CITATION RESOURCES LTD AND ITS SUBSIDIARIES

(Administrators Appointed)

Financial Report 30 June 2016

ABN 90 118 710 508

Citation Resources Ltd
Level 1 , Wesley Central| 8-12 Market Street | FREMANTLE WA 6160
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www.citation.com.au

Contents

Corporate Directory

Citation Resources Ltd ABN 90 118 710 508

Directors

Mr Victor Turco – Appointed on 1 December 2015
Non-Executive Director

Mr Bert Huys – Appointed on 19 January 2016
Non-Executive Director

Mr Anthony Eastman – R*esigned on 17 May 2016*
Non-Executive Director

Mr Peter Landau – *Resigned on 19 January 2016*
Non-Executive Director

Mr Brett Mitchell – *Resigned on 1 December 2015*
Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Mr Anthony Eastman – *Resigned on 17 May 2016*

Registered and Business Office
Level 1, Wesley Central
8-12 Market Street
Fremantle WA 6160

Bankers
Bankwest
108 St Georges Terrace, Perth, WA 6000

Share Registrar
Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Tce
Perth, WA, Australia

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 - CTROA

Highlights for 2016

- **Completion of $6.18m Capital Raising (comprising the Priority, Top-up and Public Offer as approved by Shareholders) with a significant number of oversubscriptions for shortfall and underwritten demand**
- **Completion of Citation's initial acquisition of a 40% interest in Pearl as approved by Shareholders**
- **Release of an initiation research report from PAC Partners**
- **Pearl holds the worldwide licensing rights to its unique technology to convert used tyres via a proprietary heating process into clean fuels, scrap steel, carbon black and syngas**
- **Global market opportunity - converting major environmental liabilities (tyre dumps) into energy, industrial and petroleum products**
- **Pearl Global to shortly obtain all necessary approvals to run its two existing plants commercially and move to commercialise an additional plant in Brisbane**
- **Engaging KordaMentha Forensics to investigate administrative issues regarding accounting of funds subscribed pursuant to October 2015 Prospectus**
- **Initiate legal proceedings against Peter Landau with respect to the recovery of approximately $2m funds**
- **Resignation of Brett Mitchell, Peter Landau and Anthony Eastman as Directors and Company Secretary**
- **Appointment of Victor Turco, Bert Huys as Directors.**
- **New company secretary to be appointed.**
- **Successfully defending and setting aside all Statutory demands against the company**

Completion of Pearl Transaction and Capital Raising

With the completion of the $6.18m Capital Raising and the initial 40% acquisition interest in Pearl by the Company, Citation provided a $3m capital injection into Pearl.

With the $3m capital injection, Pearl is now well positioned to commence the commercial rollout of the thermal desorption units in Australia and with a number of strategic partners in other key jurisdictions around the world.

Pearl is currently finalising all necessary approvals to run its two existing plants commercially in Brisbane. The stringent approval will allow Pearl to utilise the environmental and operational approval data to fast-track entry into other jurisdictions.

Pearl has also been working with the University of Western Australia's Centre for Energy in optimising the outputs of the Pearl tyre desorption units with particular focus on the production of commercial electrical power and value added secondary products including higher performance clean fuels, activated carbon and higher grade carbon black. The Company looks forward to updating shareholders once final results are received.

Investment in Pearl Global

During the year, Citation executed a Heads of Agreement with Pearl Global Pty Ltd ("Pearl") pursuant to which the Company has the right to earn and acquire an initial 40% shareholding interest in Pearl ("HoA"). The Company held a General Meeting of Shareholders where approval from the Shareholders was granted for the investment and related matters, and is advanced in the drafting of the formal Share Purchase Agreement and related capital raising following this recent shareholder approval for the transaction.

Pearl is a private unlisted Australian company which holds the exclusive worldwide licensing rights to a unique tyre recovery process ("TRR Project") which converts waste rubber into clean fuels, scrap steel and carbon black in an environmentally safe and productive manner. The TRR Project proprietary technology is self-powered using syngas generated from the energy conversion process and has a very low comparative capital and operating expenditure to other conversion technologies.

The TRR Project (also known as the 'Erasmus Process') is a process by which end of life vehicle tyres are converted into commercial by products with near zero emissions by virtue of a unique heating system which manages certain key elements within the thermal desorption process – the keys to the Pearl Process.

At present in Australia and a number of major countries worldwide, approximately 15% of used tyres are recycled, 20% are exported and 65% are disposed of in landfill. Used tyres are now banned from landfill in selected states in Australia (and certain other countries) and are classed as hazardous waste, meaning their handling and disposal is heavily restricted. Disposal costs are significant which has encouraged significant illegal dumping, and as such, regulators have established clean up targets for used tyres.

The TRR Project successfully removes the main obstacles that block sustainable waste conversion of rubber by keeping emissions well under the world's strictest environmental standards (EU 6), targeting directly the waste source thus reducing the cost of transport, and reclaiming and reusing the valuable materials that makes rubber sustainable and economically attractive.

The business model of the TRR Project is to reuse discarded resources and sell derivatives to customers, thereby opening multiple revenue channels by the sale of by products including fuels, electricity (through the utilisation of gases produced), carbon black and steel. As such, the TRR Project converts waste streams into commercially viable resources and reduces the environmental impact of used rubber by eradicating emissions and reducing landfill volumes. Manufacturing input costs for the TRR Project are negligible given discarded waste is the raw material used in the process. In addition, in various jurisdictions there may be the ability for the operations to attract further revenue through carbon credits.

The TRR Project involves shredding used tyres to ensure higher yields of derivatives. The TRR Project's modular design and comparatively low capital expenditure (US$1.5m per plant) provides for rapid site mobilisation. The rubber to be recycled enters a unique endothermic thermal desorption unit where the tyres are broken down into their constituent parts and collected for resale to relevant offtakers. The key products generated through the process are high calorific fuels, carbon black and scrap steel. The plants are effectively a renewable energy conversion process which are self-generating through the power utilisation of gases produced. The units only use a small amount of the syngas produced, with the excess syngas available to be sold for power generation requirements which is a significant material commercial benefit in places like Africa.

Pearl is in advanced discussions with several key jurisdictions overseas as well as industries for the supply of used tyres and also for the sale of offtake products from the TRR Project.

Texas and LAR Farm Down

During FY15 the Company entered into an agreement to acquire an interest in two Texas oil projects via the acquisition of Range Australia Resources (US) Limited (RAR). The shares in RAR were held in trust by a lender, pending the repayment of a short-term loan. The option period for the Company to repurchase the shares expired in January 2016 and thus the Company has no further interest in these oil projects nor any ownership of RAR.

Citation reached an in-principle agreement with Latin American Resources Limited ("**LAR**") whereby the Company reduced to a 10% finance carried equity interest in LAR. This agreement is in line with previous announcement by the Company during 2015 whereby the Company disclosed that it was seeking to retain an equity interest in LAR and its Atzam and Tortugas Oil Projects in Guatemala, which was to date being funded exclusively by Citation, through the introduction of a new farm in partner who would acquire the future LAR project financing obligations from Citation.

The Company has agreed with LAR the farm out and project financing terms for the new funding partner who will pay 100% of the future operating and development expenditure on the Atzam and Tortugas Oil Projects. In addition to the 10% carried interest, the Company will also have an option to acquire additional 5% interest by paying US$1m within 12 months from completion of the agreement.

If the Company does not choose to exercise its option within the 12-month period, the Company will forfeit its carried 10% interest in LAR. This will allow the Company time to assess the progress of the Guatemalan projects before committing to any future expenditure on the project.

The Company relinquished its rights to the 10% LAR holding as at 1 October 2016.

Board and Management Changes

As set out in the entitlement issue documentation, Mr Victor Turco has been appointed to the Board with Mr Brett Mitchell stepping down effective 1 December 2015. In January 2016, Mr Peter Landau resigned as Executive Director with Mr Bert Huys being appointed to the Board of Directors. In May 2016, Mr Anthony Eastman resigned as Director and Company Secretary.

During the 3rd quarter of the financial year, the Company become aware of issues regarding accounting of certain monies, including funds subscribed pursuant to its October 2015 Prospectus, the Company initiated an investigation and engaged KordaMentha Forensic. The Company has received an Independent Forensic Report from KordaMentha concerning the integrity of transactions involving approximately $2,000,000 ("Funds").

Significant changes are detailed under the ***Events after the reporting period*** section.

Directors' Report

The Directors present their report of Citation Resources Ltd for the year ended 30 June 2016.

The consolidated entities referred to hereafter as the Company consist of Citation Resources Ltd and the entities controlled during and at the end of the period.

Principal Activities

The principal activity of the Company is the exploration and development of oil and gas blocks in Guatemala and Texas whilst also assessing additional opportunities such as waste disposal technologies with Pearl Global Pt Ltd, given the decline in the oil and gas prices experienced in the past years.

The Pearl acquisition involves a significant change to the nature of the Company's main business activity from exploring and developing oil and gas assets to the commercialisation of an industrial process involving the reclamation of reusable and saleable products from used tyres/rubber in accordance with applicable environmental laws in Australia. Furthermore, the Pearl Acquisition involves a significant change to the size of the Company's business operations.

Company Information

Citation Resources Ltd is a Company limited by shares, which is incorporated and domiciled in Australia.

Significant Changes in the State of Affairs

The Pearl acquisition involves a significant change to the nature of the Company's main business activity from exploring and developing oil and gas assets to the commercialisation of an industrial process involving the reclamation of reusable and saleable products from used tyres/rubber in accordance with applicable environmental laws in Australia.

Furthermore, the Pearl Acquisition involves a significant change to the size of the Company's business operations.

Given these circumstances, ASX has exercised its discretion to require the significant change to the nature and scale of the Company's main business activity to be approved by the Company's Shareholders under ASX Listing Rule 11.1.2. This approval is sought from Shareholders in Shareholders' General Meeting

The Board will continue to review potential areas of activity that may create additional value to the Company. The Board will keep shareholders informed of any significant developments.

Financial Result

The consolidated loss of the Group for the year ended, 30 June 2016, amounted to $13,877,908 (2015: loss $20,162,225).

Dividends

No dividends have been paid or declared and no dividends have been recommended by the Directors.

Proceedings on behalf of the Company

Upon the Company becoming aware of administrative issues regarding the accounting for funds subscribed pursuant to its October 2015 Prospectus and as a result of an investigation performed by an independent forensic group, the Company has initiated legal proceeding with respect to the recovery of approximately $2m from Peter Landau, as defendant. The Company has reviewed its Directors and Officers Liability insurance and commenced action for possible indemnification of costs as a result of the legal action.

During the second half of the year, the Company received statutory demand from IBT Holdings, holder of a $400,000 convertible note. IBT Holdings was seeking payment in the amount of $632,000. Three other entities namely, Suburban Holdings, Leete & Williams and Jason & Lisa Peterson, have issued statutory demands to the Company. The parties engaged in without prejudice settlement discussions.

Subsequent to the end of the period, upon the appointment of Voluntary Administrators of the Company, the creditors of the Company unanimously resolved that the Company should enter into a deed of company arrangement ('DOCA') and creditors' trust deeds substantially in the form proposed by certain shareholders of Pearl. The DOCA was executed on 27 February 2017.

Environmental Regulation and Performance

Exploration and development activities in Australia are subject to State and Federal laws, principally the *Environmental Protection Act* and associated regulations in each State of operation.

During the period, the Board of Pearl has advised the Company that the Department of Environmental Regulation, Western Australia (DER) has granted a licence to operate its thermal desorption processing plant, currently located in Mogumber, Western Australia.

