CITATION RESOURCES LTD AND ITS SUBSIDIARIES

Consolidated Interim Financial Statements

For the Half Year Ended 31 December 2013

ABN 90 118 710 508

Table of Contents

Corporate Directory

Citation Resources Ltd ABN 90 118 710 508

Directors

Mr Brett Mitchell (Executive Director)

Mr Michael Curnow (Non-Executive Director)

Mr Peter Landau (Non-Executive Director)

Company Secretary

Ms Sara Kelly

Registered Office

Ground Floor

1 Havelock St

West Perth WA 6005

Business Office

Ground Floor

1 Havelock St

West Perth WA 6005

Bankers

Bankwest

108 St Georges Terrace

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

Directors' Report

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 2013 ("the period").

The Group consists of Citation Resources Ltd and the entities it controlled at 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*
Peter Landau	*Appointed as Non-Executive Director on 7 February 2014*
Sophie Raven	*Resigned as Non-Executive Director on 7 February 2014*

REVIEW OF OPERATIONS

Atzam Oil Project - Atzam #4 Production

The Atzam #4 well continued to produce good quality 38°API oil during the period on a highly restricted choke (12/64 inch), with an average production rate of approximately 130 bopd during the period. Total production for the half year exceeded 18,000 barrels.

After completing reservoir pressure testing programs in December, the Operator (Latin American Resources) increased the Atzam #4 production rate to maximise the flow rate and revenue stream to the project. In January 2014 the choke was opened to 16/64 inches and flow rate increased to 150 bopd. Importantly the well continued to produce 100% oil with no associated water from natural reservoir pressure at the increased flow rate. The continuing production on a restricted choke without assistance from a submersible pump is a strong indication of the quality of this C17 reservoir section.

Atzam Oil Project

Latin American Resources undertook sales contracts on all Atzam #4 oil production during the half year to Perenco Guatemala, and is in current negotiations with oil companies on strategic offtake contracts for the Atzam #4 oil production, and for future production from Atzam #5.

Rigging up mast on Atzam #5 location

Atzam #5 Spudded

The Company advised in January 2014 the Atzam #5 well was spudded and drilling ahead, following delays to completion of the drilling location and site works mainly due to ongoing unseasonal rainfall during November and December 2013. By early December the initial conductor casing was set down to 120 feet and by early January the Harold Lee 500 rig was on location with the drill mast in place as shown, just prior to commencement of drilling operations.

The Atzam #5 well location is approximately 1km to the south-east of the Atzam #4 production well, with the well located and designed to test the same carbonate reservoir intervals that were intersected and produced oil shows in Atzam #4 and to quickly tie into production on success. The Operator, Latin American Resources, is managing the drilling program with Schlumberger providing specialist services on the well including the logging and cementing programs. The Atzam #4 well alone has a 2P reserve of 2.3m barrels from the independent reserve report by Ralph E Davis.

Rigged up on Atzam #5 location

Like Atzam #4, the Atzam #5 well will be drilled to a target depth of approximately 4,100 and will target the C18 and C19 carbonate reservoirs as the primary objectives, in addition to the current producing C17 carbonate reservoir in the Atzam #4 well. The C18 and 19 carbonates were intersected in Atzam #4 and produced strong oil shows at surface during the drilling of the well but were unable to be flow tested. The drilling and flow testing of the C18 and C19 carbonates are a major objective for the Atzam #5 appraisal program as they could not be flow tested and commercially evaluated as the primary objective in Atzam #4.

Atzam #4 Well Reserve Report - 1P and 2P Reserves for Atzam Project

Following the production success of Atzam #4, the Independent Reservoir Engineers Ralph E Davis (RED) from Houston, completed an updated independent reserve report for the Atzam #4 well. This report produced an initial proven reserve (1P) of 362,515 barrels from only the producing 6 foot section of the C17 carbonate section alone. The combined 1P and 2P reserves for the well exceed 2.3m barrels.

The untested 7 foot section in the C17 carbonates that sits above the producing zone is still to be tested and brought onto production, upon which this would increase the 1P reserve estimate in excess of 500,000 bbls from the C17 section. The highly prospective C13 and C14 carbonates in the Atzam #4 well are still to be flow tested and would also be converted from 2P to 1P reserves following a successful testing program.

The initial Atzam #4 independent reserve report from February 2013 stated a 2.3m barrel 2P reserve based on the drilling and logging data from the well. The updated reserve report with the conversion of an initial 1P reserve for the producing 6 foot section in the C17 carbonates is set out below:

1P: Proved Gross Oil Volumes, Bbls			
Formation: Zone	RF 20%		
C-17	362,515		
Total Proved	362,515	-	-

Proved + Probable Gross Oil Volumes, Bbls			
Formation: Zone	RF 20%	RF 25%	RF 30%
C-13 A	336,939	421,174	505,409
C-13 B	161,758	202,198	242,637
C-14 A	63,990	79,988	95,985
C-14 B	222,972	278,715	334,458
C-16	126,340	157,925	189,509
C-17	362,515	453,143	543,772
C-18 A	161,121	201,401	241,681
C-18 B	106,205	132,757	159,308
Total Proved + Probable	1,541,840	1,927,301	2,312,759

