

24 July 2015

ASX Announcement

North Chapman Ranch RB #2 Well Intersects Gas Pay Zones – Completion Underway, Production Testing Set To Commence

Highlights

- The Russell-Bevly #2 (RB #2) well at the North Chapman Ranch Project has been successfully drilled to its total depth of 13,672ft
- Two material gas and condensate shows recorded and logged in the main reservoir target zone - Howell Hight ("HH") sandstone reservoir
- The Operator (Ventex Operating Corp) has issued a completion notice to immediately run production casing and commence a production test on the prospective Howell Hight intervals
- 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
- Placement of \$500,000 will be undertaken by Citation to provide the funding for the RB #2 completion and production testing costs

Citation's Texas Oil and Gas Projects – North Chapman Ranch

Citation Resources Limited ("Citation" or "the Company") is pleased to advise that the Russel Bevly #2 well has successfully drilled to a total depth of 13,672ft, and encountered 2 significant gas shows in the priority Howell Hight reservoir section. The Operator has issued a completion notice to all project partners and is currently running completion casing into the hole down to the final casing point at 13,607ft.

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 to the Operator for the Russel Bevly #2 appraisal well on the North Chapman Ranch project. The Company's share of extended testing and completion costs will be funded by the placement of 10,000,000 ordinary shares at 5 cents each to raise \$500,000 which will be undertaken shortly.

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

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%.



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 Russel 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 Russel Bevly #1 wells.

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, with a target spudding date of May 2015. If results mirror that of the Smith #1 and Russel Bevly #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 be justified.

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.

\$500,000 Placement for RB #2 Completion Costs

The RB #2 well completion and production testing costs will be funded through the Company completing a placement to sophisticated investors of 10,000,000 ordinary shares at 5 cents each to raise \$500,000 before costs.

For and on behalf of the Board

Citation Resources Limited

³ As reported in the Range Resources Limited 2011 Annual Report