

25 May 2015

ASX Announcement

Operations Update – North Chapman Ranch Well Drilling Scheduled to Commence

Highlights

- The NCR Russell-Bevly #2 appraisal well (“RB #2”) is scheduled to be spudded in June 2015 – 5 week drill program
- Construction of the RB #2 drill pad and well location commenced in May
- RB #2 is an infill appraisal well located between the successful Smith #1 and Russell Bevly # 1 wells, which previously achieved combined production rates of 9.3 MMcf & 800 bbl of oil per day
- Negotiations are ongoing with the Operator and other partners on a farm out agreement on the Atzam and Tortugas Oil Projects in Guatemala (CTR - 60%)
- Detailed reviews ongoing across new project and investment opportunities

Texas Oil and Gas Projects – North Chapman Ranch

Citation Resources Limited (“Citation” or “the Company”) is pleased to announce that work commenced in early May on the construction of the drilling location ahead of the spudding of the Russell Bevly #2 well at the North Chapman Ranch Project, Texas (NCR). Unseasonably wet weather was experienced over the past 2 weeks and has delayed the completion of the site and drill pad construction. As a result of recent flooding of the RB#2 location, the new scheduled date by the Operator for the spudding of the well is June 2015, with a 5 week drilling program anticipated.

The Russell Bevly #2 is an infill appraisal well with a target depth of 14,250 feet (approx. 4,350m) and is located between the successful Smith #1 and Russell Bevly # 1 wells that previously achieved combined production rates of 9.3 MMcf & 800 bbl of oil per day following successful well stimulation¹.

Citation has already pre-paid in full its share of the dry hole AFE costs (US\$613,000) to the Operator (Ventex Operating Corp.) for the Russell Bevly #2 appraisal well on the North Chapman Ranch project.

Texas Oil and Gas Projects

The North Chapman Ranch Project (Citation acquired 18.2% WI²) is located in Nueces County, Texas, comprising approximately 1,680 acres.

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 wells, which has led to the recommendation that future development efforts should focus on the more proven area in the North that surrounds the successful Smith #1 and Russell Bevly #1 wells.

As a result the Operator has proposed the Russell-Bevly #2 well (“RB #2”), to target 40 acres of proven reservoir and to optimise infill well spacing following volumetric analysis on the current wells. RB #2 will be the first infill well on this 40 acre spacing between the successful Smith #1 and Russell Bevly #1 wells.

¹ As reported in the Range Resources Limited 2011 Annual Report

² The working interest with respect to NCR has a back in right from outside parties of up to 2.25%.

The total dry hole cost of the well is estimated at US\$3.4m with an additional US\$1.3m for completion costs to tie into production.

This well is the first well in which the Company will participate in the NCR project, and is the first well in the project's updated development focus.

If results mirror that of the Smith #1 and Russel Bevely #1 wells (which had combined production of 9.3 MMcf and 800 bbl of oil per day following successful well stimulation³), then it is likely that a multi-well development program would commence.

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 it still produced, with additional work being performed to determine the scope of water encroachment from the nearby field.

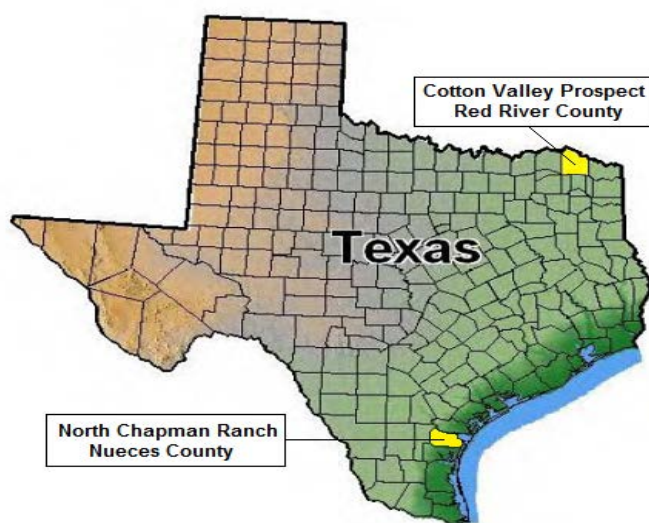


Figure 1: County Map of the State of Texas

Atzam and Tortugas Oil Projects - Guatemala

As previously reported the Company is in advanced discussions to complete a comprehensive farm out arrangement to ensure the Project is fully funded for all short and medium term drilling and seismic obligations. The process is now nearing completion, with the Company's goal to ensure Citation maintains a meaningful interest in the Project, with the Company finance carried through the next phase of the Atzam and Tortugas development and exploration programs planned.

Suspension from ASX Quotation

The Company's securities will remain in suspension until it completes its corporate restructuring, which is expected to occur during June 2015.

For and on behalf of the Board

³ As reported in the Range Resources Limited 2011 Annual Report