CITATION RESOURCES

CITATION RESOURCES LTD AND ITS SUBSIDIARIES

Consolidated Interim Financial Statements

For the Half Year Ended 31 December 2014

ABN 90 118 710 508

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Corporate Directory

Citation Resources Ltd ABN 90 118 710 508

Directors

Mr Brett Mitchell (Non-Executive Director) – Non Executive from 1 January 2015

Mr Michael Curnow (Non-Executive Director) – resigned 20 March 2015

Mr Peter Landau (Non-Executive Director)

Mr Anthony Eastman (Non-Executive Director) – appointed 20 March 2015

Joint Company Secretaries

Mr Anthony Eastman

Mr Henry Roberts

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

Computershare Investor Services Pty Limited

Level 2

45 St Georges Terrace

Perth WA 6000

Auditors

Grant Thornton Audit Pty Ltd

Level 1, 10 Kings Park Road

West Perth WA 6005

Internet Address

www.citation.com.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 2014 ("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; appointed Non- Executive 1 January 2015*
Michael Curnow	*Appointed as Non-Executive Director on 4 April 2012 – resigned 20 March 2015*
Peter Landau	*Appointed as Non-Executive Director on 7 February 2014*
Anthony Eastman	*Appointed as Non-Executive Director on 20 March 2015*

REVIEW OF OPERATIONS

Atzam Oil Project

Atzam #4 was drilled in 2013 on the Atzam Oil Project in Guatemala, and is a producing well from a single 7 foot section in the C17 carbonates.

The Atzam #5 well was successfully drilled to a total depth of 4,025 feet in 2014 and encountered multiple potential pay zones, with significant oil shows to surface and fluorescence in the cuttings from drilling through the targeted carbonate sections. The well was cased down to 3,600 feet with the final 425 feet left as a open hole section for testing the lower carbonate sections.

The electric logs analysis, combined with the significant oil shows from multiple zones whilst drilling, outline the commercial potential in the well from the C13 carbonates down to the C18 carbonate structures delineated in the Atzam #5 well. All these potential commercial pay zones will be perforated and tested as part of the well testing program, until a zone produces at material commercial rates. On success such a zone would then be put on production, like the C17 producing zone in Atzam #4.

The Atzam 5 well testing operations were due to toward the end of the period on the C18 carbonate section, but were initially delayed to enable further technical reviews to be completed and establish the optimal part of the C18 section to retest. The testing program has not been restarted since the end of the period, and a majority of the prospective sections remain untested, including the C13 to C17 carbonates. The C17 carbonate is the producing section in the Atzam #4 well.

Continuing subsequent to period end, the Company is progressing toward finalising a comprehensive farm out financing arrangement with its project partners to ensure the Project is fully funded for all short and medium term operational obligations. The Company's goal is to ensure Citation maintains a meaningful interest in the Project which is fully funded by an incoming third party with the Company finance carried through the significant Atzam and Tortugas development and exploration programs for a significant period ahead.

Texas Acquisition

Just prior to period end, the Company entered into an agreement to acquire the North Chapman Ranch ("NCR") and East Texas Cotton Valley ("ETCV") project interests from Range Resources Limited in late December, through the acquisition of Range Australia Resources (US) Limited ("RARL"), which holds the interests in the two Texas Oil Projects. The acquisition was completed subsequent to period end.

The consideration for the acquisition of both assets includes A$500,000 in cash, 200m ordinary fully paid shares in Citation (pre consolidation), forgiveness of a A$189,000 working capital loan owed to Citation by Range and the assumption of Range's remaining finance carried obligations on the Atzam and Tortugas Oil Projects in Guatemala. The finance carry obligation shared by Citation and Range to date is repaid as a priority from project cashflows pursuant to the existing funding agreement.

Overview of the Texas Assets

The North Chapman Ranch Project (Citation acquired 18.2% WI[1]) is located in Nueces County, Texas, comprising approximately 1,680 acres and has had 6 wells drilled since 2008 that have discovered and / or appraised NCR (5 wells post Range's initial investment).