The Company has a policy of complying with its environmental performance obligations, and during the reporting period, there have been no significant known breach of statutory conditions or obligations.

Future Developments, Prospects and Business Strategies

Subsequent to the period end, the Board of Pearl has advised the Company that the Department of Environmental Regulation, Western Australia (DER) has granted a licence to operate its thermal desorption processing plant, currently located in Mogumber, Western Australia.

However, due to administrative issues, the Company did not complete the acquisition of the remaining 60% shareholding interest in Pearl Global Pty Ltd ('Pearl') by 30 June 2016 which triggered Pearl to buy back Citation's 40% shareholding in Pearl.

In January 2017, the Company entered into a settlement with Pearl Global Pty Ltd ('Pearl') and its shareholders which provided for a mutual release of all claims under the agreement dated 25 November 2015 between the Company, Pearl and certain other parties in respect of the acquisition (in two stages) of the entire issued share capital of Pearl. As part of this Settlement, the Company's 40% shareholding in Pearl was transferred back to Pearl's shareholders in consideration of a cash payment of $3.3 million.

Likely Developments

Other than information disclosed elsewhere in this annual report, information on likely developments in the operations of the economic entity and the expected results of those operations in future financial years has not been included in this directors' report because the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the economic entity.

Directors' Report

Directors

The following persons were Directors of Citation Resources Ltd during the financial year:

Victor Turco	Appointed 1 December 2015 as Non-Executive Director
Bert Huys	Appointed 19 January 2016 as Non-Executive Director
Peter Landau	Resigned 19 January 2016
Anthony Eastman	Resigned 17 May 2016
Brett Mitchell	Resigned 1 December 2015

Information on Current Directors

Mr Victor Turco – Non-executive Director

Mr Turco is a Certified Practicing Accountant and the principal and public practice license holder of Turco & Co Pty Ltd. Mr Turco holds a Bachelor of Business from the Western Australian Institute of Technology (Curtin University), is a registered tax agent and registered auditor of self-managed superannuation funds and is also a member of both the Australian Society of CPA's and the National Tax and Accountant's Association. Mr Turco has been involved in public accounting arena for 36 years and has a wealth of experience both in Australia and overseas in the accounting, taxation, finance, corporate and property fields

Mr Turco does not hold directorship positions in other listed companies in the past three-year period.

Mr Bert Huys – Non-Executive Director – appointed 19 January 2016

Mr Huys is currently the Research and Technology Development Manager with Keshi Technologies. Mr Huys has over 25 years' experience in mining, mineral processing and infrastructure development including most recently senior roles with Perth Airport and BHP Billiton Iron Ore.

Mr Huys does not hold directorship positions in other listed companies in the past three-year period.

Mr Anthony Eastman – Non-executive Director – resigned 17 May 2016

Mr Eastman is a Chartered Accountant with a number of years' experience in financial management and corporate advisory services. He has previously worked with Ernst & Young and CalEnergy Gas Ltd, a subsidiary of the Berkshire Hathaway Group of Companies in both Australia and the United Kingdom.

During the three-year period to the end of the financial year, Mr Eastman has been a Director of:

- Range Resources Ltd – resigned 13 June 2014;

Mr Brett Mitchell – Non-Executive Director – resigned 1 December 2015

Mr Mitchell is a corporate finance executive with over 20 years of experience in the finance and resources industries. He has been involved in the founding, financing and management of both private and publicly-listed resource companies and holds executive and non-executive directorship roles. Mr Mitchell is a partner in Verona Capital, a private mineral focused venture capital and project generation business.

Mr Mitchell holds a Bachelor of Economics from the University of Western Australia. During the three-year period to the end of the financial year, Mr Mitchell has been a Director of other listed companies as follows:

- Transerv Energy Ltd – resigned 19 August 2013;
- Wildhorse Energy Ltd – resigned 29 August 2014;
- Tamaska Oil and Gas Ltd – resigned 1 February 2015;
- Digital CC Limited; and
- Erin Resources Ltd.

He is also a member of the Australian Institute of Company Directors (AICD).

Mr Peter Landau – Non-Executive Director – resigned 19 January 2016

Mr Landau is the founding director of Okap Ventures Pty Ltd and ICBC Capital Pty Ltd., internationally focused project management, corporate advisory and venture capital firms based in Western Australia and London. Mr Landau is a corporate lawyer and corporate advisor and has over 15 years' experience in providing general corporate, capital raising, transaction and strategic advice to numerous ASX listed and unlisted companies. Mr Landau has project managed a significant number of oil and gas and mining exploration and development transactions around the world including capital raising, M & A, joint ventures and finance structures.

During the three-year period to the end of the financial year, Mr Landau has been a Director of:

- Continental Coal Ltd;
- Black Mountain Resources Ltd;
- AusAmerican Mining Ltd;
- Nkwe Platinum Ltd – resigned 1 October 2014;
- Range Resources Ltd – resigned 13 June 2014;
- Paynes Find Gold Ltd – resigned 4 October 2013; and
- Eclipse Metals Ltd – resigned 7 October 2013

Company Secretary Information

Mr Anthony Eastman – resigned 17 May 2016

Mr Eastman is a Chartered Accountant with a number of years' experience in financial management and corporate advisory services. He has previously worked with Ernst & Young and CalEnergy Gas Ltd, a subsidiary of the Berkshire Hathaway Group of Companies in both Australia and the United Kingdom. Mr Eastman was previously an Executive Director and Company Secretary with ASX and AIM listed company Range Resources Limited.

Indemnification of Directors and Officers

Throughout the reporting period the Company has maintained Directors' and Officer's insurance for the purpose of covering losses which Directors and Officers may become legally obligated to pay. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under insurance contract.

In accordance with the Constitution, except as may be prohibited by the *Corporations Act 2001* every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

Meetings of Directors

During the period, 6 meetings of Directors were held. Attendances were as follows:

Director	Number of meetings held while a director	Number of meetings attended while a director
Victor Turco	4	4
Bert Huys	3	2
Brett Mitchell	2	2
Peter Landau	3	3
Anthony Eastman	5	5

Given the size and nature of the Company's activities, the Board does not belie there are any marked efficiencies or enhancements that would be achieved by the creation of separate Nomination, Remuneration and Audit Committees composition of the board, the board as a whole addressed matters.

Directors' Interests

Unissued Shares Under Option

There are no unissued shares of the Company under option at the date of this report

Shares issued during or since the end of the year as a result of exercise

There are no shares issued to the directors of the Company as a result of exercise of options at the date of the report.

Remuneration Report (Audited)

The goals of the Company's remuneration policy are to:

- Ensure that reward for performance is competitive and that employees are committed and motivated;
- Align executive compensation with achievement of strategic objectives and the creation of value for shareholders; and
- Comply with relevant legislation and general market remuneration practices.

Executive Directors

Executive Directors are entitled to receive a Base Fee. Remuneration for Executive Directors is benchmarked against a comparable pool of companies and is determined by the Board. As the Company is still in the exploration and development stage and is not making profits, there is no relationship between executive director remuneration and Company performance.

Non-Executive Directors

Non-Executive Directors are entitled to receive a Base Fee. Remuneration for Non-Executive Directors is benchmarked against a comparable pool of companies and reviewed on an annual basis. Remuneration is determined by the Board and takes into consideration the need to obtain suitably qualified independent Directors.

Remuneration of Non-Executive Directors is approved by the Board and set in aggregate with the maximum amount approved by the shareholders.

The Key Management Personnel of the Company include the Executive and Non-Executive Directors, and the Company Secretary. The Company does not consider other executives to be Key Management Personnel.

The Key Management Personnel of the Company during the financial year are:

- Victor Turco, Non-Executive Director – appointed 1 December 2015
- Bert Huys, Non-Executive Director – appointed 19 January 2016
- Peter Landau, Non-Executive Director – appointed 7 February 2014, resigned 19 January 2016
- Anthony Eastman, Non-Executive Director – appointed 20 March 2015, resigned 17 May 2016
- Brett Mitchell, Non-Executive Director – appointed 24 November 2011, resigned 1 December 2016

Voting and comments made at the Company's last Annual General Meeting

The Company received 97.9% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2015. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four (4) financial years:

Item	2016	2015	2014	2013	2012
EPS (cents)	(8.20)	(0.91)	(0.61)	(0.15)	(0.70)
Dividends (cents)	N/A	N/A	N/A	N/A	N/A
Net profit / loss ($)	14,308,858	20,162,255	8,028,406	517,003	1,595,661
Share price (at 30 June)	$0.05**	$0.09 *	$0.009	$0.017	$0.015

* Noting a 100:1 share consolidation occurring in May 2015

** Noting trading halt since 19 February 2016

Details of Remuneration

2016	Short Term Employee Benefits (Cash Salary and Fees)	Post-Employment Benefits (Superannuation)	Termination Benefits (Superannuation Benefits)	Share Based Payment Options Benefits	Total
Directors					
Victor Turco[1]	21,000	-	-	-	21,000
Bert Huys[2]	15,000				15,000
Anthony Eastman[3]	30,000	-	-	-	30,000
Brett Mitchell[4]	50,000	-	-	-	50,000
Peter Landau[5]	18,000	-	-	-	18,000
Total	134,000	-	-	-	134,000

[1] Appointed 1 December 2015
[2] Appointed 19 January 2016
[3] Resigned 17 May 2016
[4] Resigned 1 December 2015
[5] Resigned 19 January 2016

2015	Short Term Employee Benefits (Cash Salary and Fees)	Post-Employment Benefits (Superannuation)	Termination Benefits (Superannuation Benefits)	Share Based Payment Options Benefits	Total
Directors					
Brett Mitchell [1]	108,000	-	-	-	108,000
Peter Landau	36,000	-	-	-	36,000
Anthony Eastman [2]	9,000	-	-	-	9,000
Michael Curnow [3]	27,000	-	-	-	27,000
Total	180,000	-	-	-	180,000

[1] Effective 1 January 2015, Mr Mitchell reverted to a Non-Executive salary of $36,000 per annum
[2] Appointed 20 March 2015
[3] Resigned 20 March 2015

No portion of remuneration was performance based in the reporting period.

Equity Instrument Disclosures Relating to Key Management Personnel

Aggregate numbers of shares of the Group held directly, indirectly or beneficially by Directors of the Group during the financial year are set out below:

Ordinary Shares

Director	Held at 1 July 2015	Issued	Other changes	Sold	Held at the date of this report
Victor Turco[1]	1,000,000	2,335,290	-	-	3,335,290
Bert Huys[2]	-	-	-	-	-
Anthony Eastman[3]	39,000	-	-	-	39,000
Brett Mitchell[4]	-	1,000,000	-	-	1,000,000
Peter Landau[5]	92,500	-	-	-	92,500
Total	1,131,500	3,335,290	-	-	4,466,790

[1] Appointed 1 December 2015
[2] Appointed 19 January 2016
[3] Resigned 17 May 2016
[4] Resigned 1 December 2015
[5] Resigned 19 January 2016

Listed Options

Director	Held at 1 July 2014	Issued	Other changes	Sold	Held at the date of this report
Victor Turco[1]	-	500,000	-	-	500,000
Bert Huys[2]	-	-	-	-	-
Anthony Eastman[3]	-	-	-	-	-
Brett Mitchell[4]	150,000	-	(150,000)	-	-
Peter Landau[5]	-	-	-	-	-
Total	150,000	500,000	(150,000)	-	500,000

[1] Appointed 1 December 2015
[2] Appointed 19 January 2016
[3] Resigned 17 May 2016
[4] Resigned 1 December 2015
[5] Resigned 19 January 2016

During the current year no options were granted or vested that affected key management personnel remuneration.