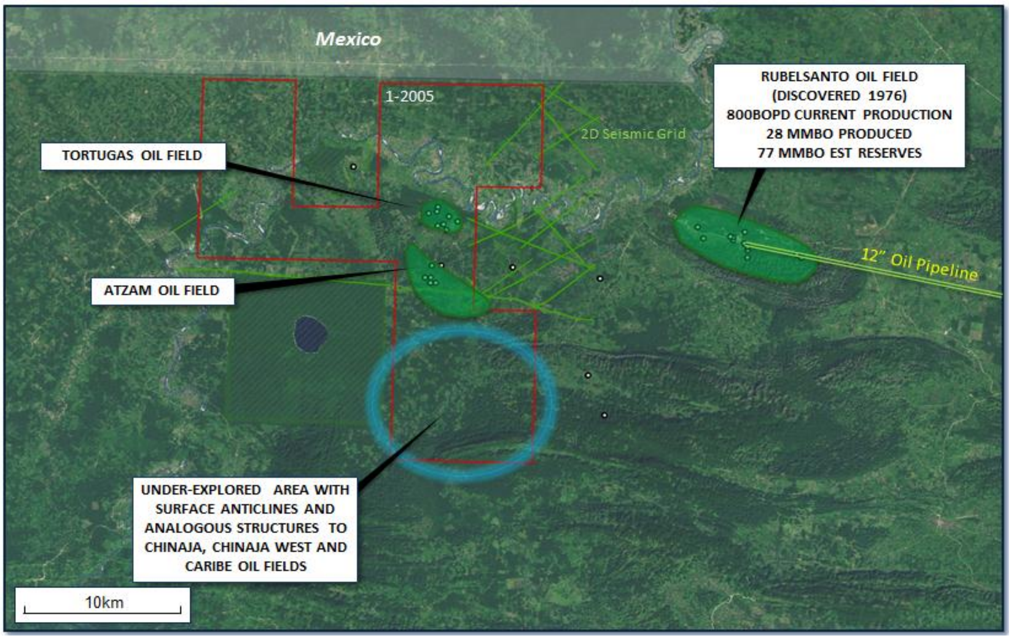
Individual reserve estimates are based upon analyses of those specific intervals with indications of hydrocarbons utilising reservoir parameters based upon an evaluation of the well logs. An assignment of a 160 acre drainage area was utilised for each reservoir and a recovery factor was varied from 20% to 30% as indicated in the table above.

The reserve estimates included in this report conform to the appropriate definitions of reserves and resources as approved by the SPE/WPC/AAPG/SPEE Petroleum Resources Management System (SPE - PRMS) document as co-sponsored by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers.

Tortugas Salt Dome Project

The Company has continued to advance plans with the Operator to commence the 2 initial well re-entries on the Tortugas Salt Dome structure in the first half of 2014 following the drilling and production testing of Atzam #5. Successful well re-entries on these first two planned Tortugas wells, 63-4 and 63-5, are expected to produce between 200-300 bopd each of high quality 34°API oil based on historical flow rates and production profiles. In the mid 1980's, two wells flowed oil at initial rates over 1,500 bopd, however were subsequently suspended.

The Tortugas Salt Dome structure is a suspended oil field, with Monsanto having drilled 17 wells on the structure including wells for both sulphur and oil. One of the wells (T9B) experienced an oil blowout at approximately 1,500 feet, with the majority of the other wells having oil shows in multiple zones.



Project Location and Exploration Potential

CORPORATE

The Company held its Annual General Meeting on 28 November 2013, at which all resolutions put to the shareholders were approved.

Subsequent to half year end the Company appointed Mr Peter Landau as Non-Executive Director and Ms Sara Kelly as Company Secretary upon the resignation of Ms Sophie Raven.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In August 2013 Citation completed its funding obligations under the Investment Management Agreement to earn a 60% equity interest in Latin American Resources. Latin American Resources became a subsidiary of the Group as at the date of earn in, giving the Group a 60% equitable interest in the Atzam Oil and Tortugas Salt Dome Projects in Guatemala.

The Company announced initial significant oil production from the Atzam #4 well in June 2013. Atzam #4 continued to produce good quality 38° API oil at increased flow rates during the half year, seeing the Group commence its transition from an oil and gas exploration company to an oil and gas exploration & production company. The Group commenced drilling operations in relation to its second Guatemalan well, Atzam #5, in November 2013.

EVENTS SUBSEQUENT TO REPORTING DATE

In January 2014 the Group commenced drilling its second Guatemalan well, Atzam #5.

In February 2014 the Company appointed Mr Peter Landau as Non-Executive Director and Ms Sara Kelly as Company Secretary upon the resignation of Ms Sophie Raven.

As announced in July 2013, the Company entered into short term loan agreements with third parties to provide working capital prior to the subsequent capital raising in August 2013. The loans were unsecured, interest free and the lenders had the right to have the loans repaid or convert them on equivalent terms to any capital raising undertaken by the Company prior to maturity. As advised by the Company on 31 October 2013, the maturity date on the loans was agreed to be extended to 31 December 2013, on similar terms as the original loans. The Company repaid $250,000 of the loans in January 2014 and extended the loan balance of $450,000 until 31 March 2014. As consideration in lieu of interest, security and establishment fees for both the 31 December 2013 and 31 March 2014 loan extensions, in February 2014 the Company issued the lenders a total of 41,964,750 listed options, exercisable at 4 cents per option, on or before 15 December 2015 (ASX: CTRO).

No other matters or circumstances have arisen since the end of the reporting date and the date of this report which significantly affects or may significantly affect the results of the operations of the Group.

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 on the following page.

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

Brett Mitchell
Executive Director

14 March 2014
at Perth, Western Australia

Competent Person Statement

The information included in this Announcement that relates to resources was prepared by Mr Allen L. Kelley, who is an executive with Ralph E. Davis Associates, Inc. based in Houston, Texas. 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.

