

30 April 2014

ASX Announcement

March 2014 Quarterly Activity Report

- **Atzam #4 produced over 13,227 barrels for the quarter**
- **Atzam #4 continued to produce at strong flow rates on a restricted choke (18/64 inch) from natural reservoir pressure only- no water production to date**
- **Atzam #5 well has been successfully drilled to its second casing point at 3,608 feet to the top of the primary C18 carbonate section- 9 5/8 inch casing currently being run to 3,600 feet**
- **Ongoing oil and gas shows to surface from drilling C17 and C18 sections- preliminary log analysis showing high oil saturations (up to ~88%) and primary porosities up to 18%.**
- **Initial log interpretations by the Operator indicate multiple pay zones in the C17 and initial C18 carbonates drilled**
- **Log analysis indicates highly fractured potential reservoir sections- fracturing in carbonates normally provides assistance to flow rates**
- **Upper C18 carbonate interval intersected at 3,608 feet is running slightly higher (~30+ feet) on structure to the same reservoir located over 1 km from the Atzam #4 well - and around 300 feet high to the field discovery well Atzam #2**
- **Atzam #2 recorded initial flow rates in excess of 1,000 bopd from the primary C18/19 carbonates**
- **Drilling programs for Tortugas Salt Dome 63-4 and 63-5 well re-entries advanced**

Operational Activities

Atzam Oil Project – Atzam #5 Spudded and Material Oil Shows Approaching TD

On 15 January 2014 the Atzam #5 well at the Company's Atzam Oil Project in Guatemala was spudded and made significant progress drilling ahead towards its planned total depth of 4,100 feet during the quarter. Recently the Atzam #5 well was reported to be drilled to its second intermediate casing point at 3,600 feet generating some material oil shows to surface whilst intersecting primary target carbonate reservoirs. The Operator ran a full suite of electric logs to be analysed offsite by Schlumberger down to the casing point at 3,600 feet. Following this the Operator ran 9 5/8 inch production casing in the hole before commencing drilling operations towards the well planned total depth of 4,100 feet.

Recently the well drilled through the C17 and upper C18 carbonate sections, which generated material oil and gas shows to surface whilst drilling. A full suite of electric logs were run over all the carbonate sections drilled to the initial casing point to current depth of 3,608 feet, and the preliminary analysis by Latin American Resources (Operator), indicate very encouraging results. Initial log interpretation indicates the well has intersected multiple pay zones in the primary carbonate targets, with hydrocarbon saturations of 70-88% and primary porosities of up to 18%. The Atzam #5 electric log dataset down to 3,608 feet will be independently reviewed and analysed by Schlumberger at its head office in Mexico.

Importantly, the carbonate sections recently intersected in the Atzam #5 well are now considered to be at the same depth on structure to the Atzam #4 well, with the top of the C18 carbonate section intersected at 3,275 feet in the Atzam #5 well. The Atzam #4 well was previously expected to be sitting on the crest of the Atzam structure. This revised reservoir structure depth profile for Atzam #5 is potentially very significant for the commercial prospectivity of Atzam #5 and an upgrade for the in place oil resource estimate for the Atzam Oil Field. Atzam #5 is a step out well located approximately 1.2 kilometres from the Atzam #4 well.

The true structural extent and volumetrics of the Atzam Oil Field will be clearly defined through a 3D seismic survey that is planned for 2014 as one of the key projects to follow the drilling of Atzam #5.

The Atzam #2 well flowed at over 1,000 bopd from the C18 and C19 carbonate sections and the C18 and C19 carbonates are the primary carbonate targets for the Atzam #5 well. The C18 and C19 carbonate sections that will be drilled from 3,608 feet to the wells total depth may be open hole tested through the next phase of drilling, depending upon the reservoir conditions that are encountered.

Atzam #4 Production Continues From Natural Reservoir Pressure- No Water Production

During the March quarter the Atzam #4 production well produced at approximately 170 bopd whilst maintaining a flowing tubing pressure over 200 psi for most of the period following the Operator commencing a program to increase the choke size from mid-January. The production performance from this 6 foot perforated section in the C17 reservoir over the past 9 months is very encouraging with the flow rate and well head pressure maintained from natural reservoir energy and without any associated water production.

The total Atzam #4 production for the quarter was 13,227 barrels, which included periods where the well was shut in for pressure testing and well head maintenance.