These options have expired on 15 December 2015 and have an exercise price of $4.00 following the 1:100 share consolidation, effective 21 May 2015. There are no other vesting conditions in relation to these options.

Transactions with other Related Parties

Directors and officers or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial and operating policies of those entities.

Details of those transactions at the end of the year are as follows:

Entity	Note	Nature of transactions	Transactions		Balances	
			Full year 30-Jun-16 $	Full year 30-Jun-15 $	Full year 30-Jun-16 $	Full year 30-Jun-15 $
Turco & Co Pty Ltd	(i)	Reimbursement to/from CTR for corporate administration costs	246,218	-	-	-
Sibella Capital Pty Ltd	(ii)	Reimbursement to/from CTR for corporate administration costs	50,000	99,000	-	966
Okap Ventures Pty Ltd	(iii)	Reimbursement to/from CTR for corporate administration costs	128,551	37,225	-	31,714
Okap Ventures Pty Ltd	(iii)	Provision of corporate / administration and company secretarial costs	240,000	122,000	-	142,000

(i) Turco & Co Pty Ltd is a company associated with Mr Victor Turco with Turco & Co providing corporate advisory, company secretarial, CFO, financial management and associated services.

(ii) Sibella Capital Pty Ltd is a company associated with Mr Brett Mitchell.

(iii) Okap Ventures is a company associated with Mr Peter Landau with Okap providing corporate advisory, company secretarial, CFO, financial management and associated services.

Details of Employment Agreements

The Directors are retained by the Company and are paid a fixed fee for their services. No termination benefits exist.

Non-Executive and Executive Director tenure is subject to rotation and shareholder re-appointment.

The Company Secretary is a consultant engaged by the Company. No termination benefits exist, other than the contractually-agreed notice period specified in the relevant consultancy agreement.

This is the end of the Audited Remuneration Report

Matters Subsequent to the End of the Financial Year

Between the end of the financial period and the date of this report the following material events have occurred:

Corporate

Appointment of Voluntary Administrators

In 20 September 2016, the Company announced that Voluntary Administrators have been appointed to oversee the affairs of the Company.

Richard Tucker and Scott Landon, each of KordaMentha Restructuring, have been appointed to act as joint and several Voluntary Administrators for the Company.

Settlement of claims against former director, Peter Landau

On 2 December 2016, the Company finalised an agreement with Mr Peter Landau, a former director of the Company to settle the Company's claim against him. Pursuant to that settlement, an amount of $2 million was advanced to the Company on 10 January 2017 by way of ex-gratia payment by a third party, to be held on trust for the purpose of making distributions to certain creditors of the Company (being certain persons who applied for shares under the Company's prospectus dated 23 October 2015 but who did not receive shares or a refund of the application monies, and other creditors) under a deed of company arrangement ('DOCA') ('Ex-Gratia Payment').

Creditors' meeting and DOCA

As noted in the Company's announcement dated 18 October 2016, a Court order was obtained on that date to extend the period under which the Administrators were required to convene the second meeting of creditors to 25 January 2017. On that date, the Administrators were informed of a number of late changes to a DOCA which had been proposed, accordingly the Administrators applied to the Court for a further short extension of the convening period to allow for these changes to be reflected in the Administrators' report to creditors. The Court granted an order further extending the convening period to 2 February 2017.

The Administrators' Report to Creditors pursuant to section 439A of the Corporations Act 2001 (Cth) (the 'Act') was circulated on 2 February 2017. The Second Meeting of Creditors of the Company was held on 9 February 2017 pursuant to section 439A of the Act.

At the Second Meeting of Creditors, the creditors of the Company unanimously resolved that the Company should enter into a DOCA and creditors' trust deeds substantially in the form proposed by certain shareholders of Pearl. The DOCA was executed on 27 February 2017.

Overview of DOCA

A summary of the key terms of the DOCA are as follows:

- the Ex-Gratia Payment is to be distributed to specific creditors, in accordance with the settlement reached with Mr Peter Landau, through a creditors' trust
- the claims of other creditors are to be resolved through the creation and funding of three other creditors' trusts in respect of various categories of creditor
- the implementation of a recapitalisation of the Company

Recapitalisation Proposal

The material terms of the Recapitalisation Proposal are set out in the DOCA, and comprise:

(a) **Consolidation.** The consolidation of the existing issued capital of the Company on a 7 for 199 basis

(b) **Discharge of secured creditors.** Any party with a valid security in respect of the Company registered on the PPSR discharging that security interest.

(c) **Bonus Issue.** A bonus issue to Shareholders of New Options, on the basis of one New Option for every three Shares held (on a post-Consolidation basis). The record date for the Bonus Issue is dependent on the date of closing of the Capital Raising and satisfaction of the conditions to the Capital Raising, but will be prior to the issue of the Consideration Shares, the Shares under the Capital Raising and the other issues of Shares contemplated by the Resolutions. The record date for the Bonus Issue will be announced in due course.

(d) **Pearl Acquisition.** The acquisition of the entire issued share capital of Pearl in consideration for the issue to the Pearl Vendors of 80,000,000 new Shares (on a post-Consolidation basis).

(e) **New Licence Agreement.** The entry into of the New Licence Agreement in respect of the intellectual property which underpins Pearl's business.

(f) **Capital Raising.** The issue by the Company of up to 25,000,000 Shares (on a post-Consolidation basis) at an issue price of $0.20 per Share under the Prospectus to raise up to $5,000,000. The Capital Raising is to incorporate a priority offer to persons who made an application to purchase Shares under the Company's prospectus dated 23 October 2015, but who did not receive shares or a refund, up to the amounts returned to them pursuant to the DOCA and (as the case may be) the Landau Creditors' Trust or the Trust Creditors' Trust.

(g) **Conversion of Pearl Convertible Notes.** The issue by the Company of 18,718,750 Shares and 6,239,567 New Options (each on a post-Consolidation basis) to the Pearl Noteholders, on conversion of the Pearl Convertible Notes of $2,995,000.

(h) **Issue of Shares to a Director in satisfaction of accrued fees.** The issue by the Company of 500,000 Shares (on a post-Consolidation basis) to Mr Victor Turco, a Director of the Company (or his nominee(s)) at a deemed issue price of $0.20 per Share in satisfaction of accrued directors fees.

(i) **Issue of New Options to advisers, brokers and promoters.** The issue by the Company of up to 36,000,000 New Options (on a post-Consolidation basis) to certain advisers, brokers and promoters in connection with the Recapitalisation Proposal at an issue price of $0.0001 per New Option.

(j) **Reinstatement to quotation.** Following lodgement of the Prospectus, the Company will make an application to the ASX for its Shares, the existing listed Options and the New Options to be reinstated to quotation on the ASX.

Effectuation of the DOCA is subject to various conditions, including:

- shareholders of Pearl approving the DOCA, to be received within 14 days of execution of the DOCA
- the shareholders in Pearl agreeing to a share purchase agreement for the sale of their Pearl shares to the Company as referred to above
- the owner of the intellectual property underpinning Pearl's business agreeing to the new licence agreement and option referred to above
- shareholders of the Company passing various resolutions required in connection with the recapitalisation of the Company. A notice of meeting in this regard will be despatched in due course.

A copy of the DOCA and the forms of the creditors' trust deeds can be found on the Company Announcement under ASX website, dated 27 February 2017. The above summary of the key terms of the DOCA and the creditors' trust deeds should be read in conjunction with these documents.

Guatemala – Atzam Project

The Company reached an in principle agreement with Latin American Resources Limited ("LAR") whereby the Company reduced to a 10% finance carried equity interest in LAR. In addition to the 10% carried interest, the Company will also have an option to acquire an additional 5% interest by paying US$1m within 12 months from completion of the agreement.

The Company relinquished its rights to the 10% LAR holding as at 1 October 2016.

Corporate Governance Statement

Directors' Report

In recognising the need for the highest standards of corporate behaviour and accountability, the Board supports and adhere to the principals of corporate governance, and has adopted a set of policies for the purpose of managing this governance.

Non-Audit Services

The Board has considered the position and is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including acting in a management or a decision-making capacity for the Company or acting as advocate for the Company.

During the financial period there were no fees paid or payable for non-audit services provided by the auditor.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001, for the financial year ended 30 June 2016 has been received and be found on page 15.

This report is signed in accordance with a resolution of the Directors.

Victor Turco

Director

5 April 2017, 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 audit of Citation Resources Limited for the year ended 30 June 2016, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 5 April 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Note	CONSOLIDATED 2016	CONSOLIDATED 2015 Restated
		$	$
Other income	4	434,736	15,990
Accounting and audit		(70,156)	(45,481)
Professional and consultancy fees		(779,687)	(384,699)
Directors fees		(134,000)	(180,000)
Depreciation expense	5	-	(1,165)
Regulatory expenses		(87,117)	(76,042)
Impairment – exploration assets		(689,812)	-
Impairment – investment in associate	11	(4,660,000)	-
Amortisation & fair value movement or embedded derivative		-	(854,524)
Loss on conversion of loan		(478,497)	(310,244)
Borrowing costs	5	(19,548)	(177,110)
Administrative expenses	5	(873,139)	(249,074)
Loss before tax		**(7,357,220)**	**(2,262,349)**
Income tax expense	7	-	-
Loss for the year		**(7,357,220)**	**(2,262,349)**
Discontinued operations			
Loss on discontinued operations	6	(6,520,688)	(17,899,906)
Loss attributable to equity holders of Citation Resources Ltd		**(13,877,908)**	**(20,162,255)**
Other comprehensive income for the year			
Foreign currency translation		-	3,275,704
Other comprehensive income for the year, net of tax		**-**	**3,275,704**
Total comprehensive loss for the year		**(13,877,908)**	**(16,886,551)**
Net loss is attributable to:			
Owners of Citation Resources Ltd		(13,877,908)	(14,888,293)
Non-controlling interests		-	(5,273,962)
		(13,877,908)	**(20,162,255)**
Total comprehensive loss is attributable to:			
Owners of Citation Resources Ltd		(13,877,908)	(12,922,871)
Non-controlling interests		-	(3,963,680)
		(13,877,908)	**(16,886,551)**
Loss per share attributable to the owners of Citation Resources Ltd:			
Basic earnings & diluted loss per share (cents per share)	8	(7.96)	(0.91)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	CONSOLIDATED 2016	CONSOLIDATED 2015 Restated
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	9	626,518	619,107
Trade and other receivables	10	2,000,000	1,384,935
Other current assets		-	30,035
Inventories		-	1,286,899
		2,626,518	3,320,976
Non-current assets held for sale	11	3,300,000	-
Total current assets		5,926,518	3,320,976
Non-Current Assets			
Other non-current assets		-	2,839,609
Development assets	12	-	2,438,961
Exploration and evaluation expenditure	13	-	10,375,713
Total non-current assets		-	15,654,283
Total assets		5,926,518	18,975,259
LIABILITIES			
Current Liabilities			
Trade and other payables	14	139,043	2,727,488
Other current liabilities	15	1,390,450	650,000
Provisions		-	66,909
Borrowings	16	595,000	2,544,750
Derivative financial liability	17	-	336,204
Total current liabilities		2,124,493	6,325,351
Net assets		**3,802,025**	**12,649,908**
EQUITY			
Contributed equity	18	47,483,386	36,668,838
Options reserve	18	1,679,717	769,829
Share based payment reserve	18	1,517,387	1,517,387
Foreign exchange reserve		-	2,446,884
Accumulated losses	19	(46,878,465)	(33,000,557)
Capital and reserves attributable to owners of the Parent		3,802,025	8,402,381
Amounts attributable to non-controlling interests	28	-	4,247,527
Total equity		**3,802,025**	**12,649,908**