Following the commercial discovery of the Smith #1 well in December 2009, a multi well program was initiated that saw 4 appraisal / development wells drilled across the license area, with the latest well, the Albrecht #2 well, being drilled during the 2013/14 year, to determine the south-eastern extension of the Howell Hight ("HH") sandstone reservoirs. Whilst the well encountered the HH at the predicted depth, it did not flow at a commercial rate after completion.

Following the Albrecht #2 well, the Operator (Western Gulf) completed a detailed technical review on the location of future well locations which has led to the recommendation that the future development focus be moved back up to the more proven area in the North that surrounds the successful Smith #1 and Russel Bevly #1 wells.

As a result the Operator is due to shortly spud the Russel-Bevly #2 well which is targeting 40 acres of proven reservoir, being optimal infill well spacing following volumetric analysis on the current wells. The RB #2 well will be the first infill well on this 40 acre spacing between the successful Smith #1 and Russel Bevly #1 wells. The total dry hole cost of the well is USD$3.4m (CTR share of US$0.61m) with an additional US$1.3m estimated for completion costs (CTR share of US$0.24m) to tie into production, with the Company recently having pre-paid its share of the dry hole costs as disclosed in recent announcements.

This well is the first well the Company will participate in and is the first well in the revised NCR development focus, targeting the more proven area in the North, and if results mirror that of the Smith #1 and Russel Bevly #1 wells (which have previous had combined production of 9.3 MMcf and 800 bbl of oil per day following successful well stimulation[2]), could support a multi-well development program.

The East Texas Cotton Valley Project (Citation acquired 21.75% WI) is located in Red River County, Texas, comprising approximately 1,570 gross acres and has one marginally successful horizontal well, the Ross 3H. This well encountered water influx however still produced, with additional work being performed to determine the scope of water encroachment from the nearby field.

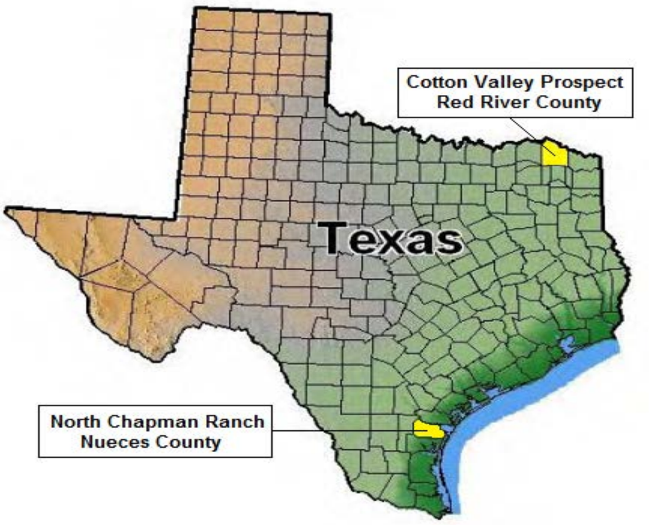

Figure 1: County Map of the State of Texas and Project Locations

CORPORATE

The Company held its Annual General Meeting on 28 November 2014, at which all resolutions put to the shareholders were approved.

[1] The working interest with respect to NCR has a back in right from outside parties of up to 2.25%.

[2] As reported in the Range Resources Limited 2011 Annual Report

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changed in the state of affairs of the Company during the period.

EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to period end the Company completed the acquisition of RARL, assisted by two financing packages being:

1. A short term bridging facility with Maximilian Capital LLC for USD$800,000, on the following terms:

(a) Bullet prepayment of USD$1.2m on or before 31 January 2016;

(b) Maxmilian holding the shares in RARL effectively on trust for up to 12 months, until the bullet repayment is made upon which the security is released and the Company will receive 100% of the issued shares in RARL;

(c) Net revenue from the project is settled against the debt owing during the 12 month period; and

(d) Equity issued by the Company on a pre-consolidation basis of:

(i) 25m Shares;

(ii) 33m Options (31 January 2020, $0.03);

(iii) 33m Options (31 January 2020, $0.04); and

(iv) 67m Options (31 January 2020, $0.05).

