

23 April 2014

ASX Announcement

Atzam #5 Drilling Update- Multiple Potential Pay Zones Identified In Primary and Secondary Reservoir Targets Drilled

- **Atzam #5 well has been successfully drilled to its second casing point at 3,608 feet to the top of the primary C18 carbonate section - 9 5/8 inch casing currently being run to 3,600 feet**
- **Ongoing oil and gas shows to surface from drilling C17 and C18 sections - preliminary log analysis showing high oil saturations (up to ~88%) and primary porosities up to 18%.**
- **Initial log interpretations by the Operator indicate multiple pay zones in the C17 and initial C18 carbonates drilled**
- **Detailed log analysis by Schlumberger currently underway - results expected in coming days**
- **Log analysis indicates highly fractured potential reservoir sections - fracturing in carbonates normally provides assistance to flow rates**
- **C17 carbonate reservoir is the producing unit in the Atzam #4 well with the Atzam #5 well intersecting this zone in a similar position on structure**
- **Current C18 carbonate interval at 3,608 feet is running slightly higher (~30+ feet) on structure to the same 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**
- **Hole in good condition with 9 5/8 inch casing to be run and cemented over next 2-3 days before drilling the remaining primary C18/19 carbonate reservoir target sections**

Atzam Oil Project – Drilling Atzam #5

Citation Resources Ltd (ASX: CTR) (**Company** or **Citation**) advises the Atzam #5 well at the Company's Atzam Oil Project in Guatemala has been drilled to its second intermediate casing point at 3,600 feet and has encountered significant oil shows to surface whilst drilling some its primary reservoir targets over the past few days. The Operator has run a full suite of electric logs to be analysed offsite by Schlumberger with the results expected in the coming days, and is now running 9 5/8 inch casing in the hole before drilling ahead to the well planned total depth of 4,100 feet.

During the past week the well has drilled through the C17 and some initial C18 carbonate sections, which have generated material oil and gas shows to surface whilst drilling. A full suite of electric logs were run over all the carbonate sections drilled to date from the initial casing point to current depth of 3,608 feet, and the preliminary analysis by Latin American Resources (Operator), indicate very encouraging results. Initial log interpretation indicates the well has intersected multiple pay zones in the primary carbonate targets, with hydrocarbon saturations of 70-88% and primary porosities of up to 18%. The Atzam #5 log dataset down to 3,608 feet will be independently reviewed and analysed by Schlumberger at its head office in Mexico, with final results expected to coincide with the completion of drilling the lower section of the well.

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 C18 carbonate section intersected at 3,275 feet in the Atzam #5 well. 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 an upgrade for the in place oil resource estimate for the Atzam Oil Field. Atzam #5 is a step out well located approximately 1.2 kilometres from the Atzam #4 well.

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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 #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 C18 and C19 carbonate sections that will be drilled from 3,608 feet to the wells total depth may be open hole tested through the next phase of drilling, depending upon the reservoir conditions that are encountered.

For and on behalf of the Board

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

Brett Mitchell
Executive Director

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