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

CONSOLIDATED EQUITY 30 JUNE 2016	Issued capital	Option reserve	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	$	$	$	$	$	$	$	$
At 1 July 2015	36,668,838	769,829	1,517,387	2,446,884	(33,000,557)	8,402,381	4,247,527	12,649,908
Loss for the year	-	-	-	-	(7,357,220)	(7,357,220)	-	(7,357,220)
Total comprehensive loss for the year	-	-	-	-	(7,357,220)	(7,357,220)	-	(7,357,220)
Shares issued during the period	11,244,357	-	-	-	-	11,244,357	-	11,244,357
Share issue costs	(429,809)	-	-	-	-	(429,809)	-	(429,809)
Share based payment expense	-	-	-	-	-	-	-	-
Fair value movement of options	-	909,888	-	-	-	909,888	-	909,888
Effects of deconsolidating LAR	-	-	-	(2,446,884)	(6,520,688)	(8,967,572)	(4,247,527)	(13,215,099)
At 30 June 2016	47,483,386	1,679,717	1,517,387	-	(46,878,465)	3,802,025	-	3,802,025

CONSOLIDATED EQUITY 30 JUNE 2015 Restated	Issued capital	Option reserve	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	$	$	$	$	$	$	$	$
At 1 July 2014	32,651,060	589,404	1,517,387	481,462	(18,112,264)	17,127,049	8,211,207	25,338,256
Loss for the year	-	-	-	-	(14,888,293)	(14,888,293)	(5,273,962)	(20,162,255)
Exchange differences on translation of foreign operations	-	-	-	1,965,422	-	1,965,422	1,310,282	3,275,704
Total comprehensive loss for the year	-	-	-	1,965,422	(14,888,293)	(12,922,871)	(3,963,680)	(16,888,551)
Shares issued during the period	4,085,000	-	-	-	-	4,085,000	-	4,085,000
Share issue costs	(67,222)	-	-	-	-	(67,222)	-	(67,222)
Share based payment expense	-	81,116	-	-	-	81,116	-	81,116
Adjustment on embedded derivative	-	99,309	-	-	-	99,309	-	99,309
At 30 June 2015	36,668,838	769,829	1,517,387	2,446,884	(33,000,557)	8,402,381	4,247,527	12,649,908

The above statement in changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Note	CONSOLIDATED 2016	CONSOLIDATED 2015 Restated
		$	$
Cash flows from operating activities			
Receipts from customers		-	3,214,626
Payments to suppliers and employees		(2,875,600)	(5,693,639)
Interest received		3,786	15,990
Interest expenses		-	(756)
Net cash outflow from operating activities	20	(2,871,814)	(2,463,779)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		-	(2,125,164)
Payments for investment in associate	11	(3,000,000)	-
Net cash outflow from investing activities		(3,000,000)	(2,125,164)
Cash flows from financing activities			
Proceeds from issue of shares/share options		5,984,357	980,000
Share / share options issue costs		(396,502)	(67,222)
Funds held in trust		1,151,400	650,000
Repayment of borrowings		(860,000)	-
Proceeds from borrowings		-	1,539,000
Net cash inflows from financing activities		5,879,225	3,101,778
Net increase /(decrease) in cash and cash equivalents		7,411	(1,487,165)
Cash and cash equivalents at the beginning of the financial year		619,107	2,106,272
Cash and cash equivalents at the end of the financial year	9	626,518	619,107

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Corporate Information

The financial statements of Citation Resources Ltd for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of Directors on 5 April 2017 and covers the consolidated entity consisting of Citation Resources Ltd and its subsidiaries (the Group) as required by the Corporations Act 2001.

Citation Resources Ltd (Company) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

2. Summary of Significant Accounting Policies

In order to assist in the understanding of the financial statements, the following summary explains the material accounting policies that have been adopted in the preparation of the financial statements.

(a) Basis of Preparation

The financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(b) Statement of Compliance

The financial statements comply with Australian Accounting Standards and, International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Going Concern

The Group has incurred a net loss after tax for the year ended 30 June 2016 of $13,877,908 (2015: $20,162,255). As at the 30 June 2016, the Group reported a net working capital of $3,802,025 (2015: net working capital deficiency of $3,004,375).

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- Upon implementation of the Recapitalisation Proposal, the Company will issue up to 25,000,000 Shares (on a post-Consolidation basis) at an issue price of $0.20 per Share under the Prospectus to raise up to $5,000,000. The Capital Raising is to incorporate a priority offer to persons who made an application to purchase Shares under the Company's prospectus dated 23 October 2015, but who did not receive shares or a refund, up to the amounts returned to them pursuant to the DOCA and (as the case may be) the Landau Creditors' Trust or the Trust Creditors' Trust.;

- As disclosed in the statement of financial position, on 2 December 2016, the Company finalised an agreement with Mr Peter Landau, an amount of $2 million was advanced to the Company on 10 January 2017 by way of ex-gratia payment by a third party, to be held on trust for the purpose of making distributions to certain creditors of the Company (being certain persons who applied for shares under the Company's prospectus dated 23 October 2015 but who did not receive shares or a refund of the application monies, and other creditors) under a deed of company arrangement ('DOCA')

The Directors are confident that, subject to the achievement of the above matters along with the support of its Shareholders in the upcoming General meeting, the Group will be able to continue its operations as a going concern.

(d) Principles of Consolidation

The Group financial statements consolidate those of the Parent Company (Citation Resources Limited) and all of its subsidiaries as of 30 June 2016. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Functional and presentation currency

The financial statements are prepared in Australian Dollars which is the functional and presentation currency of the Company.

(e) Impairment of Assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's values in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. Such reversal is recognised in profit or loss unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase.

(f) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss statement during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset which is estimated to vary between 3 and 5 years.

Notes to the Financial Statements

(g) Development Assets

Upon the commencement of commercial production from each identifiable area of interest, the exploration and evaluation expenditure incurred up to that point is impairment tested and then reclassified to development assets.

When production commences, the accumulated costs for the relevant area of interest are amortised on a units of production method based on the ratio of actual production to remaining proved reserves (P1) as estimated by independent petroleum engineers over the life of the area according to the rate of depletion of the economically recoverable reserves.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

The carrying amount of development assets is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated losses.

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

(h) Impairment of Assets

The consolidated entity assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and included in profit or loss. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments classified as available-for-sale are not reversed through profit or loss.

(i) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity respectively.

(h) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a net basis and the GST component of cash flow arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the consolidated entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash follows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

(j) Exploration and Evaluation Expenditure

The Group's policy with respect to exploration and evaluation expenditure is to use the area of interest method. Under this method exploration and evaluation expenditure is carried forward on the following basis:

1. Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration and evaluation costs.
2. Exploration and evaluation expenditure related to an area of interest is carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:
   - such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
   - exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise, economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and evaluation costs accumulated in respect of each particular area of interest include only net direct expenditure.

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, cash in bank accounts, money market investments readily convertible to cash within two working days, and bank bills but net of outstanding bank overdrafts.

Notes to the Financial Statements

(l) Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest method.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(m) Employee Entitlements

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period. Annual leave liability is still presented as current liability for presentation purposes under AASB 101 Presentation of Financial Statements.

(n) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the operating loss attributable to owners of the Group after income tax by the weighted average number of ordinary shares outstanding during the financial period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the period.

(o) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the consolidated entity.

Revenue from the sale of oil and gas and related products is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership and the amounts can be measured reliably. In the case of oil, this usually occurs at the time of lifting.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(p) Provisions

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

(q) Foreign Currency Translations and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in profit or loss.

(r) Trade and Other Receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less a provision for impairment. Other receivables are generally due for settlement between thirty (30) and ninety (90) days from the date of recognition. They are presented as current assets unless collection is not expected for more than 12 months after reporting date.

(s) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the reporting period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(t) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(u) Acquisition of Assets

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

(v) Share Based Payments

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

(w) New Accounting Standard and Interpretations

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. Information on these new standards which are relevant to the Group is presented below.

- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*

  AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

  AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014 and has been adopted in this financial report. The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*

  These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

  When developing IFRS 13 *Fair Value Measurement*, the IASB decided to amend IAS 36 *Impairment of Assets* to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

  AASB 2013-3 makes the equivalent amendments to AASB 136 *Impairment of Assets* and is applicable to annual reporting periods beginning on or after 1 January 2014. The adoption of these amendments in this financial report has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

- AASB 2014-1 *Amendments to Australian Accounting Standards* (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)

  Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards *Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle*.

  Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2010-2012 Cycle*:

  - clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
  - amend AASB 8 *Operating Segments* to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

  Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2011-2013 Cycle* clarify that an entity should assess whether an acquired property is an investment property under AASB 140 *Investment Property* and perform a separate assessment under AASB 3 *Business Combinations* to determine whether the acquisition of the investment property constitutes a business combination.

  Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014. The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

(x) New Accounting Standard and Interpretations not yet Effective

New and revised accounting standards and amendments that are currently issued for future reporting periods that are relevant to the Group include:

- AASB 9 *Financial Instruments*

  AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

  The effective date is for annual reporting periods beginning on or after 1 January 2018.

  The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

(y) New Accounting Standard and Interpretations not yet Effective

- AASB 14 *Regulatory Deferral Accounts*

  AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. Accordingly, an entity that applies AASB 14 may continue to apply its previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of its regulatory deferral account balances. This exemption is not available to entities who already apply Australian Accounting Standards.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When AASB 14 becomes effective for the first time for the year ending 30 June 2017, it will not have any impact on the entity.

- AASB 15 *Revenue from Contracts with Customers*

  AASB 15 replaces AASB 118: Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. In summary, AASB 15:

  - establishes a new revenue recognition model;
  - changes the basis for deciding whether revenue is to be recognised over time at a point in time;
  - provides a new and more detailed guidance on specific topics (eg multiple element arrangements, variable pricing, rights of return and warranties); and
  - expands and improves disclosures about revenue.

  The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

- AASB *2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*

  This amendment impacts on the use of AASB 11 when acquiring an interest in a joint operation.

  The effective date is for annual reporting periods beginning on or after 1 January 2016.

  When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*

  The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

  The effective date is for annual reporting periods beginning on or after 1 January 2016.

  When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

- AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements*

  The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

  The effective date is for annual reporting periods beginning on or after 1 January 2016.

  When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

(z) New Accounting Standard and Interpretations not yet Effective

- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address a current inconsistency between AASB 10 *Consolidated Financial Statements* and AASB 128 Investments in Associates and Joint Ventures (2011). The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

3. Critical Accounting Estimates and Judgements

In preparing these financial statements the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

(i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of Exploration and Evaluation Expenditure

The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

In the future and this may lead to the subsequent impairment of the assets concerned.

Deferred Tax Assets

The Group expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

(ii) Significant accounting estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. There were no key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are.

Provision of impairment on trade and other receivables

During the period, and given uncertainty over the counterparty's ability to repay, a provision for impairment of $2,010,556 was recognised in relation to the amount receivable to Peter Landau.