2. An unsecured A$310,000 convertible note facility to fund the balance of the AFE payment to the operator ahead of spudding the Russel Bevly #2 appraisal well.

The key terms of the unsecured A$310,000 convertible notes were:

(a) Unless converted into ordinary shares in the Borrower in accordance with this Deed, the Principal Sum will be repaid by the Borrower in the amount of the Principal Sum, plus 25% interest cost (calculated as 125% of the Principal Sum) (Interest) within 12 months.

(b) The Principal is repayable either:

- Subject to shareholder approval being obtained (if required), at the election of the Lender, through conversion into ordinary shares of the Borrower at the lower of the price equal to the price the Borrower may raise equity within 12 months of the Draw Down Date or at an 80% VWAP price for 5 days before conversion ; or
- Repaid in cash before the Due Date by the Borrower; or
- A combination of (a) and (b) as agreed by the Parties.

In March 2015 the Company appointed Mr Anthony Eastman as Non-Executive Director upon the resignation of Mr Michael Curnow.

The Company held a General Meeting on 1 May 2015, at which all resolutions put to the shareholders were approved, including the consolidation of the capital of the Company on a 100:1 basis.

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 other than set out above and as disclosed in the Company's public announcements.

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

Director

21 May 2015

at Perth, Western Australia

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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 2014, 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, 21 May 2015

Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2014

		CONSOLIDATED 31 Dec 2014 $	CONSOLIDATED 31 Dec 2013 $
Revenue	4	1,595,191	1,252,802
Cost of sales	5	(1,905,926)	(674,203)
Gross (loss) / profit		**(310,735)**	**578,599**
Depreciation		(423)	
Other income	4	7,033	494
Professional and consultancy fees		(242,981)	(175,038)
Directors fees		(126,000)	(144,000)
Employee benefit expenses		(374,325)	(78,280)
Regulatory expenses		(34,774)	(61,808)
Office and administrative overheads		(365,777)	(69,478)
Amortisation & fair value movement of embedded derivative		(548,022)	-
Impairment on exploration assets		(4,639,601)	-
Impairment on inventory assets		(508,504)	
Impairment on development assets		(4,218,638)	
Borrowing costs and interest charges		(423,611)	-
Net foreign exchange loss		(20,114)	-
Loss on conversion of debt to equity	6	(310,244)	(536,580)
Loss before tax		**(12,116,716)**	**(486,091)**
Income tax expense		-	-
Loss for the period		**(12,116,716)**	**(486,091)**
Other comprehensive loss for the period, net of income tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		1,933,328	(71,894)
Total comprehensive loss for the period		**(10,183,388)**	**(557,985)**
Net loss is attributable to:			
Owners of Citation Resources Ltd		(9,798,660)	(715,811)
Non-controlling interests		(2,318,056)	229,720
		(12,116,716)	**(486,091)**
Total comprehensive loss is attributable to:			
Owners of Citation Resources Ltd		(8,638,663)	(758,947)
Non-controlling interests		(1,544,725)	200,962
		(10,183,388)	**(557,985)**
Loss per share attributable to the owners of Citation Resources Ltd			
Basic and diluted loss per share (cents per share)		(0.70)	(0.09)

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 2014

	Note	CONSOLIDATED 31 Dec 2014 $	CONSOLIDATED 30 June 2014 $
ASSETS			
Current Assets			
Cash and cash equivalents		75,169	2,106,272
Trade and other receivables	7	600,910	555,492
Other current assets		50,482	61,342
Inventories		1,525,515	1,541,958
Total current assets		2,252,076	4,265,064
Non-Current Assets			
Property, plant & equipment		742	1,165
Other non-current assets		1,145,797	1,145,797
Development assets	8	4,418,639	7,304,038
Exploration & evaluation expenditure	9	13,826,653	17,632,106
Total non-current assets		19,391,831	26,083,106
Total assets		21,643,907	30,348,170
LIABILITIES			
Current Liabilities			
Trade and other payables		2,441,697	2,963,840
Provisions		63,254	101,642
Borrowings	10	1,225,939	979,432
Derivative financial liability		823,348	960,000
Total current liabilities		4,554,238	5,004,914
Net assets		**17,089,669**	**25,343,256**
EQUITY			
Contributed equity	11	34,486,552	32,651,060
Reserves		3,847,559	2,588,253
Accumulated losses	11	(27,915,924)	(18,112,264)
Capital and reserves attributable to owners of Citation Resources Ltd		10,418,187	17,127,049
Amounts attributable to non-controlling interests	11	6,671,482	8,216,207
Total equity		**17,089,669**	**25,343,256**