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Citation Resources Limited for the half-year ended 31 December 2013, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 14 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2013

	Note	CONSOLIDATED 31 Dec 2013 $	CONSOLIDATED 31 Dec 2012 $
Revenue	4	1,252,802	37,323
Cost of sales	5	(674,203)	-
Gross profit		**578,599**	**37,323**
Other income	6	233,913	444,784
Professional and consultancy fees		(175,038)	(40,966)
Directors fees		(144,000)	(195,500)
Employee benefit expenses		(78,280)	(315,930)
Regulatory expenses		(61,808)	(37,313)
Office and administrative overheads		(69,478)	(149,530)
Loss on derivative financial instruments	11	(32,489)	-
Profit/(loss) before tax		**251,419**	**(257,132)**
Income tax expense		-	-
Profit/(loss) for the period		**251,419**	**(257,132)**
Other comprehensive income/(loss) for the period, net of income tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(71,894)	-
Total comprehensive income/(loss) for the period		**179,525**	**(257,132)**
Net profit/(loss) is attributable to:			
Owners of Citation Resources Ltd		21,699	(257,132)
Non-controlling interests		229,720	-
		251,419	(257,132)
Total comprehensive income/(loss) is attributable to:			
Owners of Citation Resources Ltd		(21,437)	(257,132)
Non-controlling interests		200,962	-
		179,525	(257,132)
Earnings/(loss) per share attributable to the owners of Citation Resources Ltd			
Basic and diluted earnings/(loss) per share (cents per share)		0.00	(0.09)

The Company's potential ordinary shares not considered dilutive.

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.

Consolidated Statement of Financial Position

As at 31 December 2013

	Note	CONSOLIDATED 31 Dec 2013 $	CONSOLIDATED 30 June 2013 $
ASSETS			
Current Assets			
Cash and cash equivalents		3,640,187	511,727
Trade and other receivables	7	986,999	38,162
Total current assets		4,627,186	549,889
Non-Current Assets			
Property, plant and equipment		1,585	2,008
Development assets	8	6,346,303	-
Exploration and evaluation expenditure	9	17,288,544	11,002,344
Total non-current assets		23,636,432	11,004,352
Total assets		**28,263,618**	**11,554,241**
LIABILITIES			
Current Liabilities			
Trade and other payables		598,221	116,665
Provisions		148,626	-
Borrowings	10	392,211	4,298,309
Derivative financial instruments	11	340,278	-
Total current liabilities		**1,479,336**	**4,414,974**
Net assets		**26,784,282**	**7,139,267**
EQUITY			
Contributed equity	12	31,182,172	17,819,929
Reserves		1,027,848	1,230,220
Accumulated losses		(11,488,962)	(11,910,882)
Capital and reserves attributable to owners of Citation Resources Ltd		20,721,058	7,139,267
Amounts attributable to non-controlling interests		6,063,224	-
Total equity		**26,784,282**	**7,139,267**

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

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2013

CONSOLIDATED EQUITY	Issued Capital $	Options Reserve $	Share based payment reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $	Non-Controlling Interest $	Total Equity $
At 1 July 2012	**13,882,100**	**400,220**	**-**	**-**	**(11,393,879)**	**2,888,441**	**-**	**2,888,441**
Loss for the period	-	-	-	-	(257,132)	(257,132)	-	(257,132)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(257,132)**	**(257,132)**	**-**	**(257,132)**
Shares issued during the period	2,300,612	-	-	-	-	2,300,612	-	2,300,612
Share issue costs	(109,937)	-	-	-	-	(109,937)	-	(109,937)
Share based payment expense	-	-	247,000	-	-	247,000	-	247,000
Options issued during the period	-	583,000	-	-	-	583,000	-	583,000
At 31 December 2012	**16,072,775**	**983,220**	**247,000**	**-**	**(11,651,011)**	**5,651,984**	**-**	**5,651,984**
At 1 July 2013	**17,819,929**	**983,220**	**247,000**	**-**	**(11,910,882)**	**7,139,267**	**-**	**7,139,267**
Profit for the period	-	-	-	-	21,699	21,699	229,720	251,419
Exchange differences on translation of foreign operations	-	-	-	(43,136)	-	(43,136)	(28,758)	(71,894)
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**(43,136)**	**21,699**	**(21,437)**	**200,962**	**179,525**
Shares issued during the period	13,771,234	-	-	-	-	13,771,234	-	13,771,234
Share issue costs	(408,991)	-	-	-	-	(408,991)	-	(408,991)
Share based payment expense	-	-	240,984	-	-	240,984	-	240,984
Transfers	-	(400,220)	-	-	400,220	-	-	-
Non-controlling interests on acquisition of subsidiary (note 14)	-	-	-	-	-	-	5,862,262	5,862,262
At 31 December 2013	**31,182,172**	**583,000**	**487,984**	**(43,136)**	**(11,488,962)**	**20,721,058**	**6,063,224**	**26,784,282**

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

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2013

		CONSOLIDATED	CONSOLIDATED
CONSOLIDATED		**31-Dec-13**	**31-Dec-12**
	Note	**$**	**$**
Cash flows from operating activities			
Receipts from customers		915,152	-
Payments to suppliers and employees (net GST)		(1,076,619)	(676,684)
Interest received		17,378	38,611
Other income		-	444,784
Net cash outflow from operating activities		**(144,089)**	**(193,289)**
Cash flows from investing activities			
Payments for exploration and evaluation		(1,342,209)	(3,882,342)
Net cash on acquisition of subsidiary	14	(1,152,596)	-
Non-controlling interest's share of cash calls funded by Citation	7	(623,655)	-
Receipts for security deposits		-	5,000
Net cash outflow from investing activities		**(3,118,460)**	**(3,877,342)**
Cash flows from financing activities			
Proceeds from issue of share and share options		5,750,000	1,240,612
Payment of share issue costs		(408,991)	(109,937)
Proceeds from borrowings		1,100,000	527,384
Repayment of borrowings		(50,000)	-
Net cash inflow from financing activities		**6,391,009**	**1,658,059**
Net increase/(decrease) in cash and cash equivalents		**3,128,460**	**(2,412,572)**
Cash and cash equivalents at the beginning of the financial period		511,727	2,593,937
Effects of exchange rate changes on the balances held in foreign currencies		-	(16)
Cash and cash equivalents at the end of the financial period		**3,640,187**	**181,349**

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

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 2013 was authorised for issue in accordance with a resolution of the directors on 14 March 2014.