Deconsolidation

During the year, the Company reached an in principle agreement with Latin American Resources Ltd ("LAR") whereby the company reduced to a 10% finance carried equity interest in LAR. In compliance with Accounting Standards, the Company deconsolidated its interest in LAR and restated its prior period financial statement.

Notes to the Financial Statements

Correction of Prior Period Error

A retrospective restatement of 30 June 2015 balances due to prior period error for failure to take into account the transactions of an unknown bank account in the preparation and presentation of the financial statements has been made. This error has been rectified by restating financial statement line items for prior period 30 June 2015 as follows:

Statement of financial position (extract)	30 June 2015		
	Previous amount **$'000**	Adjustment **$'000**	Restated amount **$'000**
Cash	449,107	170,000	619,107
Trade and other receivable	904,935	480,000	1,384,935
Total assets	2,670,976	650,000	3,320,976
Funds held in trust	-	650,000	650,000
Net assets	12,649,908	-	12,649,908
Total equity	**12,649,908**	**-**	**12,649,908**

Statement of cash flows (extract)	30 June 2015		
	Previous amount **$'000**	Adjustment **$'000**	Restated amount **$'000**
Cash flows from operating activities	(1,503,779)	(960,000)	(2,463,779)
Cash flows from investing activities	(2,125,164)	-	(2,125,164)
Cash flows from financing activities	1,971,778	1,130,000	3,101,778
Net increase/(decrease) in cash	(1,657,165)	170,000	(1,487,165)
Cash at the beginning of financial period	2,106,272	-	2,106,272
Cash at the end of financial period	**449,107**	**170,000**	**619,107**

No effect on prior period's statement of profit or loss and other comprehensive income due to this error.

Notes to the Financial Statements

4. OTHER INCOME

	CONSOLIDATED 2016	CONSOLIDATED 2015 Restated
	$	$
Interest and other income is comprised as follows:		
Interest income	3,786	5,583
Other income	450,950	10,407
Total other income	454,736	15,990

5. EXPENSES

	CONSOLIDATED 2016	CONSOLIDATED 2015 Restated
	$	$
Loss includes the following specific expenses:		
General depreciation expense		
Plant and equipment	-	1,165
Total general depreciation	-	1,165
Corporate and administrative expenses		
Rent and occupancy	17,493	151,766
Travel expenses	147,294	97,621
Insurance expenses	22,241	69,474
Marketing expenses	33,410	6,046
Other expenses	652,701	323,920
Total corporate and administrative expenses	873,139	646,227
Finance costs		
Interest expense	19,548	18,006
Borrowing costs	-	265,930
Total financing costs	19,548	283,936

6. DISCONTINUED OPERATIONS

During the year, the Company reached an in-principle agreement with Latin American Resources Ltd ("LAR") whereby the Company reduced to a 10% finance carried equity interest in LAR. In compliance with Accounting Standards, the group has deconsolidated its interest in LAR.

Consideration received:	**23-Oct-15** **$**
Cash	Nil
Fair value of interest held in subsidiary	2,000,000
	2,000,000
Less:	
Other comprehensive income recognised in the profit and loss	(5,267,209)
Carrying amount of net assets upon deconsolidation	11,787,897
	(4,520,688)
Impairment of asset	(2,000,000)
Total loss on discontinued operations	**(6,520,688)**

Results of discontinued operation	**30-Jun-15** ***Restated** **$**
Revenue	3,207,354
Cost of sales	(4,211,232)
Asset written off	(15,701,398)
Other expenses	(1,194,630)
Results from operating activities	**(17,899,906)**
Income tax expense	-
Results from operating activities, after tax	**(17,899,906)**
Cash flows from (used in) discontinued operation	
Net cash used in operating activities	(1,115,395)
Net cash flow for the year	**(1,115,395)**

*Restated. Refer to Note 3 for details.

During the year, the Company has not been provided access to relevant records of LAR hence not able to record the Company's portion of the profit and loss upon deconsolidation at the time of the reduction of its equity interest from 60% to 10%. The Company relinquished its rights to the 10% LAR holding as at 1 October 2016.

As at 31 December 2015, the Company further assessed the carrying value of its investment in LAR in light of the oil and gas environment, the Company's plans and general market conditions. In reviewing these factor, it was determined that this investment should be impaired to Nil.

7. TAXATION

	CONSOLIDATED 2016	CONSOLIDATED 2015
	$	$
Loss before income tax	(13,877,908)	(20,162,255)
Prima facie benefit on loss from continuing activities at 30% tax rate (2015: 30%)	(4,163,372)	(6,048,677)
Tax effect of amounts which are not deductible in calculating taxable income:		
Entertainment	110	30
Share based payment		-
Overseas travel	34,000	3,000
Tax effect of current year tax losses for which no deferred tax asset has been recognised	4,129,262	6,045,647
Total income tax expense	-	-
The following deferred tax balances have not been recognised:		
Deferred tax assets (at 30%):		
Carry forward revenue losses	11,461,219	7,984,711
Carry forward capital losses	1,410,543	1,410,543
Capital raising costs	128,943	161,650
Provisions and accruals	5,400	6,037
	13,006,105	9,562,941

The tax benefits of the Deferred Tax Assets will only be obtained if:

(a) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
(b) The Company continues to comply with the condition for deductibility imposed by law; and
(c) No changes in income tax legislation adversely affect the Company in utilising the tax benefits

	CONSOLIDATED 2016	CONSOLIDATED 2015
Deferred tax liabilities (at 30%):		
Exploration, evaluation and development costs	-	-
Accrued interest	-	1,957
	-	1,957

The above Deferred Tax Liabilities have not been recognised as they have given rise to carry forward revenue losses for which the Deferred Tax Asset has not been recognised.

8. LOSS PER SHARE

	CONSOLIDATED 2016	CONSOLIDATED 2015
	$	$
(a) Basic earnings per share		
Loss from continuing operations attributable to owners of Citation Resources Ltd used to calculate basic earnings per share	13,877,908	14,888,293
(b) Diluted earnings per share		
Loss from continuing operations attributable to owners of Citation Resources Ltd used to calculate diluted earnings per share	13,877,908	14,888,293

	CONSOLIDATED 2016 Number of Shares	CONSOLIDATED 2015 Number of Shares
Weighted average number of ordinary shares used as a denominator in calculating basic and diluted earnings per share [(1)]	174,442,133	1,576,491,990
Loss per share attributable to owners of the Company:		
Basic loss per share (cents per share)	(7.96)	(0.91)
Diluted loss per share (cents per share)	n/a	n/a

[(1)] The total weighted average number of shares has been calculated on a pre-consolidation basis, noting the Company completed a 100:1 consolidation of capital during May 2015.

Options being potential shares are not considered dilutive and have not been used to calculate diluted loss per share.

9. CASH AND CASH EQUIVALENTS

	CONSOLIDATED 2016	CONSOLIDATED 2015 Restated
	$	$
Cash at bank - Australia	626,518	619,107
Balance at the end of the year	626,518	619,107

(a) Cash at Bank

Amounts held in the Group's cheque and online savings accounts attract variable rates commensurate with a business cheque and online savings account.

(b) Short Term Deposits

The Company does not hold short term deposits

10. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2016	CONSOLIDATED 2015 Restated
	$	$
Trade receivables	-	424,935
Other receivables [1]	2,000,000	960,000
Balance at the end of the year	2,000,000	1,384,935

[1] Other receivables consist of receivable from Peter Landau, a former Director of the Company. Subsequent the period, the Company finalised an agreement with Mr. Peter Landau to settle the Company's claims against him. An amount of $2 million was advanced to the Company on 10 January 2017 by way of ex-gratia payment by a third party, to be held on trust for the purpose of making distributions to certain creditors of the Company under a deed of company agreement.

11. NON-CURRENT ASSET HELD FOR SALE

	CONSOLIDATED 2016	CONSOLIDATED 2015
	$	$
Opening balance	-	-
Equity component purchase price	4,960,000	-
Cash component purchase price	3,000,000	-
Impairment of investment	(4,660,000)	
Balance at the end of the year	**3,300,000**	**-**

During the year, the Company completed the initial acquisition of a 40% equity interest in Pearl Global Pty Ltd by the issuance of 80m CTR shares as approved by shareholders and a $3m capital injection into Pearl.

Due to administrative issues, the Company did not complete the acquisition of the remaining 60% shareholding interest in Pearl Global Pty Ltd ('Pearl') by 31 December 2016 which triggered Pearl to buy back Citation's 40% shareholding in Pearl as per agreement. As a result, an impairment of $4,660,000 on the investment is recorded in the profit and loss and the investment is reclassified as non-current asset held for sale for $3.3m, being the amount recoverable.

In January 2017, the Company entered into a settlement with Pearl Global Pty Ltd ('Pearl') and its shareholders which provided for a mutual release of all claims under the agreement dated 25 November 2015 between the Company, Pearl and certain other parties in respect of the acquisition (in two stages) of the entire issued share capital of Pearl. As part of this Settlement, the Company's 40% shareholding in Pearl was transferred back to Pearl's shareholders in consideration of a cash payment of $3.3 million.

Payment of $3.3 million to the Company was made in January 2017.

Notes to the Financial Statements

12. DEVELOPMENT ASSETS

	CONSOLIDATED 2016	CONSOLIDATED 2015 Restated
	$	$
Balance at the beginning of the year	2,438,961	7,304,038
Development expenditure incurred	-	2,493,303
Amortisation	-	(700,781)
Impairment on development assets (1)	-	(6,657,599)
Deconsolidation of subsidiary (2)	(2,438,961)	-
Balance at the end of the year	-	2,438,961

(1) During the prior year, management assessed the carrying value of the asset and has recorded an impairment charge against the development assets of $6,657,599 given declines in oil price and market capitalisation.

(2) During the year, the group has deconsolidated its interest in Latin American Resources upon reaching an agreement whereby Citation is discharged of its rights, liabilities or obligations under the Investment Management Agreement. As recognition of the role played by Citation in the development of LAR, Citation will retain a non-contributing (finance carried) 10% shareholding in LAR. The shares in LAR will be held in escrow, until and unless Citation will exercise its option to acquire a further 5% (also non-contributing and finance carried) interest in LAR for the payment of US$1m on or before 1 November 2016. The Company relinquished its rights to the 10% LAR holding as at 1 October 2016.

13. EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED 2016	CONSOLIDATED 2015 Restated
	$	$
Exploration and evaluation		
Balance at the beginning of the year (1)	10,375,713	17,632,106
Exploration expenditure incurred	-	811,063
Exploration expenditure written off (2)	-	(8,067,456)
Deconsolidation of subsidiary (3)	(10,375,713)	425,860
Balance at the end of the year	-	10,375,713

(1) 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.

(2) During the prior year, management assessed the carrying value of the exploration and evaluation assets and in light of the decline in the oil price seen during the year and subsequent market capitalisation decline, the Company has recorded an impairment charge against the exploration and evaluation assets

(3) During the year, the group has deconsolidated its interest in Latin American Resources upon reaching an agreement whereby Citation is discharged of its rights, liabilities or obligations under the Investment Management Agreement. As recognition of the role played by Citation in the development of LAR, Citation will retain a non-contributing (finance carried) 10% shareholding in LAR. The shares in LAR will be held in escrow, until and unless Citation will exercise its option to acquire a further 5% (also non-contributing and finance carried) interest in LAR for the payment of US$1m on or before 1 November 2016. The Company relinquished its rights to the 10% LAR holding as at 1 October 2016.