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 2014

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 2013	**17,819,929**	**983,220**	**247,000**	**-**	**(11,910,882)**	**7,139,267**	**-**	**7,139,267**
Loss for the period	-	-	-	-	(715,811)	(715,811)	229,720	(486,091)
Exchange differences on translation of foreign operations	-	-	-	(43,136)	-	(43,136)	(28,758)	(71,894)
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**(43,136)**	**(715,811)**	**(758,947)**	**200,962**	**(557,985)**
Shares issued during the period	14,541,234	-	-	-	-	14,541,234	-	14,541,234
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 13)	-	-	-	-	-	-	5,862,262	5,862,262
At 31 December 2013	**31,952,172**	**583,000**	**487,984**	**(43,136)**	**(12,226,473)**	**20,753,547**	**6,063,224**	**26,816,771**
At 1 July 2014	**32,651,060**	**589,404**	**1,517,387**	**481,462**	**(18,117,264)**	**17,122,049**	**8,216,207**	**25,338,256**
Loss for the period	-	-	-	-	(9,798,660)	(9,798,660)	(2,318,056)	(12,116,716)
Exchange differences on translation of foreign operations	-	-	-	1,159,997	-	1,159,997	773,331	1,933,328
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**1,159,997**	**(9,798,660)**	**(8,638,663)**	**(1,544,725)**	**(10,183,388)**
Shares issued during the period	1,840,000	-	-	-	-	1,840,000	-	1,840,000
Share issue costs	(4,508)	-	-	-	-	(4,508)	-	(4,508)
Share based payment expense	-	-	-	-	-	-	-	-
Fair value movement on options	-	99,309	-	-	-	99,309	-	99,309
At 31 December 2014	**34,486,552**	**688,713**	**1,517,387**	**1,641,459**	**(27,915,924)**	**10,418,187**	**6,671,482**	**17,089,669**

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 2014

		CONSOLIDATED	CONSOLIDATED
CONSOLIDATED		**31-Dec-14**	**31-Dec-13**
	Note	**$**	**$**
Cash flows from operating activities			
Receipts from customers		1,602,464	915,152
Payments to suppliers and employees (net GST)		(2,524,849)	(1,076,619)
Interest received		7,320	17,378
Net cash outflow used in operating activities		**(915,065)**	**(144,089)**
Cash flows from investing activities			
Payments for exploration and evaluation		(911,530)	(1,342,209)
Net cash on acquisition of subsidiary	13	-	(1,152,596)
Non-controlling interest's share of cash calls funded by Citation	7	-	(623,655)
Net cash outflow used in investing activities		**(911,530)**	**(3,118,460)**
Cash flows from financing activities			
Proceeds from issue of share and share options		-	5,750,000
Payment of share issue costs		(4,508)	(408,991)
Proceeds from borrowings		-	1,100,000
Repayment of borrowings		(200,000)	(50,000)
Net cash (used in) / provided by financing activities		**(204,508)**	**6,391,009**
Net increase/(decrease) in cash and cash equivalents		**(2,031,103)**	**3,128,460**
Cash and cash equivalents at the beginning of the financial period		2,106,272	511,727
Cash and cash equivalents at the end of the financial period		75,169	3,640,187

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 2014 was authorised for issue in accordance with a resolution of the directors on 21 May 2015.

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 assessment of additional opportunities in the oil and gas area.

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 2014 annual financial report for the financial year ended 30 June 2014, 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.