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 the exploration and development of its oil and gas properties in Guatemala and its coal tenements in Queensland, Australia.

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 should 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 2013 annual financial report for the financial year ended 30 June 2013, 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:

AASB 119, Amendments to Employee Benefits
AASB 119 is effective for accounting periods beginning on or after 1 January 2013 and sets out the required disclosures for entities reporting under AASB 119. An amended version of AASB 119 'Employee Benefits' with revised requirements for pension and other post-employment benefits, termination benefits and other changes require a number of disclosures which are consistent with previous disclosures made by the Company. AASB 119 amendments to Employee Benefits have no impact on the amounts recognised in the consolidated interim financial statements.

AASB 10, Consolidated Financial Statements
AASB 10 is effective for accounting periods beginning on or after 1 January 2013 and replaces the guidance on control and consolidation in AASB 127, Consolidated and Separate Financial Statements, and Interpretation 112, Consolidation - Special Purpose Entities. It introduces a single definition of control of an entity, focusing on the need to have both exposure, or rights, to variable returns and the power to affect those returns, before control is present. The Group has accounted for its acquisition of Latin American Resources in accordance with AASB 10. The application of AASB 10 had no other impacts on the amounts recognised in the consolidated interim financial statements.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT)

AASB 11, Joint Arrangements

AASB 11 is effective for accounting periods beginning on or after 1 January 2013 and replaces AASB 131 Interest in Joint Ventures and UIG-113 Jointly-controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition, AASB 11 removes the option to account for jointly-controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations for liabilities are accounted for by recognising the share of those assets and liabilities. Joint ventures that give the venturers a right to the net assets are accounted for using the equity method. The Group has no joint arrangements and AASB 11 does not have any impact on the amounts recognised in the consolidated interim financial statements.

AASB 12, Disclosure of Interests in Other Entities

AASB 12 is effective for accounting periods beginning on or after 1 January 2013 and sets out the required disclosures for entities reporting under AASB 10 and AASB 11, replacing the disclosure requirements currently found in AASB 128, Investments in Associates and Joint Ventures. The application of AASB 12 has no impact on the amounts recognised in the consolidated interim financial statements.

AASB 13, Fair Value Measurement

AASB 13 is effective for accounting periods beginning on or after 1 January 2013 and provides guidance on how to measure fair value and enhance fair value disclosures. The application of AASB 13 has not changed the Group's measurement techniques for determining fair value and does not have any impact on the amounts recognised in the consolidated interim financial statements. The only impact of the adoption of AASB 13 is the inclusion of additional disclosure regarding fair value at 31 December 2013.

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.

Audited financial statements have not yet been prepared for the Group's newly acquired subsidiary Latin American Resources ("LAR"). As there are no audited financial statements available for LAR, the Group has prepared the LAR business combination accounting on a provisional basis at 31 December 2013.

These consolidated financial statements include the unaudited management accounts of LAR for the period from acquisition date to 31 December 2013.

Going Concern

The Group has reported net cash outflows from operating activities of $144,089 (2012: $193,289).

The negative operating cashflows during the period indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The ability of the Group to continue as a going concern is dependent on:

- The Group generating sufficient cashflows from its Guatemalan oil and gas properties to cover the Group's operating costs including its overheads and future exploration and development activities; and
- Raising additional capital in the event sufficient cashflows are not generated from the Guatemalan oil and gas properties.

The Directors are confident that the Group, subject to the achievement of the above matters, will be able to continue its operations as a going concern.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT)

The continuing applicability of the going concern basis of accounting is dependent upon the Group's ability to generate or source the funding necessary to cover its activities. Unless additional funding is generated or raised 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.

3. DIVIDENDS

There are no dividends paid or declared during the period.

4. REVENUE

	CONSOLIDATED	CONSOLIDATED
	31-Dec-13	**31-Dec-12**
	$	**$**
Revenue		
Proceeds from crude oil sales	1,235,918	-
Other revenue		
Interest income	16,884	37,323
	1,252,802	**37,323**

5. COST OF SALES

	CONSOLIDATED	CONSOLIDATED
	31-Dec-13	**31-Dec-12**
	$	**$**
Production costs	582,788	-
Depreciation & amortisation	91,415	-
	674,203	**-**

6. OTHER INCOME

	CONSOLIDATED	CONSOLIDATED
	31-Dec-13	**31-Dec-12**
	$	**$**
Net gain on settlement of loans from Range Resources Ltd (i), (ii)	233,420	-
Other income	493	-
Research and development rebate	-	444,784
	233,913	**444,784**

(i) During the half year the Company issued 238,382,709 shares with a total value of $4,215,235 to Range Resources Ltd to settle its $4,767,655 loan payable to Range Resources Ltd resulting in the recognition of a gain of $552,420.

(ii) During the half year the Company issued 29,000,000 shares with a total value of $609,000 to settle $290,000 of its short term working capital facility payable to Range Resources Ltd resulting in the recognition of a loss of $319,000.

7. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	CONSOLIDATED
	31-Dec-13	30-Jun-13
	$	$
Trade debtors	320,766	-
Other debtors (i)	666,233	38,162
	986,999	**38,162**

(i) Includes $623,655 due from substantial shareholder Range Resources Ltd in relation to Range's share of Latin American Resources cash calls paid by Citation on Range's behalf.