Notes to the Financial Statements

14. TRADE AND OTHER PAYABLES

	CONSOLIDATED 2016	CONSOLIDATED 2015 Restated
	$	$
Trade payables	139,043	2,246,044
Other payables [(1)]	-	481,444
Total trade and other payables	139,043	2,727,488

Refer Note 27 for split of liabilities and borrowings per geographical segment.

[(1)] Within other payables in the prior year is the value of 65m shares not yet issued at year end in relation to retention and incentive plans – valued at A$0.01 per share.

15. OTHER CURRENT LIABILITIES

	CONSOLIDATED 2016	CONSOLIDATED 2015 Restated
Unissued shares	1,801,400	650,000
Less: adjustments as per DOCA	(410,950)	-
	1,390,450	**650,000**

(i) Unissued shares are part of oversubscriptions from October 2015 capital raising, for settlement under a Deed of Company Agreement ('DOCA')

Subsequent to period end, the Company finalised an agreement with Mr. Peter Landau to settle the Company's claims against him. An amount of $2 million was advanced to the Company on 10 January 2017 by way of ex-gratia payment by a third party, to be held on trust for the purpose of making distributions to certain creditors of the Company under a deed of company agreement ('DOCA').

The DOCA contains everything that the parties have agreed on in relation to the matters in deals with. No party can rely on an earlier document, or anything said or done by another party (or a director, officer, agent or employee of that party), before the DOCA was executed.

The Creditors accepted their entitlements under the DOCA in full satisfaction and complete discharge of their claims.

16. BORROWINGS

	CONSOLIDATED 2016	CONSOLIDATED 2015
	$	$
Short term financing facility	-	40,750
Short term financing facility (1)	-	1,004,000
Short term financing facility (2)	595,000	1,500,000
Total borrowings	**595,000**	**2,544,750**

During the prior period, loan holders agreed to an adjusted settlement amount of $1,365,000 which is fully payable in cash, plus 15,000,000 listed options exercisable at $0.05, expiring on 30 June 2017. A payment of $750,000 cash and allotment of 15,000,000 listed options were made in December 2015. The holder of the $400,000 loan issued a statutory demand seeking payment in the amount of $632,000. This was subsequently withdrawn and the proceedings were dismissed by consent with no order as to costs on 11 May 2016.

Subsequent to the period, the Company finalised an agreement with Mr. Peter Landau to settle the Company's claims against him. An amount of $2 million was advanced to the Company on 10 January 2017 by way of ex-gratia payment by a third party, to be held on trust for the purpose of making distributions to certain creditors of the Company under a deed of company agreement ('DOCA').

The DOCA contains everything that the parties have agreed on in relation to the matters in deals with. No party can rely on an earlier document, or anything said or done by another party (or a director, officer, agent or employee of that party), before the DOCA was executed.

The loan holders accepted their entitlements under the DOCA in full satisfaction and complete discharge of their claims.

(1) In March 2015, the Company also entered into a short term bridging facility with Maximilian Capital LLC for USD$800,000, on the following terms:

- Bullet prepayment of USD$1.2m on or before 31 January 2016;
- Maximilian 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;
- Net revenue from the project is settled against the debt owing during the 12-month period; and
- Equity issued by the Company on a pre-consolidation basis of:
  - 25m Shares;
  - 33m Options (31 January 2020, $0.03);
  - 33m Options (31 January 2020, $0.04); and
  - 67m Options (31 January 2020, $0.05).

The Company does not have an obligation to Maximilian Capital LLC. The option period for the Company to exercise its right to repurchase the shares has expired in 31 January 2016.

(2) 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.

- Principal terms of the financing facility were 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.

16. BORROWINGS (CONT'D)

e. During the prior year, the Company made repayments on the loan comprising $700,000 in cash and issued 150,000,000 ordinary shares to the lenders, with the 150,000,000 shares being sold by the lender at an average price of $0.0035 as settlement against the loan.

f. Following on from the EGM held in May 2015, the loan holders agreed to convert their outstanding loans and accrued interest into convertible notes to the value of $1,500,000 on the following terms:

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.

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.

17. DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED 2016	CONSOLIDATED 2015
	$	$
Derivative liabilities from convertible financing facilities	-	336,204
	-	**336,204**

Movement in derivative liabilities during the period is as follows:

	CONSOLIDATED 2016	CONSOLIDATED 2015
	$	$
Carrying amount at 1 July	336,204	960,000
Recognition of derivative from convertible financing facilities		211,499
Fair value movement		124,705
Extinguishment of convertible loan with unwinding of embedded derivative	(336,204)	(960,000)
	-	**336,204**

Derivative liabilities arise from the Group's short term financing facilities as referred to in Note 16.

18. CONTRIBUTED EQUITY

(a) Ordinary Shares as at 30 June 2016

	CONSOLIDATED 2016	CONSOLIDATED 2015	CONSOLIDATED 2016	CONSOLIDATED 2015
	No of shares	No of shares	$	$
Fully paid ordinary shares	**262,984,008**	57,296,861	**47,473,386**	36,668,838

Reconciliation of share movement	No of shares	Issue Price	Amount
Opening balance at 1 July 2015 (i)	**57,296,861**		**36,668,838**
Shares issued as part of the 2:1 Shareholder Offer (ii)	123,687,147	$0.05	6,184,357
Shares issued as initial consideration to the acquisition of 40% interest in Pearl (iii)	80,000,000	$0.062	4,960,000
Shares issued upon exercise of options	2,000,000	$0.05	100,000
Total shares issued	205,687,147		11,244,357
Less share issue costs	-		(429,809)
Balance at 30 June 2016	**262,984,008**		**47,483,386**

(i) In the prior period, following the receipt of shareholder approval at the Company's EGM, the Company completed a consolidation of the capital on a 100:1 basis.

(ii) In November 2015, the Company completed its $6.15m capital raising by issuing 123,687,147 shares comprising the priority, top-up and public offer as approved by shareholders with significant number of oversubscriptions for shortfall and underwritten demand.

(iii) In December 2015, the Company issued 80,000,000 shares as consideration for the acquisition by the Company of an initial 40% shareholding interest in Pearl Global Pty Ltd.

	CONSOLIDATED 2015	CONSOLIDATED 2014	CONSOLIDATED 2015	CONSOLIDATED 2014
	No of shares	No of shares	$	$
Fully paid ordinary shares		57,296,861		36,668,838

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
Shares issued as part of the Texas transaction and financing (v)	245,000,000	$0.001	245,000
Consolidation of capital 100:1 basis (vi)	(1,712,368,206)		-
Shares issued as part payment of loan facility (vii)	20,000,000	$0.05	1,000,000
Shares issued in placement (vii)	10,000,000	$0.05	500,000
Shares issued in placement (vii)	10,000,000	$0.05	500,000
Total shares issued	(1,177,368,206)		4,085,000
Less share issue costs	-		(67,222)
Balance at 30 June 2015	**57,296,861**		**36,668,838**

18. CONTRIBUTED EQUITY (CONT'D)

(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 $0.0061 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 sold by the lender at an average price of $0.002 as settlement against the loan, resulting in a net loss on conversion of debt to equity of $120,000.

(v) In January 2015, the Company completed the purchase of the Texas asset from Range Resources Limited along with completing a financing with Maximilian Capital LLC. As part of the transaction a total of 245m shares were issued to Range, Maximilian and Advisors at a deemed issue price of $0.001.

(vi) In May 2015, following the receipt of shareholder approval at the Company's EGM, the Company completed a consolidation of the capital of the Company on a 100:1 basis.

(vii) In June 2015, the Company issued 20,000,000 shares with a value of $1,000,000, to settle in part loans of the Company. In addition, the Company issued 20,000,000 shares in two tranches raising $1,000,000 of which $500,000 was received subsequent to year end.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Reconciliation of option movement	No. of Options	Issue Price	Amount $
Opening balance at 1 July 2015	**4,198,899**		**769,829**
CTRO listed options - expired	(2,781,399)	-	(583,006)
CTROA listed options – part of debt conversion	25,000,000	$0.035	875,000
CTROA listed options – free attaching	10,000,000	-	-
CTROA listed options – exercised	(2,000,000)	$0.050	(100,000)
Options fair market valuation			717,894
Option reserve			**1,679,717**
Opening balance at 1 July 2015			**1,517,387**
Share based payment reserve			**1,517,387**
Balance at 30 June2016	**34,417,500**		**3,197,104**

Reconciliation of option movement	No of options	Issue Price	Amount
Opening balance at 1 July 2014	**491,214,750**		**589,410**
Consolidation of capital 100:1 basis	(486,302,592)	-	-
Unlisted options issued	1,330,000	-	81,110
Adjustment on embedded derivative	-	-	99,309
Option reserve			**769,829**
Opening balance at 1 July 2014			**1,517,387**
Share based payment reserve			**1,517,387**
Balance at 30 June 2015	**6,242,158**		**2,287,216**

18. CONTRIBUTED EQUITY (CONT'D)

(b) Capital Management

The group's objective when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the group manages its capital by assessing the group's financial risk and adjusts its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

The group is not subject to any externally imposed capital requirements.

19. ACCUMULATED LOSSES

	CONSOLIDATED 2016	CONSOLIDATED 2015
	$	$
Accumulated losses at the beginning of the financial year	(33,000,557)	(18,112,264)
Loss attributable to the owners of Citation Resources Ltd	(12,319,363)	(14,888,293)
Transfer from option reserve following expiry of options – note 17(b)	-	-
Accumulated losses at the end of the financial year	(45,319,920)	(33,000,557)

20. CASH FLOW INFORMATION

(a) Reconciliation of Net Profit after Tax to Net Cash Flows from Operations

	CONSOLIDATED 2016	CONSOLIDATED 2015
	$	$
Loss for the year	(7,357,220)	(20,162,255)
Adjustments for non-cash movements:		
Depreciation and amortisation	-	701,946
Exploration, evaluation and development expenditure	689,812	38,873
Loss on loan conversions	478,497	310,244
Prior year adjustments	(31,354)	-
Impairment charge	4,660,000	15,662,525
Non-cash borrowing costs	19,548	284,692
Movement on derivative liability		854,524
Movement on foreign exchange		(1,465)
Change in operating assets and liabilities		
(Increase) / decrease in trade and other debtors	1,288,298	(778,137)
Increase / (decrease) in trade and other creditors	(2,619,395)	625,274
	(2,871,814)	(2,463,779)

21. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel Compensation

	CONSOLIDATED 2016	CONSOLIDATED 2015
	$	$
Short-term benefits	134,000	180,000
Total	134,000	180,000

(b) Other transactions with key management personnel

Other than in relation to directors' fees as disclosed above there were no other transactions with key management personnel.

(c) Transactions with other Related Parties

Directors and officers or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial and operating policies of those entities.

Details of those transactions at the end of the year are as follows:

Entity	Note	Nature of transactions	Transactions Full year 30-Jun-16 $	Transactions Full year 30-Jun-15 $	Balances Full year 30-Jun-16 $	Balances Full year 30-Jun-15 $
Turco & Co Pty Ltd	(i)	Reimbursement to/from CTR for corporate administration costs	246,218	-	44,704	-
Sibella Capital Pty Ltd	(ii)	Reimbursement to/from CTR for corporate administration costs	50,000	99,000	-	966
Okap Ventures Pty Ltd	(iii)	Reimbursement to/from CTR for corporate administration costs	128,551	37,225	-	31,714
Okap Ventures Pty Ltd	(iii)	Provision of corporate / administration and company secretarial costs	240,000	122,000	-	142,000

(i) Turco & Co Pty Ltd is a company associated with Mr Victor Turco with Turco & Co providing corporate advisory, company secretarial, CFO, financial management and associated services.