New Accounting Standards and Interpretations

The Group did not early adopt any standard, interpretation or amendment that has been issued but is not yet effective.

The Group did not adopt any new or revised standards, amendments or interpretations from 1 July 2014 which has any effect on the financial position or performance of the Group.

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.

Going Concern

The Group has reported a net loss attributable to members for the period of $9,798,660 (2013: $715,811) and cash outflows from operating activities of $915,065 (2013: $144,089).

The net loss for the period and 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 Texan and Guatemalan oil and gas properties to cover these operation's operating costs including its overheads and future exploration and development activities; and
- The success of the Company raising additional capital as required.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT)

Additionally, a number of the Company's creditors at 31 December 2014 have confirmed that they will not require payment of outstanding monies until the Company have sufficient available working capital to make the payments. Further, resolutions were passed at the General Meeting held 1 May 2015, giving the Company the ability to issue convertible notes with respect to the outstanding loan amounts, along with the approval of a placement facility that can be utilised as required.

The Directors are confident that, subject to the achievement of the above matters along with the support of a number of the Company's creditors and results of the recent General Meeting, the Group will be able to continue its operations as a going concern.

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 31-Dec-14 $	CONSOLIDATED 31-Dec-13 $
Revenue		
Proceeds from crude sales	1,595,191	1,235,918
Other revenue		
Interest income	3,735	37,323
Other income	3,298	-
	7,033	**37,323**

5. COST OF SALES

	CONSOLIDATED 31-Dec-14 $	CONSOLIDATED 31-Dec-13 $
Production costs	1,557,390	582,788
Depreciation & amortisation	348,536	91,415
	1,905,926	**674,203**

6. NET LOSS ON CONVERSION OF DEBT TO EQUITY

	CONSOLIDATED 31-Dec-14 $	CONSOLIDATED 31-Dec-13 $
Gain on settlement of loan from Range Resources Ltd (i)	-	552,420
Loss on settlement of third party short term financing facility (ii) (iii) (iv) (v)	(310,244)	(1,089,000)
Net loss on conversion of debt to equity	**(310,244)**	**(536,580)**

(i) During the December 2013 half year period the Company issued a total of 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.

6. NET LOSS ON CONVERSION OF DEBT TO EQUITY (CONT)

(ii) In July 2013 the Company issued 99,000,000 shares with a value of $2,079,000 to settle its short term financing facility of $990,000.

(iii) In August 2014 the Company issued 30,000,000 shares with a value of $240,000, which were sold by the lender at an average price of $0.006 as settlement against the loan, resulting in a net loss on conversion of debt to equity of $55,593.

(iv) In September 2014 the Company issued 60,000,000 shares with a value of $360,000, which were sold by the lender at an average price of $0.0038 as settlement against the loan, resulting in a net loss on conversion of debt to equity of $134,651.

(v) In October 2014 the Company issued 60,000,000 shares with a value of $240,000, which were still held by the lender at period end of which the Company has valued them at the period end price of $0.002, resulting in a deemed loss on conversion of debt to equity of $120,000.

7. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	CONSOLIDATED
	31-Dec-14	30-Jun-14
	$	$
Trade receivables	401,807	349,206
Other receivables (i)	199,103	206,140
	600,910	**555,492**

(i) Includes $189,263 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 – subsequent to period end – upon the completion of the transaction with Range with regards to the Texas assets, as part consideration, the Company has forgiven this loan with Range.

8. DEVELOPMENT ASSETS

	CONSOLIDATED	CONSOLIDATED
	31-Dec-14	30-Jun-14
	$	$
Balance at beginning of the period	7,304,038	-
Development costs transferred from exploration expenditure	350,000	8,264,900
Amortisation	(348,536)	(724,919)
Impairment on development assets	(4,218,638)	-
Movement in foreign exchange rates	1,331,775	(235,943)
Balance at the end of the period	**4,418,639**	**7,304,038**

Capitalised development assets relate to costs incurred in respect of the Group's Atzam #4 well. At period end, management assessed the carrying value of the development assets and in light of the decline in the oil price seen during the period, the Company has recorded a 50% impairment charge against development assets of $4,218,638.

9. EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED	CONSOLIDATED
	31-Dec-14	**30-Jun-14**
	$	**$**
Guatemala oil and gas properties	13,826,653	17,632,106
	13,826,653	**17,632,106**

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. At period end, management assessed the carrying value of the exploration and evaluation assets and in light of the decline in the oil price seen during the period, the Company has recorded a 25% impairment charge against exploration and evaluation expenditure of $4,218,638.

10. BORROWINGS

	CONSOLIDATED	CONSOLIDATED
	31-Dec-14	**30-Jun-14**
	$	**$**
Short term financing facility (i)	1,225,939	979,432
Total borrowings	**1,225,939**	**979,432**

(i) In May 2014, the Company undertook a short term financing facility of up to $2,000,000 to provide working capital for the Company by entering into a debt facility with a syndicate of lenders. During the year a total of $2,000,000 was received of which nil was repaid during the year.

Principal terms of the financing facility are as follows:

a. Establishment fee – 66,000,000 CTRO listed options were issued / due to be issued to the Lenders as an establishment fee

b. Face value - $2,400,000

c. Interest – 10% per annum / default interest 20% per annum

d. Original term –

   i. For $660,000 of the loan plus accrued interest, on or before 31 July 2014

   ii. For $1,320,000 of the loan, $100,000 instalments plus accrued interest on amount outstanding to be paid, on or before each calendar month commencing 31 August 2014 with balance plus accrued interest being paid on or before 30 April 2015.

   iii. For $420,000 of the loan plus accrued interest on or before 30 April 2015.

e. During the period, the Company made repayments on the loan comprising $200,000 in cash and issued 150,000,000 ordinary shares to the lenders, with 90,000,000 shares being sold by the lender at an average price of $0.0045 as settlement against the loan, with 60,000,000 shares still held by the lender at period end of which the Company has valued them at the period end price of $0.002.

f. Repayment – subsequent to period end, the loan holders have agreed to convert their outstanding loans and accrued interest into convertible notes that are subject to shareholder approval at an EGM scheduled for 1 May 2015. Terms of the proposed convertible note are as follows:

   i. Term – being 6 months from the date of issue of the convertible note

   ii. Interest – interest on amounts outstanding under the Convertible Security if the loan is not converted by the due date is payable in a lump sum at a rate of 15% per annum on the principal sum.

10. BORROWINGS (CONT)

iii. Conversion – at the election of the Lender, through conversion into ordinary shares of the Company at the lower of the price equal to the price per share pursuant to any capital raising completed by the Company prior to the Maturity Date or at an 80% VWAP price for 5 days before conversion

A portion of the loan has been classified as a derivative financial liability. Included in the balance above is the amortisation of the embedded derivative being bought into the loan balance for the period of $684,674.

11. CONTRIBUTED EQUITY

(a) Issued Share Capital

	CONSOLIDATED	CONSOLIDATED	**CONSOLIDATED**	CONSOLIDATED
	31-Dec-14	30-Jun-14	**31-Dec-14**	30-Jun-14
	No of shares	No of shares	**$**	$
Fully paid ordinary shares	**1,484,665,067**	1,234,665,067	**34,486,552**	32,651,060

11. CONTRIBUTED EQUITY (CONT)

Reconciliation of share movement	**No of shares**	**Issue Price**	**Amount**
Opening balance at 1 July 2014	**1,234,665,067**		**32,651,060**
Shares issued as part of incentive and retention from prior period (i)	100,000,000	$0.01	1,000,000
Shares issued as part payment of loan facility (ii)	30,000,000	$0.008	240,000
Shares issued as part payment of loan facility (iii)	60,000,000	$0.006	360,000
Shares issued as part payment of loan facility (iv)	60,000,000	$0.004	240,000
Less share issue costs			(4,508)
Balance at 31 December 2014	**1,484,665,067**		**34,486,552**

(i) In the prior year, there was an amount of 65m shares not yet issued in relation to retention and incentive plans, which were issued in July 2014, along with an additional 35,000,000 shares on the same terms for the current period.