8. DEVELOPMENT ASSETS

	CONSOLIDATED	CONSOLIDATED
	31-Dec-13	30-Jun-13
	$	$
Balance at beginning of the period	-	-
Development costs transferred from exploration expenditure	6,307,759	-
Amortisation	(91,415)	-
Movement in foreign exchange rates	129,959	-
Balance at the end of the period	**6,346,303**	**-**

Capitalised development assets relate to costs incurred in respect of the Group's Atzam #4 well.

9. EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED	CONSOLIDATED
	31-Dec-13	30-Jun-13
	$	$
Guatemala oil and gas properties (note 14)	16,674,110	10,439,262
Queensland coal tenements	614,434	563,082
	17,288,544	**11,002,344**

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.

10. BORROWINGS

	CONSOLIDATED	CONSOLIDATED
	31-Dec-13	30-Jun-13
	$	$
Non-interest bearing borrowings (i)	-	3,948,309
Short term convertible financing facility (ii)	-	350,000
Short term convertible financing facility (iii)	392,211	-
Total borrowings	**392,211**	**4,298,309**

10. BORROWINGS (CONT)

(i) The amount represents a short term working capital loan provided by Range Resources Ltd (RRS) for funding well operations and working capital on the Atzam #4 well. During the half year, the balance outstanding at 30 June 2013, further loans advanced of $4,156,915, and interest on principal amounts advanced were settled through the issue of shares in the Company and the transfer of 10% of Citation's earned interest in Latin American Resources.

(ii) Prior to 30 June 2013 the Company undertook a short term financing facility of up to $1,000,000 to provide working capital for the Company by entering into converting loans with a syndicate of lenders. As at 30 June 2013, a total of $350,000 was received. During the half year an additional $640,000 was received, bringing the total amount received under the facility to $990,000. The $990,000 was converted to ordinary shares in the Company on 31 July 2013.

(iii) On 25 July 2013 the Company undertook a short term financing facility of up to $1,000,000 to provide working capital for the Company by entering into converting loans with a syndicate of lenders. During the half year a total of $750,000 was received, of which $50,000 was repaid before 31 December 2013.

Principal terms of the financing facility are as follows:

a. Establishment fee – 18,750,000 CTRO listed options were issued to the Lenders as an establishment fee and in lieu of interest

b. Original term – approximately 2 months commencing end of July 2013

c. Original Maturity Date – 30 September 2013

d. Maturity Date Extension # 1 – The loan was extended to 31 December 2013 for an extension fee of 25,089,750 CTRO listed options

e. Maturity Date Extension #2 – The loan was extended to 31 March 2014 for an extension fee of 16,875,000 listed options

f. Interest – no interest payable

g. Repayment or Conversion to Ordinary Shares in the Company – The Company can repay the loans in full or at the election of the lender at any time before the 31 March 2014 Maturity Date, the loan amount may be converted in full or part into Ordinary Shares in the Company at a conversion price being the lesser of the last share placement terms completed by the Company or at a 20% discount to a 10 day volume weighted average price.

10. BORROWINGS (CONT)

Movement in short term convertible financing facilities during the period is as follows:

	CONSOLIDATED 31-Dec-13	CONSOLIDATED 30-Jun-13
	$	$
Carrying amount at 1 July	350,000	-
Proceeds on issue of short term convertible financing facilities	1,390,000	350,000
Repayments	(50,000)	-
Conversions to equity	(990,000)	-
Amount classified as convertible note derivative (note 11)	(307,789)	-
	392,211	**350,000**

Face values of short term convertible financing facilities outstanding at reporting date is as follows:

Current	700,000	-
Non-current	-	-
	700,000	

11. DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED 31-Dec-13	CONSOLIDATED 30-Jun-13
	$	$
Derivative liabilities from convertible financing facilities	340,278	-
	340,278	**-**

Movement in derivative liabilities during the period is as follows:

	CONSOLIDATED 31-Dec-13	CONSOLIDATED 30-Jun-13
	$	$
Carrying amount at 1 July	-	-
Recognition of derivatives from convertible financing facilities	307,789	-
Fair value movement	32,489	-
	340,278	**-**

Derivative liabilities arise from the Group's short term financing facility entered into in July 2013 (note 10(iii)).

The values of the derivatives fluctuate with the Company's underlying share price and the time to expiry. The change in the value of the derivatives between inception date and 31 December 2013 due to the difference in the Company's share price between inception date and 31 December 2013 is recognised as an unrealised loss in the Statement of Profit or Loss and Other Comprehensive Income.

12. CONTRIBUTED EQUITY

(a) Issued Share Capital

	CONSOLIDATED	CONSOLIDATED	**CONSOLIDATED**	CONSOLIDATED
	31-Dec-13	30-Jun-13	**31-Dec-13**	30-Jun-13
	No of shares	No of shares	**$**	$
Fully paid ordinary shares	**1,189,438,935**	445,056,226	**31,182,172**	17,819,929

Reconciliation of share movement	**No of shares**	**Issue Price**	**Amount**
Opening balance at 1 July 2013	**445,056,226**		**17,819,929**
Shares issued on conversion of short term working capital facility (i)	99,000,000	0.0132	1,309,000
Shares issued on conversion of loan payable to Range Resources Ltd (ii)	80,222,222	0.021	1,684,667
Shares issued to the vendors of Citation Resources Australia Pty Ltd (iii)	107,000,000	0.021	2,247,000
Shares issued in placement (iv)	300,000,000	0.020	6,000,000
Shares issued on conversion of loan payable to Range Resources Ltd (v)	158,160,487	0.016	2,530,568
Less share issue costs	-		(408,992)
Balance at 31 December 2013	**1,189,438,935**		**31,182,172**

(i) On 31 July 2013 the Company issued 99,000,000 shares to settle its $990,000 short term financing facility. The Company recognised a loss on loan settlement of $319,000 (note 6(ii)).

