above, we draw attention to Note 2 in the financial report which indicates that the consolidated entity incurred a net loss of $257,132 during the half year ended 31 December 2012 and, as of that date, the consolidated entity's operating cash outflows totalled $193,289 and current liabilities exceed current assets by $376,572. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 15 March 2013