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ASX Announcement

Atzam Project Update

- **Atzam #5 oil well successfully drilled, cased and cemented to 1246 ft**
- **Well is in the first carbonate sections, first target zones to be tested on resumption of drilling**
- **Drilling program delayed with rig downtime, expect to be back drilling within days**
- **Atzam #4 production continues at ~ 170 bopd (18/64ths choke), flowing tubing pressure over 200 psi**
- **Atzam #5 well drill prognosis on track- preparing to drill ahead towards initial carbonate reservoir targets from ~1,700ft**
- **Primary reservoir targets expected from 2,700ft to 4,100ft- C17, C18 and C19 carbonates**
- **Atzam #5 well targeting the same carbonate sections as the Atzam #4 production well - 2.3m barrels of 2P reserves excluding the Atzam #4 primary C18 and C19 carbonate sections**

Atzam Oil Project

Citation Resources Ltd (ASX: CTR) (**Company** or **Citation**) advised previously that the Atzam #5 well at the Company's Atzam Oil Project in Guatemala had drilled down to 1,250 ft and the Operator had successfully set and cemented the first intermediate 13 3/8 inch casing string in the well. This was a critical operational phase successfully completed by the Operator due to the complex limestone geology that is present until the carbonate units are encountered. The well is now in the carbonate sections and will be drill tested within days of the recommencement of drilling operations.

With the 13 3/8 inch intermediate casing now cemented in place, the rig underwent maintenance over the past week and is expected to recommence drilling in the coming days. The Operator plans to run a second intermediary casing string once the well is drilled down to approximately 3,200 ft, setting the second casing string above the primary C18 and C19 carbonate reservoirs.

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 as detailed in previous announcements.

The Atzam #5 well will be drilled to a target depth of approximately 4,100 feet and will target the C18 and C19 carbonate reservoirs as the primary objectives, in addition to the 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.

For and on behalf of the Board

Brett Mitchell
Executive Director

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.