(ii) Sibella Capital Pty Ltd is a company associated with Mr Brett Mitchell.

(iii) Okap Ventures is a company associated with Mr Peter Landau with Okap providing corporate advisory, company secretarial, CFO, financial management and associated services.

22. COMMITMENTS

As a result of the appointment of administrators in respect of the Company on 20 September 2016, the Company has not yet held its annual general meeting for the 2015/16 financial year. As such, the Company's commitments will depend upon the matters on the resolutions to be tabled at the Company's annual general meeting for shareholders to consider and vote upon.

23. CONTINGENT ASSETS AND LIABILITIES

The Directors are not aware of any contingent liabilities or contingent assets of the Company.

24. RELATED PARTY TRANSACTIONS

(a) Parent Entities

The ultimate parent entity within the Group is Citation Resources Ltd, which at 30 June 2016 owns 100% of the issued ordinary shares of Citation Resources Operations Pty Ltd, incorporated in Australia, 100% of the issued ordinary shares of Citation Resources Inc, incorporated in the U.S and 100% of the issued ordinary shares of Citation Resources Aus Pty Ltd (formerly called Citation Resources Pty Ltd), incorporated in Australia.

(b) Transactions with Related Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(d):

Name of entity	Country of Incorporation	Class of shares	Equity holding 2016	Equity holding 2015
Parent Entity:				
Citation Resources Limited				
Subsidiaries of Citation Resources Limited:				
Citation Resources Operations Pty Ltd	Australia	Ordinary	100%	100%
Citation Resources Inc[1]	USA	Ordinary	100%	100%
Citation Resources Aus Pty Ltd (formerly Citation Resources Pty Ltd.)[2]	Australia	Ordinary	100%	100%
Subsidiaries of Citation Aus Pty Ltd				
Latin American Resources Ltd	Bahamas	Ordinary	10%	60%

[1] There has been no activity in Citation Resources Inc in the current year.
[2] Citation Resources Aus Pty Ltd was acquired on 1 October 2012.

Entity	Relationship	Amount owed 30-Jun-16 $	Amount owed 30-Jun-15 $
Subsidiaries of Citation Resources Limited			
Citation Resources Operations Pty Ltd	A wholly owned subsidiary	-	4,284,155
Citation Resources Inc.	A wholly owned subsidiary	-	-
Citation Resources Aus Pty Ltd (formerly Citation Resources Pty Ltd.)	A wholly owned subsidiary	-	20,909,837

25. REMUNERATION OF AUDITORS

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
Amounts due and receivable by Grant Thornton Audit Pty Ltd		
Audit and audit review services	77,258	39,809
Total auditor's remuneration	77,258	39,809

26. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

The group holds the following financial instruments:

	CONSOLIDATED 2016	CONSOLIDATED 2015
	$	$
Financial Assets		
Cash and cash equivalents	626,518	619,107
Loans and receivables	2,000,000	1,384,935
Financial liabilities		
Trade and other payables	1,529,493	3,377,488
Borrowings	595,000	2,544,750
Financial instrument - derivative		-

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash and cash equivalents.

The Group is in early exploration stages, so there are no significant concentrations of credit risk. The Group ensure the use of leading investment institutions in terms of managing cash.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Cash flow and interest rate risk

The Group's only interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the group to cash flow interest rate risk. The Group has therefore, assessed its interest rate risk as low.

26. FINANCIAL RISK MANAGEMENT (CONT'D)

The following sets out the Group's exposure to interest rate risk:

2016	Floating interest rate $	1 year or less $	Over 1 to 5 years $	Non interest bearing $	Total $	Weighted average interest rate %
Financial assets						
Cash at bank	626,518	626,518	-	-	626,518	2.1%
Financial liabilities						
Borrowings	595,000	595,000	-	-	595,000	10%

2015	Floating interest rate $	1 year or less $	Over 1 to 5 years $	Non interest bearing $	Total $	Weighted average interest rate %
Financial assets						
Cash at bank	619,107	619,107	-	-	619,107	2.1%
Financial liabilities						
Borrowings	2,124,493	2,124,493	-	-	2,124,493	10%

The Group has minimal exposure to interest rate risk other than reductions/increases in interest earned should the rates decrease/increase respectively. As an indication of possible sensitivity to changes in interest rates a 10% movement in interest rates, would increase/decrease the annual amount of interest received by $1,316 (2015: $558).

Fair Value Estimation

The fair value of financial assets and financial liabilities are assumed to approximate their carrying values due to their short term nature.

Notes to the Financial Statements

27. SEGMENT INFORMATION

Management has determined the operating segments are based on reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors considers the business from a geographic perspective and have identified the below reportable segments:

Geographical Segment	30 June 2016				
	$	$	$	$	$
	Latin America (Discontinued)	Texas	Tyre Recycling (Australia)	Corporate Costs (Australia)	Consolidated
Results					
Income	-	-	-	3,786	3,786
Loss for the period	(6,520,688)	-	(4,660,000)	(2,697,220)	(13,877,908)
Comprehensive loss for the period	(6,520,688)	-	(4,660,000)	(2,697,220)	(13,877,908)
Assets					
Segment assets	-	-	3,300,000	2,626,518	5,926,518
Total assets	-	-	3,300,000	2,626,518	5,926,518
Liabilities					
Segment liabilities	-	-	-	2,124,493	2,124,493
Total liabilities	-	-	-	2,124,493	2,124,493
Other Segment Information					
Depreciation	-	-	-	-	-
Impairment of exploration & development	(2,000,000)	(689,812)	(4,660,000)	-	(7,349,812)

Geographical Segment	30 June 2015 (Restated)			
	$	$	$	$
	Latin America (Discontinued)	Texas	Australia	Consolidated
Results				
Income	3,207,354	-	15,990	3,223,344
Loss for the period	(17,899,906)	-	(2,262,349)	(20,162,255)
Comprehensive loss for the period	(13,184,904)	-	(3,701,648)	(16,886,551)
Assets				
Segment assets	15,548,345	1,693,812	1,083,103	18,325,260
Total assets	15,548,345	1,693,812	1,083,103	18,325,260
Liabilities				
Segment liabilities (1)	2,461,904	-	3,213,447	5,675,351
Total liabilities	2,461,904	-	3,213,447	5,675,351
Other Segment Information				
Depreciation	(700,781)	-	(1,165)	(701,946)
Impairment of exploration & development	(15,662,525)	-	-	(15,662,525)

(1) Within the $3.2m balance for Australia includes borrowings of $2.55m (note 17) and derivative liability of $0.34m (note 16).

28. SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

In the prior year, the Group includes one subsidiary, Latin American Resources Limited, ("LAR") with material non-controlling interests ("NCI's").

During the year, the group has deconsolidated its interest in Latin American Resources upon reaching an agreement whereby Citation is discharged of its rights, liabilities or obligations under the Investment Management Agreement. As recognition of the role played by Citation in the development of LAR, Citation will retain a non-contributing (finance carried) 10% shareholding in LAR. The shares in LAR will be held in escrow, until and unless Citation will exercise its option to acquire a further 5% (also non-contributing and finance carried) interest in LAR for the payment of US$1m on or before 1 November 2016. In the event that the option is not exercised, the Company will forfeit its interest in LAR.

	Proportion of Ownership Interests and Voting Rights held by the NCI		Profit Allocated to NCI		Accumulated NCI	
	2016	2015	2016	2015	2016	2015
Name	%	%	$	$	$	$
Latin American Resources Limited	10%	40%	-	(5,273,962)	-	4,247,527

No dividends were paid during the year.

Summarised financial information for LAR, before intra-group eliminations is set out below:

	2016	2015
	$	$
Current assets	-	2,225,034
Non-current assets	-	7,311,096
Total assets	**-**	**9,536,130**
Current liabilities	-	(2,032,596)
Non-current liabilities	-	(429,309)
Total liabilities	**-**	**(2,461,905)**
Equity attributable to the Parent	**-**	**8,402,380**
Non-controlling interests	**-**	**4,247,527**

	2016	2015
	$	$
Revenue		
Loss for the year attributable to owners of the Parent	-	(14,888,293)
Loss for the year attributable to NCI	-	(5,273,962)
Loss for the year	**-**	**(20,162,255)**
Other comprehensive income for the year	-	3,275,704
Total comprehensive loss for the year		**(16,886,551)**
Total comprehensive loss for the year attributable to owners of the Parent	-	(12,922,871)
Total comprehensive loss for the year attributable to NCI	-	(3,963,680)
	-	**(16,886,551)**

Notes to the Financial Statements

29. PARENT ENTITY

The following information relates to the parent entity, Citation Resources Ltd. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

	PARENT 2016 $	PARENT 2015 $
Current assets	5,926,518	954,446
Non-current assets	-	8,652,269
Total assets	5,926,518	9,606,715
Current liabilities	2,124,493	3,212,571
Non-current liabilities	-	-
Total liabilities	2,124,493	3,212,571
Contributed equity	47,483,386	45,890,781
Accumulated losses	(46,878,465)	(41,783,854)
Options reserve	1,679,717	769,829
Share-based payment reserve	1,517,387	1,517,387
Total Equity	3,802,025	6,394,143
Loss for the year (1)	(13,877,908)	(17,136,493)
Other comprehensive income	-	-
Total comprehensive income for the year	(13,877,908)	(17,136,493)

(1) Prior year balance Includes the reflection of the asset impairment on the development, exploration and inventory assets in Guatemala against the Parent Investment.

The Parent entity has not entered into any guarantees, has no contingent liabilities or contractual commitments.

30. DIVIDENDS

There were no dividends paid or declared by the Group during the year.

31. EVENTS AFTER THE END OF THE REPORTING PERIOD

Between the end of the financial period and the date of this report the following material events have occurred:

Pearl Global

Subsequent to the period, the Board of Pearl has advised the Company that the Department of Environmental Regulation, Western Australia (DER) has granted a licence to operate its thermal desorption processing plant, currently located in Mogumber, Western Australia.

However, due to administrative issues, the Company did not complete the acquisition of the remaining 60% shareholding interest in Pearl Global Pty Ltd ('Pearl') by 30 June 2016 which triggered Pearl to buy back Citation's 40% shareholding in Pearl.

In January 2017, the Company entered into a settlement with Pearl Global Pty Ltd ('Pearl') and its shareholders which provided for a mutual release of all claims under the agreement dated 25 November 2015 between the Company, Pearl and certain other parties in respect of the acquisition (in two stages) of the entire issued share capital of Pearl. As part of this Settlement, the Company's 40% shareholding in Pearl was transferred back to Pearl's shareholders in consideration of a cash payment of $3.3 million. The payment of the $3.3m to the Company and transfer of 40% shareholdings in Pearl were completed in January 2017.

Guatemala – Atzam Project

The Company reached an in principle agreement with Latin American Resources Limited ("LAR") in November 2015 whereby the Company reduced to a 10% finance carried equity interest in LAR. In addition to the 10% carried interest, the Company will also have an option to acquire an additional 5% interest by paying US$1m within 12 months from completion of the agreement.

The Company relinquished its rights to the 10% LAR holding as at 1 October 2016.

Corporate

Appointment of Voluntary Administrators

In 20 September 2016, the Company announced that Voluntary Administrators have been appointed to oversee the affairs of the Company.

Richard Tucker and Scott Landon, each of KordaMentha Restructuring, have been appointed to act as joint and several Voluntary Administrators for the Company.

