

30 April 2015

ASX Announcement

March 2015 Quarterly Activity Report and Appendix 5B

The Board of Citation Resources Limited (**ASX:CTR**) ("**Citation**" or the "**Company**"), provides the following commentary and Appendix 5B for the quarter ending 31 March 2015.

- **Acquisition completed for ~20% working interests in two onshore Texas oil and gas assets for A\$500,000 cash, A\$189,000 loan settlement and 200m Citation ordinary shares**
- **The North Chapman Ranch (18.2%) and East Texas Cotton Valley (21.75%) projects were acquired from Range Resources Limited**
- **Russel-Bevly #2 appraisal well scheduled to be spudded in late May 2015 – total dry hole AFE US\$3.4m (CTR's share US\$615k, pre-paid in full)**
- **Atzam and Tortugas Oil Projects in Guatemala (CTR - 60%) - Farm out negotiations advanced**

Acquisition of Texas Oil Projects – North Chapman Ranch (21.75% WI) and East Texas Cotton Valley (18.2% WI)

During the quarter, the Company completed the acquisition of the North Chapman Ranch ("NCR") and East Texas Cotton Valley ("ETCV") project interests from Range Resources Limited, through the acquisition of Range Australia Resources (US) Limited ("RARL"), which hold the interests in the two Texas Oil Projects.

The consideration for the acquisition of both assets includes 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.

Texas Oil and Gas Projects - Russell-Bevly #2 Well To Spud

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).

The next appraisal well, Russel-Bevly #2 (RB #2), has a scheduled spud date of late May 2015, with the Company's share of dry hole costs already pre-paid in full.

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 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 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 has proposed 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 and is forecast to spud in May 2015. The total dry hole cost of the well is estimated at US\$3.4m (CTR share being US\$615k) with an additional US\$1.3m for completion costs (CTR share of US\$0.24m) to tie into production to be paid upon confirmation of a commercially successful well.

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 stimulation²), 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.

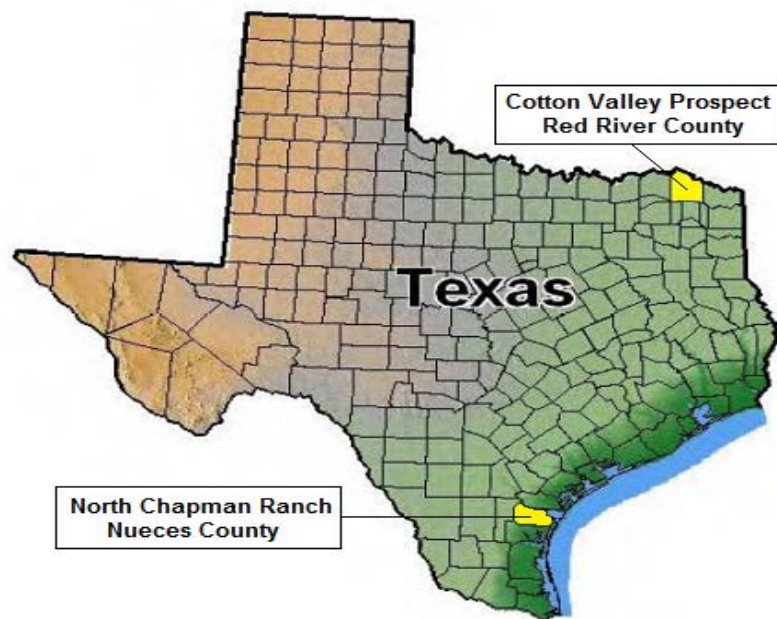


Figure 1: County Map of the State of Texas

Atzam & Tortugas Oil Projects

The Atzam 4 production has continued during the March quarter, however the Atzam 5 appraisal well testing program remained suspended, with the program initially delayed to enable the Operator to complete further technical reviews and establish the optimal part of the C18 section to retest. The testing program was not restarted by the Operator during the quarter, and a majority of the prospective sections remain untested which include all the prospective zones from the C13 to C17 carbonates sections inclusive. The C17 carbonate is the producing section in the Atzam #4 well.

² As reported in the Range Resources Limited 2011 Annual Report

As previously reported the Company is in advanced negotiations with all the project partners to complete a comprehensive farm out arrangement to ensure the Project is fully funded for all short and medium term obligations. The process is significantly advanced with the goal to ensure Citation retains a material interest in the Project

Corporate

During the quarter Mr Michael Curnow stepped down as a Non-Executive Director of the Company, whilst Mr Anthony Eastman was appointed to the Board as a Non-Executive Director to replace Mr Curnow. Additionally, the Company also advanced its search during the quarter for a high calibre oil and gas executive to manage the Company's existing projects and future opportunities.

Since 1 January 2015 and until the corporate restructuring is completed, all directors have been operating in a non-executive capacity and on non-executive remuneration of \$36,000 per annum.

No cash payments of director fees or any payments to related party entities have been made since September 2014, and will not be paid or settled until the Company has been successfully restructured and financed.

The Company despatched its Notice of General Meeting of Shareholders to be held on 1 May 2015.

For and on behalf of the Board

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

CITATION RESOURCES LIMITED

ABN

90 118 710 508

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	649	2,422
1.2	Payments for (a) exploration & evaluation	(13)	(1,270)
	(b) development	-	(100)
	(c) production	(494)	(1,983)
	(d) administration	(146)	(911)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	6
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – prepayment for North Chapman Ranch Well – Texas	(808)	(808)
Net Operating Cash Flows		(811)	(2,644)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	(500)	(500)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		(500)	(500)
1.13	Total operating and investing cash flows (carried forward)	(1,311)	(3,144)

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1.13	Total operating and investing cash flows (brought forward)	(1,311)	(3,144)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	1,472	1,472
1.17	Repayment of borrowings	(160)	(360)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	1,312	1,112
	Net increase (decrease) in cash held	1	(2,032)
1.20	Cash at beginning of quarter/year to date	73	2,106
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	74	74

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	-
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	1,800	1,800
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	400
4.4 Administration	150
Total	650

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	74	73
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	74	73

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Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	N/A	N/A	N/A
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference			
7.2	*securities (description) Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	1,729,665,067	1,729,665,067	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	280,000,000 n/a	280,000,000 n/a	n/a n/a

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7.5	*Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	491,214,750	482,464,750	Exercise Price \$0.04	Expiry Date 15 December 2015
		8,750,000		\$0.015	17 June 2017
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does *give* a true and fair view of the matters disclosed.



Anthony Eastman
Director

Date: 30 April 2015

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Mining exploration entity and oil and gas exploration entity quarterly report

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Mining exploration entity and oil and gas exploration entity quarterly report

Appendix 1 – Interests in Mining and Oil & Gas Licensees Held

Tenement Reference	Location	Working Interest at Beginning of Quarter	Acquired / Disposed / Relinquished	Working Interest at End of Quarter
EPC1751 – Capella	QLD - Australia	100%	-	100%
EPC1864 – Pumpkin Hill	QLD - Australia	100%	-	100%
EPC1748 – Kumbarilla	QLD - Australia	100%	-	100%
Atzam	Guatemala	60%	-	60%
Tortugas	Guatemala	60%	-	60%
North Chapman Ranch	Texas, USA	-	18.2% *, **	18.2%
East Texas Cotton Valley	Texas, USA	-	21.75% **	21.75%

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

** As announced during the March 2015 quarter, as part of the US\$800,000 financing, Maxmilian are holding the shares in RARL (which hold NCR and ETCV) 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.