(ii) In August 2014 the Company issued 30,000,000 shares with a value of $240,000 to settle portion of loan payable, which were sold by the lender at an average price of $0.006 as settlement against the loan, resulting in a net loss on conversion of debt to equity of $55,593.

(iii) In September 2014 the Company issued 60,000,000 shares with a value of $360,000, which were sold by the lender at an average price of $0.0038 as settlement against the loan, resulting in a net loss on conversion of debt to equity of $134,651.

(iv) In October 2014 the Company issued 60,000,000 shares with a value of $240,000, which were still held by the lender at period end of which the Company has valued them at the period end price of $0.002, resulting in a deemed loss on conversion of debt to equity of $120,000.

11. CONTRIBUTED EQUITY (CONT)

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	0.021	2,079,000
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**		**31,952,172**

(i) 1 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 $1,089,000.

(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.

(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.

(b) Options

	CONSOLIDATED	CONSOLIDATED	**CONSOLIDATED**	CONSOLIDATED
	31-Dec-14	30-Jun-14	**31-Dec-14**	30-Jun-14
	No of options	No of options	**$**	$
Unlisted Options	**8,750,000**	8,750,000	**52,754**	52,754
CTRO options – share based payments	**278,138,889**	278,138,889	**536,650**	536,650
CTRO listed options	**204,325,861**	204,325,861	**1,517,387**	1,517,387
	491,214,750	491,214,750	**2,106,791**	2,106,791

Reconciliation of option movement	No of option	Issue Price	Amount
Opening balance at 1 July 2014	**491,214,750**		
Options Reserve			
Opening balance at 1 July 2014			**589,404**
Option Reserve			**589,404**
Share Based Payment Reserve			
Opening balance at 1 July 2014			**1,517,387**
Share Based Payment Reserve			**1,517,387**
Balance at 31 December 2014	**491,214,750**		**2,106,791**

No options were issued during the period

11. CONTRIBUTED EQUITY (CONT)

Reconciliation of option movement		No of option	Issue Price	Amount
Opening balance at 1 July 2013		**354,702,160**		
<u>Options Reserve</u>				
Opening balance at 1 July 2013				**983,220**
Options expired (i)		(226,563,271)	-	(400,220)
Free attaching options (ii)		150,000,000	-	-
Option Reserve				**583,000**
<u>Share Based Payment Reserve</u>				
Opening balance at 1 July 2013				**247,000**
Free attaching options (iii)		53,500,000	-	-
Free attaching options (iv)		40,111,111	-	-
Options issued as share based payment (v)	11c	18,750,000	0.075	140,625
Free attaching options (vi)		50,000,000	-	-
Options issued as share based payment (vii)	11c	25,089,750	0.004	100,359
Share Based Payment Reserve				**487,984**
Balance at 31 December 2013		**465,589,750**		**1,070,984**

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

(ii) 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.

(iii) 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). The Company has valued these at issue date.

(iv) 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. The Company has valued these options at issued date resulting in a loss on loan conversion being recognised in the statement of profit and loss and other comprehensive income.

(v) 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.

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

(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.

(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.

11. CONTRIBUTED EQUITY (CONT)

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. 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 2014	**Oil & Gas Guatemala**	**Corporate Australia**	**Consolidated**
	$	**$**	**$**
Total segment revenue and other income	1,595,191	7,033	1,602,228
Segment gross profit	(310,736)	-	(310,736)
Depreciation & amortisation	(348,536)	(423)	(348,959)
Total segment assets	21,346,805	297,102	21,643,907
Total segment liabilities	1,947,667	2,606,572	4,554,239

Comparatives	**Oil & Gas Guatemala**	**Corporate Australia**	**Consolidated**
	$	**$**	**$**
For the 6 months ending 31 December 2013:			
Total segment revenue and other income	1,235,918	17,378	1,253,296
Segment gross profit	561,714	16,885	578,599
Depreciation & amortisation	91,415	423	91,838
As at 30 June 2014:			
Total segment assets	29,858,904	489,266	30,348,170
Total segment liabilities	(2,287,094)	(2,717,818)	(5,004,912)

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.