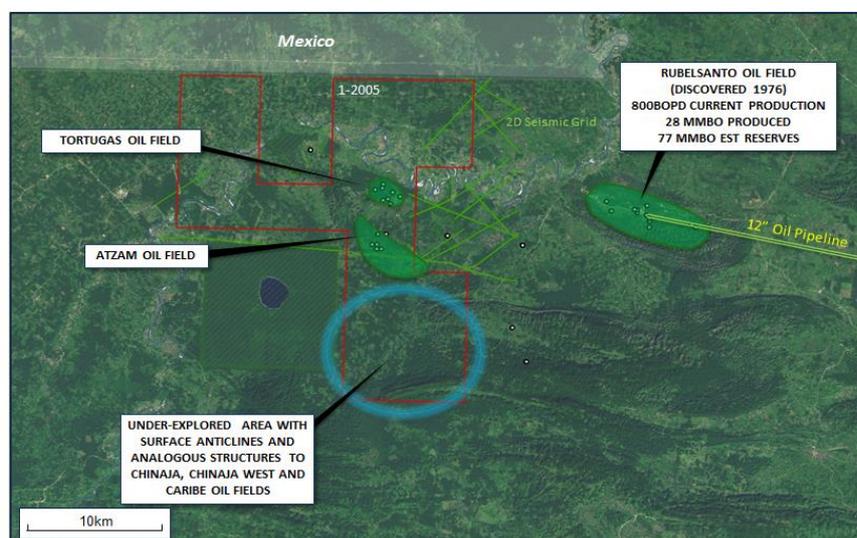
Recent downhole reservoir pressure testing data has confirmed that the strength of the reservoir energy from this producing 6 foot perforated section in the C17 carbonate. The shut in downhole pressure testing recorded in excess of 500 psi, only slightly lower than the virgin reservoir pressure recorded on perforating this section in June 2013. Following the recent testing program, an initial independent report on this 6 foot producing zone has increased the potential recoverable reserves to 325,000 barrels of oil.

The well continues to produce from natural reservoir pressure without the need for a submersible pump to assist flow rates, which is usually required for producing these carbonate reservoirs. The well production plan is to continue increasing the choke over a period of time to establish the optimal production rate for this producing carbonate section.

Tortugas Salt Dome Project

The Company has continued to advance operational plans with the Operator to commence the 2 initial well re-entries on the Tortugas Salt Dome structure during 2014. 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 80s, 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 approx. 1,500 feet, with the majority of the other wells having oil shows in multiple zones.



Project Location and Exploration Potential

Corporate Activities

Change of Director and Company Secretary

On 7 February 2014 the Company announced the appointment of Mr Peter Landau to the Board of Directors, and Ms Sara Kelly as Company Secretary. Mr Landau and Ms Kelly were appointed to replace Ms Sophie Raven as Director and Company Secretary.

Issue of Shares and Options

On 14 February 2014, the Company issued 41,964,759 listed options, exercisable at 4 cents per option, on or before 15 December 2015 (ASX:CTRO) as consideration in lieu of interest, security and loan establishment fees for loans expired.

On 7 April 2014 the Company issued 45,226,132 ordinary shares to settle in full the conversion of \$450,000 working capital loans which matured 31 March 2014. These loans were provided to the Company prior to its August 2013 capital raising and have been converted to ordinary shares at the election of the Lender on the 31 March maturity date, under the terms of the loan agreements.



Brett Mitchell
Executive Director

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

CITATION RESOURCES LIMITED

ABN

90 118 710 508

Quarter Ended ("Current Quarter")

31 March 2014

Consolidated Group statement of cash flows

		Current Quarter \$A'000	Year to Date (9 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	1,063	2,490
1.2	Payments for (a) exploration & evaluation	(1,171)	(4,663)
	(b) development	-	(171)
	(c) production	(657)	(965)
	(d) administration & staff	(473)	(1,091)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4	22
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (Research & Development Government Rebate)	-	-
	Net Operating Cash Flows	(1,234)	(4,378)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loan repayment	-	-
1.11	Prepayment on Exploration Costs – Working Capital Loan repayable by Range Resources Ltd	-	(567)
1.12	Working capital loan repaid by Range Resources Ltd	541	541
	Net investing cash flows	541	(26)
1.13	Total operating and investing cash flows (carried forward)	(693)	(4,404)

1.13	Total operating and investing cash flows (brought forward)	(693)	(4,404)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	6,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	1,100
1.17	Repayment of borrowings	(250)	(300)
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	-	(409)
	Net financing cash flows	(250)	6,391
	Net (decrease) increase in cash held	(943)	1,987
1.20	Cash at beginning of quarter/year	3,442	512
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,499	2,499

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current Quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	199
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions.

Corporate advisory fees, consulting fees, company secretary and directors' fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount Available \$A'000	Amount Used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-
3.3 Convertible note	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and Evaluation	750
4.2 Development	-
4.3 Production	550
4.4 Administration	450
Total	1,750

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	2,465	3,408
5.2 Deposits at call	34	34
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,499	3,442

Changes in interests in mining tenements

	Tenement Reference	Nature of Interest (note (2))	Interest at beginning of quarter	Interest at end of Quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A	N/A	N/A	N/A

6.2 Interests in mining tenements acquired or increased

N/A	N/A	N/A	N/A
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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total Number	Number Quoted	Issue Price per Security (see note 3) (cents)	Amount Paid Up per Security (see note 3) (cents)
7.1 Preference [*] securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 [*] Ordinary securities	1,189,438,935	1,189,438,935		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	n/a	n/a	n/a	n/a
7.5 [*] Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	482,464,750	482,464,750	Exercise Price \$0.04	Expiry Date 15 December 2015
7.8 Issued during quarter	41,964,750 options issued on 14 February 2014	41,964,750	\$0.04	15 December 2015
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Brett Mitchell
Executive Director

Date: 30 April 2014

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* applies to this report.
- 5 **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.