(ii) On 31 July 2013 the Company issued 80,222,222 shares to settle $1,604,444 of its loan payable to Range Resources Ltd. The Company recognised a loss on loan settlement of $80,222 (note 6(i)).

(iii) On 31 July 2013 the Company issued 107,000,000 shares to the vendors of Citation Resources Australia Pty Ltd. 53,000,000 shares were issued upon the achievement of a commercial test from Atzam #4 well of at least 200 bopd (Milestone 1). 54,000,000 shares were issued upon the Company electing to participate in the second Guatemalan well, Atzam #5 (Milestone 2).

(iv) On 19 August 2013 the Company issued 300,000,000 shares to raise $6,000,000 before costs.

(v) On 18 October 2013 the Company issued 158,160,487 shares to settle $3,163,210 of its loan payable to Range Resources Ltd. The Company recognised a gain on loan settlement of $632,642 (note 6(i)).

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 (i)	32,000,000	0.020	640,000
Share issued as part of the acquisition (ii)	53,000,000	0.020	1,060,000
Shares issued in placement (iii)	30,000,000	0.020	600,000
Options exercised (iv)	8,750	0.070	613
Less share issue costs	-		(109,937)
Balance at 31 December 2012	**341,778,448**		**16,072,775**

12. CONTRIBUTED EQUITY (CONT)

(i) On 16 July 2012, the Company issued 32,000,000 shares to raise $640,000.

(ii) On 19 September 2012 the Company announced the issue of 53,000,000 shares pursuant to the prospectus dated 18 September 2012. These shares were issued to vendors as part of the acquisition of the Guatemalan assets.

(iii) 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.

(iv) On 12 October 2012, 8,750 ordinary shares were issued following the exercise of 8,750 CTROA listed options exercisable at $0.07 each.

(b) Options

	CONSOLIDATED	CONSOLIDATED	**CONSOLIDATED**	CONSOLIDATED
	31-Dec-13	30-Jun-13	**31-Dec-13**	30-Jun-13
	No of options	No of options	**$**	$
CTRO options – share based payments	**62,839,750**	19,000,000	**487,984**	247,000
CTRO listed options	**402,750,000**	57,500,000	**583,000**	583,000
CTROA listed options	**-**	226,563,271	**-**	400,220
	465,589,750	303,063,271	**1,070,984**	1,230,220

CTRO listed options

Reconciliation of option movement	**No of option**	**Issue Price**	**Amount**
Opening balance at 1 July 2013	**354,702,160**		**1,230,220**
Free attaching options (i)	53,500,000	-	-
Free attaching options (ii)	40,111,111	-	-
Options expired (iii)	(226,563,271)	-	(400,220)
Free attaching options (iv)	150,000,000	-	-
Free attaching options (v)	50,000,000	-	-
Options issued as share based payment (vi)	18,750,000	0.0075	140,625
Options issued as share based payment (vii)	25,089,750	0.004	100,359
Balance at 31 December 2013	**465,589,750**		**1,070,984**

(i) On 31 July 2013 the Company issued 53,500,000 free attaching options on the basis of 1 option for every 2 shares issued to the vendors of Citation Resources Australia Pty Ltd upon the achievement of a commercial test from Atzam #4 well of at least 200 bopd (Milestone 1) and upon the Company electing to participate in the second Guatemalan well, Atzam #5 (Milestone 2).

(ii) On 31 July 2013 the Company issued 40,111,111 free attaching options on the basis of 1 option for every 2 shares issued to settle $1,604,444 of its loan payable to Range Resources Ltd.

(iii) The Company's CTROA listed options, exercisable at $0.07, expired on 31 July 2013.

(iv) On 19 August 2013 the Company issued 150,000,000 free attaching options on the basis of 1 option for every 2 placement shares issued.

12. CONTRIBUTED EQUITY (CONT)

(v) On 18 October 2013 the Company issued 50,000,000 options free attaching to the 158,160,487 shares issued to Range Resources Ltd to settle $3,163,210 of its loan payable to Range Resources Ltd.

(vi) On 9 October 2013 the Company issued 18,750,000 listed options to the Lenders providing a short term financing facility to the Company. The options were issued as an establishment fee and in lieu of interest.

(vii) On 12 February 2014 the Company issued 25,089,750 listed options to the Lenders providing the short term finance facility as consideration for extending the maturity date of the loan from 30 September 2013 to 31 December 2013. As the options relate to an expense incurred during the half year, the options have been reflected in the half year report even though they were issued subsequent to half year end.

Reconciliation of option movement	**No of option**	**Issue Price**	**Amount**
Opening balance at 1 July 2012	**-**		**-**
Options issued as part of a placement (i)	16,000,000	-	-
Options issued as share based payment (ii)	19,000,000	0.013	247,000
Options issued in relation to the acquisition (iiI)	26,500,000	0.022	583,000
Options issued as part of a placement (iv)	15,000,000	-	-
Balance at 31 December 2012	**76,500,000**		**830,000**

(i) On 19 September 2012, 16 million free attaching options were issued to the participants in the 16 July 2012 $640,000 placement. Participants received one option for every 2 shares subscribed for. The options have an exercise price of $0.04 and an expiry date of 15 December 2015.

(ii) 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 Directors, Mr Brett Mitchell and Mr Michael Curnow, and the Company Secretary, Ms Sophie Raven.

(iii) On 19 September 2012 the Company announced the issue of 26,500,000 listed options pursuant to the prospectus dated 18 September 2012. These options were issued to vendors as part of the acquisition of the Guatemalan assets.

(iv) On 2 October 2012 a placement made to sophisticated investors for $600,000 was completed. Participants received a free attaching listed option for every 2 shares subscribed for. The options have an exercise price of $0.04 and expire on 15 December 2015.