13. 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 2014	**30 June 2014**
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	60

14. 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 2014.

15. EVENTS AFTER THE END OF THE REPORTING PERIOD

As announced on 23 December 2014, the Company entered into agreements with Range Respources Limited to acquire the North Chapman Ranch ("NCR") and East Texas Cotton Valley ("ETCV") project interests from Range Resources Limited in late December, through the acquisition of Range Australia Resources (US) Limited ("RARL"), which holds the interests in the two Texas Oil Projects.

The consideration for the acquisition of both assets included A$500,000 in cash, 200m ordinary fully paid shares in Citation, forgiveness of a A$189,000 working capital loan owed to Citation by Range and the assumption of Range's remaining finance carried obligations on the Atzam and Tortugas Oil Projects in Guatemala. The finance carry obligation shared by Citation and Range to date is repaid as a priority from project cashflows pursuant to the existing funding agreement.

Subsequent to period end the Company completed the acquisition of RARL, assisted by two financing packages being:

- A short term bridging facility with Maximilian Capital LLC for USD$800,000, on the following terms:
  - (a) Bullet prepayment of USD$1.2m on or before 31 January 2016;
  - (b) Maxmilian holding the shares in RARL effectively on trust for up to 12 months, until the bullet repayment is made upon which the security is released and the Company will receive 100% of the issued shares in RARL;
  - (c) Net revenue from the project is settled against the debt owing during the 12 month period; and
  - (d) (i) 25m Shares;
    - (ii) 33m Options (31 January 2020, $0.03);
    - (iii) 33m Options (31 January 2020, $0.04); and
    - (iv) 67m Options (31 January 2020, $0.05).

    The number of options being issued were subsequently revised taking into the consolidation of the capital of the Company on a 100:1 basis approved at the 1 May 2015 General Meeting of the Company
- An unsecured A$310,000 convertible note facility to fund the balance of the AFE payment to the operator ahead of spudding the Russel Bevly #2 appraisal well.

  The key terms of the unsecured A$310,000 convertible notes were:
  - (a) Unless converted into ordinary shares in the Borrower in accordance with this Deed, the Principal Sum will be repaid by the Borrower in the amount of the Principal Sum, plus 25% interest cost (calculated as 125% of the Principal Sum) (Interest) with 12 months.
  - (b) The Principal is repayable either:
    - Subject to shareholder approval being obtained (if required), at the election of the Lender, through conversion into ordinary shares of the Borrower at the lower of the price equal to the price the Borrower may raise equity within 12 months of the Draw Down Date or at an 80% VWAP price for 5 days before conversion ; or
    - Repaid in cash before the Due Date by the Borrower; or
    - A combination of (a) and (b) as agreed by the Parties.

In March 2015 the Company appointed Mr Anthony Eastman as Non-Executive Director upon the resignation of Mr Michael Curnow.

16. EVENTS AFTER THE END OF THE REPORTING PERIOD (CONT)

The Company held a General Meeting on 1 May 2015, at which all resolutions put to the shareholders were approved, including the consolidation of the capital of the Company on a 100:1 basis.

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 2014 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
Director

21 May 2015

at Perth, Western Australia

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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 2014, 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 2014 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. Because of the matters described in the Basis of Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for a review 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 ("CTR") holds a 60% controlling interest in Latin American Resources Limited ("LAR"), a company incorporated in the Bahamas with operations in Guatemala. For the period of this review, the directors of CTR has not been provided access to all relevant records of LAR and have prepared the half year financial report of Citation Resources Limited using limited management information of the LAR operations. The result of LAR that has been consolidated for the period amounts to a net loss of $10,404,024 (including impairment) and net assets of $19,399,139.

Due to the unavailability of all 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 2014, including the valuation and recoverability of the LAR assets.

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 2014 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 2014 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 AUDIT PTY LTD
Chartered Accountants

P W Warr
Partner - Audit & Assurance

Perth, 21 May 2015