

14 April 2014

ASX Announcement

Atzam #5 Update- Material Oil Shows Drilling C16 & 17 Carbonate Sections

- **Atzam #5 well is currently drilling at 2,907 feet in the producing C17 carbonate section - strong light oil shows flowing to surface with high oil saturation (~80%) in sample porosity testing**
- **C17 carbonate reservoir is the producing unit in the Atzam #4 well**
- **Material oil shows recorded at surface drilling through the C15 –C17 carbonates over past week**
- **C17 carbonate section intersected at 2,748 feet and estimated to be only 15 feet low to the same producing 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**
- **Well expected to reach top of C18 carbonate section within days when the well will be logged for the C12 - C17 sections, then set 9 5/8 inch casing before drilling primary C18/19 carbonate reservoir targets**
- **Atzam #4 well continues to produce at ~170 bopd - plan to increase choke and flow on Atzam #4**

Atzam Oil Project – Drilling Atzam #5

Citation Resources Ltd (ASX: CTR) (**Company** or **Citation**) confirms the Atzam #5 well at the Company's Atzam Oil Project in Guatemala is now drilling through the C17 carbonate sections and has generated significant light oil shows to surface. The C17 carbonate reservoir is the producing section in the Atzam #4 well located over 1km away which is producing 170 barrels of oil per day (bopd). The Operator is planning to further open the choke on the Atzam #4 well to increase the current producing flow rates from 170 bopd.



Atzam 5 Cutting Pit - showing oil recovered from recent drilling C13-C17 carbonate units



Importantly, the carbonate sections recently intersected in the Atzam #5 well are now effectively at the same depth on structure to the Atzam #4 well, with the top of the C17 carbonate section intersected at 2,748 feet in Atzam #5. 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 the global 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 #5 well is currently drilling ahead at 2,907 feet and is expected to reach the top of the C18 structure within days. The well is currently drilling through the C17 carbonates and is presently indicating the well is only 15 feet low to Atzam #4 and approximately 300 feet high to Atzam #2. 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 Atzam #5 well was recently drilled to 1,246 feet where the Operator (Latin American Resources) set and cemented the first intermediate 13 3/8 inch casing string in the well. The well plan is to drill to the top of the C18 carbonate section and set 9 5/8 inch production casing, then drill ahead to the planned TD of 4,100 feet to open hole test the C18 and C19 primary reservoir targets.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Brett Mitchell', is written over a horizontal line.

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.