CTROA listed options

Reconciliation of option movement	**No of option**	**Issue Price**	**Amount**
Opening balance at 1 July 2013	**226,563,271**		**400,220**
Options expired 31 July 2013	(226,563,271)	-	(400,220)
Balance at 31 December 2013	**-**		**-**

12. CONTRIBUTED EQUITY (CONT)

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**

(c) Share Based Payment Reserve

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.

On 9 October 2013 18,750,000 CTRO listed options were issued to the Lenders who provided the Company with a short term financing facility during the half year.

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

Valuation Date	9 October 2013
Dividend yield (%)	Nil
Expected volatility (%)	130%
Risk-free interest rate (%)	2.68%
Expected life of option (days)	797
Option exercise price ($)	$0.04
Share price at grant date ($)	$0.015
Expiry date	15 December 2015
Performance conditions	none

On 12 February 2014 25,089,750 CTRO listed options were issued to the Lenders who provided the Company with a short term financing facility during the half year.

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

Valuation Date	12 February 2014
Dividend yield (%)	Nil
Expected volatility (%)	130%
Risk-free interest rate (%)	2.68%
Expected life of option (days)	671
Option exercise price ($)	$0.04
Share price at grant date ($)	$0.012
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.

12. CONTRIBUTED EQUITY (CONT)

Number of options	18,750,000	25,089,750
Fair value per option	$0.0075	$0.004
Total value of the issue	$140,625	$100,359

13. SEGMENT INFORMATION

Management has determined that the operating segments are based on the reports reviewed by Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from both a commodity type and geographical perspective and has identified two reportable segments.

The segment information provided to the Board of Directors for the reportable segments is as follows:

31 December 2013	**Coal Queensland**	**Oil & Gas Guatemala**	**Corporate Australia**	**Consolidated**
	$	**$**	**$**	**$**
Total segment revenue and other income	-	1,235,918	250,797	1,486,715
Segment gross profit	-	561,714	16,885	578,599
Depreciation & amortisation	-	91,415	423	91,838
Total segment assets	622,134	25,839,339	1,802,145	28,263,618
Total segment liabilities	20,126	648,626	810,584	1,479,336

Comparatives	**Coal Queensland**	**Oil & Gas Guatemala**	**Corporate Australia**	**Consolidated**
	$	**$**	**$**	**$**
For the 6 months ending 31 December 2012:				
Total segment revenue and other income	-	-	482,107	482,107
Segment gross profit	-	-	37,323	37,323
Depreciation & amortisation	-	-	3,665	3,665
As at 30 June 2013:				
Total segment assets	570,782	9,855,813	1,127,646	11,554,241
Total segment liabilities	-	-	4,414,974	4,414,974

Accounting policies
Segment revenues and expenses are those directly attributable to the segments. Segment assets include all assets used by a segment and consist principally of cash, receivables, and exploration and development expenditure. Segment liabilities consist principally of payables and provisions.

14. BUSINESS COMBINATION

(a) Provisional accounting

Audited financial statements have not yet been prepared for the Group's newly acquired subsidiary Latin American Resources ("LAR"). As there are no audited financial statements available for LAR, the Group has prepared the LAR business combination accounting on a provisional basis at 31 December 2013.

The business combination accounting has been prepared based on the management accounts of LAR and other information available to the Group.

(b) Summary of acquisition

In August 2013 Citation completed its earn in of a 60% equity interest in Latin American Resources. Latin American Resources became a subsidiary of the Group as at the date of earn in, giving the Group a 60% equitable interest in the Atzam Oil and Tortugas Salt Dome Projects in Guatemala.

Details of the purchase consideration and the net assets acquired are as follows:

	$
Purchase consideration (refer to (c) below)	
Cash paid	9,948,409
Equity	4,707,245
Contingent consideration	-
Total purchase consideration	**14,655,654**

The assets and liabilities recognised as a result of the acquisition are as follows:

	$
Exploration expenditure	14,747,356
Development expenditure	6,307,759
Trade and other creditors	(414,045)
Provisions	(123,155)
Net identifiable assets acquired	20,517,915
Less: non-controlling interests	(5,862,261)
Net assets acquired	**14,655,654**

Non-controlling interests
In accordance with the Group's accounting policy, the Group has elected to recognise the non-controlling interests in Latin American Resources at its proportionate share of the acquired net identifiable assets.

Revenue and profit contribution
Latin American Resources contributed revenues of $1,235,918 and net profit of $561,714 to the Group for period from acquisition date to 31 December 2013.

(c) Purchase consideration

Outflow of cash to acquire subsidiary, net of cash acquired

	$
Cash consideration paid prior to 30 June 2013	8,795,813
Cash consideration paid during the half year	1,152,596
Total cash consideration	9,948,409
Less: balances acquired	-
Net outflow of cash	**9,948,409**

14. BUSINESS COMBINATION (CONT)

Equity

	$
107,000,000 milestone shares issued to the vendors of Citation Resources Australia Pty Ltd on 31 July 2013. 53,000,000 shares were issued upon the achievement of a commercial test from Atzam #4 well of at least 200 bopd. 54,000,000 shares were issued upon the Company electing to participate in the second Guatemalan well, Atzam #5.	2,247,000
Borrowing costs incurred in relation to the earn in payments initially funded by Range Resources Ltd.	1,259,620
Options issued in respect of short term financing facility which was required to fund earn in payments.	140,625
53,000,000 shares issued to the vendors of Citation Resources Australia Pty Ltd on 19 September 2012 as consideration for the acquisition.	1,060,000
	4,707,245

The values of shares issued as consideration for the acquisition have been determined based on the share price at the date of issue as there is no other more reliable indicator of fair value available.

The values of options issued as consideration for the acquisition have been determined based on a binomial option pricing model as there is no other more reliable indicator of fair value available.

Contingent consideration

The Group must pay a 3% overriding royalty calculated on the Company's net revenue share from all Guatemalan wells drilled except Atzam #4.

No value has been recorded in relation to this royalty at 31 December 2013; the Group will reassess whether this royalty requires valuation and recognition as the business combination accounting is finalised.

15. CONTROLLED ENTITIES

The consolidated financial statements include the assets, liabilities and results of the following subsidiaries.

Controlled Entities Consolidated	**Country of Incorporation**	**Percentage Owned (%)***	
		31 December 2013	**30 June 2013**
Subsidiaries of Citation Resources Ltd:			
Citation Resources Operations Pty Ltd	Australia	100	100
Citation Resources Australia Pty Ltd	Australia	100	100
Subsidiary of Citation Resources Australia Pty Ltd:			
Latin American Resources	Bahamas	60	-

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value on a recurring basis:

At 31 December 2013:

	Level 1 $	Level 2 $	Level 3 $	Total $
Total assets	-	-	-	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivative liabilities from convertible financing facilities	-	313,591	-	313,591
Total liabilities	**-**	**313,591**	**-**	**313,591**

At 30 June 2013:

	Level 1 $	Level 2 $	Level 3 $	Total $
Total assets	-	-	-	-
Total liabilities	-	-	-	-

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2013.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between the levels of the fair value hierarchy in the six months to 31 December 2013.

(b) Valuation techniques used to derive level 2 fair values

The fair value of financial instruments that are not traded in an active market (for example, derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. An instrument is included in level 2 when all significant inputs required to fair value an instrument are observable.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Group has no level 3 financial instruments at 31 December 2013 (30 June 2013: nil).

16. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT)

The fair value of the derivative liabilities from convertible financing facilities is determined based on a pricing model based upon various inputs at the end of the reporting period.

During the period the Group had no changes to the valuation techniques that were applied at 30 June 2013.

(c) Fair values of other financial instruments

The Group has no other financial instruments which are not measured at fair value in the Consolidated Statement of Financial Position at 31 December 2013.

Due to their short term nature, the carrying amounts of the current receivables, current payables, and current borrowings are assumed to approximate their fair value.

17. CONTINGENT ASSETS AND LIABILITIES

The Group must pay a 3% overriding royalty calculated on the Company's net revenue share from all Guatemalan wells drilled except Atzam #4.

There are no other changes in the Group's contingent assets or liabilities since 30 June 2013.

18. EVENTS AFTER THE END OF THE REPORTING PERIOD

In January 2014 the Group commenced drilling its second Guatemalan well, Atzam #5.

In February 2014 the Company appointed Mr Peter Landau as Non-Executive Director and Ms Sara Kelly as Company Secretary upon the resignation of Ms Sophie Raven.

As announced in July 2013, the Company entered into short term loan agreements with third parties to provide working capital prior to the subsequent capital raising in August 2013. The loans were unsecured, interest free and the lenders had the right to have the loans repaid or convert them on equivalent terms to any capital raising undertaken by the Company prior to maturity. As advised by the Company on 31 October 2013, the maturity date on the loans was agreed to be extended to 31 December 2013, on similar terms as the original loans. The Company repaid $250,000 of the loans in January and extended the loan balance of $450,000 until 31 March 2014. As consideration in lieu of interest, security and establishment fees for both the 31 December 2013 and 31 March 2014 loan extensions, in February 2014 the Company issued the lenders a total of 41,964,750 listed options, exercisable at 4 cents per option, on or before 15 December 2015 (ASX: CTRO).

No other matters or circumstances have arisen since the end of the reporting date and the date of this report which significantly affects or may significantly affect the results of the operations of the Group.

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 2013 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

14 March 2014

at Perth, Western Australia

Grant Thornton

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

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

We have reviewed the accompanying half-year financial report of Citation Resources Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2013, and the statement of profit or loss and other 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 Limited 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 controls 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 Citation Resources Limited consolidated entity's financial position as at 31 December 2013 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 Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Basis for disclaimer of auditor's conclusion

We have been unable to obtain sufficient appropriate audit evidence on the books and records of the subsidiary and the basis of accounting of the consolidated entity. Specifically, we have been unable to satisfy ourselves on the following areas:

i. Citation Resources Limited

Citation Resources Limited acquired a 60% controlling interest in Latin American Resources Limited ("LAR") on 31 August 2013, a company incorporated in the Bahamas with operations in Guatemala. Audited/reviewed financial statements for the period under control have not yet been prepared. The directors' have prepared the half year financial report of Citation Resources Limited using unaudited management information of LAR. The result of LAR that has been consolidated for the period amounts to a net profit of $574,300 and net assets of $21,691,544.

Due to the unavailability of audited/reviewed financial statements and supporting information, we are unable to obtain sufficient appropriate audit evidence that we require in order to form a conclusion on the consolidated half-year financial report of the Company for the period ended 31 December 2013, including the valuation and allocation of the net assets acquired as disclosed within Note 14 and the results of the operations for the period.

ii. Going Concern

The financial report has been prepared on a going concern basis. The directors have provided an update of their assessment of the consolidated entities ability to pay their debts as and when due, however, due to the matter discussed in point (i) we have been unable to assess the estimates and assumptions of the forecast to support this assessment.

Disclaimer of auditor's conclusion

In our opinion, because of the existence of the limitation on the scope of our work, as described in the preceding paragraphs, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express a conclusion on the consolidated half-year financial report for the period ended 31 December 2013 and are also unable and do not express a conclusion as to whether the half-year financial report of Citation Resources Limited is 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 2013 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 14 March 2014