Settlement of claims against former director, Peter Landau

On 2 December 2016, the Company finalised an agreement with Mr Peter Landau, a former director of the Company to settle the Company's claim against him. Pursuant to that settlement, an amount of $2 million was advanced to the Company on 10 January 2017 by way of ex-gratia payment by a third party, to be held on trust for the purpose of making distributions to certain creditors of the Company (being certain persons who applied for shares under the Company's prospectus dated 23 October 2015 but who did not receive shares or a refund of the application monies, and other creditors) under a deed of company arrangement ('DOCA') ('Ex-Gratia Payment').

Creditors' meeting and DOCA

As noted in the Company's announcement dated 18 October 2016, a Court order was obtained on that date to extend the period under which the Administrators were required to convene the second meeting of creditors to 25 January 2017. On that date, the Administrators were informed of a number of late changes to a DOCA which had been proposed, accordingly the Administrators applied to the Court for a further short extension of the convening period to allow for these changes to be reflected in the Administrators' report to creditors. The Court granted an order further extending the convening period to 2 February 2017.

The Administrators' Report to Creditors pursuant to section 439A of the Corporations Act 2001 (Cth) (the 'Act') was circulated on 2 February 2017. The Second Meeting of Creditors of the Company was held on 9 February 2017 pursuant to section 439A of the Act.

Notes to the Financial Statements

31. EVENTS AFTER THE END OF THE REPORTING PERIOD (CONT'D)

At the Second Meeting of Creditors, the creditors of the Company unanimously resolved that the Company should enter into a DOCA and creditors' trust deeds substantially in the form proposed by certain shareholders of Pearl. The DOCA was executed on 27 February 2017.

Overview of DOCA

A summary of the key terms of the DOCA are as follows:

- the Ex-Gratia Payment is to be distributed to specific creditors, in accordance with the settlement reached with Mr Peter Landau, through a creditors' trust
- the claims of other creditors are to be resolved through the creation and funding of three other creditors' trusts in respect of various categories of creditor
- the implementation of a recapitalisation of the Company

Recapitalisation Proposal

The material terms of the Recapitalisation Proposal are set out in the DOCA, and comprise:

(a) **Consolidation.** The consolidation of the existing issued capital of the Company on a 7 for 199 basis

(b) **Discharge of secured creditors.** Any party with a valid security in respect of the Company registered on the PPSR discharging that security interest.

(c) **Bonus Issue.** A bonus issue to Shareholders of New Options, on the basis of one New Option for every three Shares held (on a post-Consolidation basis). The record date for the Bonus Issue is dependent on the date of closing of the Capital Raising and satisfaction of the conditions to the Capital Raising, but will be prior to the issue of the Consideration Shares, the Shares under the Capital Raising and the other issues of Shares contemplated by the Resolutions. The record date for the Bonus Issue will be announced in due course.

(d) **Pearl Acquisition.** The acquisition of the entire issued share capital of Pearl in consideration for the issue to the Pearl Vendors of 80,000,000 new Shares (on a post-Consolidation basis). Further information in respect of Pearl and the Pearl Acquisition is set out below.

(e) **New Licence Agreement.** The entry into of the New Licence Agreement in respect of the intellectual property which underpins Pearl's business, as referred to in section 5.3 below.

(f) **Capital Raising.** The issue by the Company of up to 25,000,000 Shares (on a post-Consolidation basis) at an issue price of $0.20 per Share under the Prospectus to raise up to $5,000,000. The Capital Raising is to incorporate a priority offer to persons who made an application to purchase Shares under the Company's prospectus dated 23 October 2015, but who did not receive shares or a refund, up to the amounts returned to them pursuant to the DOCA and (as the case may be) the Landau Creditors' Trust or the Trust Creditors' Trust.

(g) **Conversion of Pearl Convertible Notes.** The issue by the Company of 18,718,750 Shares and 6,239,567 New Options (each on a post-Consolidation basis) to the Pearl Noteholders, on conversion of the Pearl Convertible Notes of $2,995,000.

(h) **Issue of Shares to a Director in satisfaction of accrued fees.** The issue by the Company of 500,000 Shares (on a post-Consolidation basis) to Mr Victor Turco, a Director of the Company (or his nominee(s)) at a deemed issue price of $0.20 per Share in satisfaction of accrued directors fees.

(i) **Issue of New Options to advisers, brokers and promoters.** The issue by the Company of up to 36,000,000 New Options (on a post-Consolidation basis) to certain advisers, brokers and promoters in connection with the Recapitalisation Proposal at an issue price of $0.0001 per New Option.

(j) **Reinstatement to quotation.** Following lodgement of the Prospectus, the Company will make an application to the ASX for its Shares, the existing listed Options and the New Options to be reinstated to quotation on the ASX.

31. EVENTS AFTER THE END OF THE REPORTING PERIOD (CONT'D)

Effectuation of the DOCA is subject to various conditions, including:

- shareholders of Pearl approving the DOCA, to be received within 14 days of execution of the DOCA
- the shareholders in Pearl agreeing to a share purchase agreement for the sale of their Pearl shares to the Company as referred to above
- the owner of the intellectual property underpinning Pearl's business agreeing to the new licence agreement and option referred to above
- shareholders of the Company passing various resolutions required in connection with the recapitalisation of the Company. A notice of meeting in this regard will be despatched in due course.

A copy of the DOCA and the forms of the creditors' trust deeds can be found on the Company Announcement under ASX website, dated 27 February 2017. The above summary of the key terms of the DOCA and the creditors' trust deeds should be read in conjunction with these documents.

Directors' Declaration

1. In the opinion of the Directors of the Company:
   a. The consolidated financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
      i. Giving a true and fair view of its financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
      ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
   b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.
3. Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Victor Turco

Director

5 April 2017, at Perth, Western Australia

Grant Thornton

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Independent Auditor's Report
To the Members of Citation Resources Limited

Report on the financial report

We have audited the accompanying financial report of Citation Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Because of the matters described in the Basis of Disclaimer of Opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Disclaimer of Opinion

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.

Citation Resources Limited ("CTR") held a 60% carried equity interest in Latin American Resources Limited ("LAR"), a company incorporated in the Bahamas with operations in Guatemala. During the period, CTR had reduced its interest in LAR from 60% to 10%. In accordance with Australian Accounting Standards, the Group has deconsolidated its interest in LAR. The result of the deconsolidation amounts to a net loss on discontinued operations of $6,520,688. However, for the period of this audit, the directors have not been provided access to all relevant records of LAR and have prepared the financial report of Citation Resources Limited using limited management information of the LAR operations.

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 financial report of the Company for the year ended 30 June 2016.

Report on the remuneration report

We have audited the remuneration report included in pages 9 to 11 of the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Citation Resources Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner – Audit & Assurance

Perth, 5 April 2017

Corporate Governance Statement

OVERVIEW

In March 2003, the Australian Securities Exchange (ASX) Corporate Governance Council published its Principles of Good Corporate Governance and Best Practice Recommendations ("Recommendations").

In August 2007, the ASX Corporate Governance Council published a revised Principles and Recommendations (2nd Edition).

In 2010, the ASX Corporate Governance Council published a further revised Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) to ensure that these remain relevant to the Australian business and investment communities. The Company's Corporate Governance Statement is structured below with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition). The Company's Board of Directors has reviewed the recommendations. In many cases the Company was already achieving the standard required. In a limited number of instances, the Company has determined not to comply with the standard set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous for a Company of this size. Recommendations which the Company does not comply with are highlighted in this report.

Further information on the Company's corporate governance policies is located on the website: www.citationresources.com.au

1. PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Companies should establish and disclose the respective roles and responsibilities of board and management.

- **Recommendation 1.1**: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.
- **Recommendation 1.2:** Companies should disclose the process for evaluating the performance of senior executives.
- **Recommendation 1.3:** Companies should provide the information indicated in the Guide to reporting on Principle 1.
- **Recommendation 1.4:** The Company Secretary of a listed entity should be accountable directly to the Board.

1.2 The Company's practice:

The Board considers that the essential responsibility of directors is to oversee the Company's activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value. Responsibility for management of the Company's business is delegated to the Executive Director, who is accountable to the Board.

Further, the Board takes specific responsibility for:-

- Contributing to the development of and approving corporate strategy;
- Appointing, assessing the performance of and, if necessary removing the Executive Director;
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- Overseeing and monitoring:
    - Organizational performance and the achievement of strategic goals and objectives
    - Compliance with the Company's code of conduct
    - Progress of major capital expenditures and other corporate projects including acquisitions, mergers and divestments;

- Monitoring financial performance including approval of the annual, half yearly and quarterly reports and liaison with the auditor;
- Ensuring there are effective management processes in place, including reviewing and ratifying systems of risk identification and management, ensuring appropriate and adequate internal control processes, and that monitoring and reporting procedures for these systems are effective;
- Enhancing and protecting the Company's reputation;
- Approving major capital expenditure, capital management, acquisitions and divestments;
- Reporting to shareholders;
- Appointment of directors; and
- Any other matter considered desirable and in the interest of the Company.

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Company has a formal Board Charter which is on the Company's website and summarised above. In broad terms, the Board is accountable to the shareholders and must ensure that the Company is properly managed to protect and enhance shareholders' wealth and other interests. The Board Charter sets out the role and responsibilities of the Board within the governance structure of the Company and its related bodies corporate (as defined in the Corporations Act).

The Executive Director is responsible for the ongoing management of the Company's operations and report to the Board. He is accountable for all functions that are necessary to the operations of the Company and not specifically reserved to the Board. The Executive Director's performance is reviewed on a regular basis by the Board.

In addition, the Company's Company Secretary is also a Director of the Company and reports to the Board in their capacity as Company Secretary on all matters to do with proper functioning of the Board.

Based on the above information the Company believes it is fully compliant with Recommendations 1.1, 1.2, 1.3 and 1.4.

2. PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

2.1 Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

- **Recommendation 2.1:** A majority of the board should be independent directors.
- **Recommendation 2.2:** The chair should be an independent director.
- **Recommendation 2.3:** The roles of chair and chief executive officer should not be exercised by the same individual.
- **Recommendation 2.4:** The board should establish a nomination committee.
- **Recommendation 2.5:** Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.
- **Recommendation 2.6:** Companies should provide the information indicated in the Guide to reporting on Principle 2.

2.2 The Company's practice:

Independence

Corporate Governance Council Recommendation 2.1 requires a majority of the Board to be independent directors. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement. In accordance with this definition, the Company has two independent, non-executive Directors.

Corporate Governance Statement

Composition

The directors have been chosen for their particular expertise to provide the company with a competent and well-rounded decision-making body and which will assist the company and shareholders in meeting their objectives.

The term in office held by each director in office at the date of this report is as follows and details of the professional skills and expertise of each of the directors are set out in the Directors' Report.

Name	Position	Term in Office
Richard Tucker	Voluntary Administrator	6 months (appointed 20 September 2016)
Scott Langdon	Voluntary Administrator	6 months (appointed 20 September 2016)
Victor Turco	Non-Executive	16 months (appointed 1 December 2015)
Bert Huys	Non-Executive	14 months (appointed 19 January 2016)

The directors meet frequently, both formally and informally, so that they maintain a mutual, thorough understanding of the Company's business and to ensure that the Company's policies of corporate governance are adhered to.

Education

The Company has a formal process to educate new directors about the nature of the business, current issues, the corporate strategy and the Company's expectations concerning the performance of directors. Directors are given access to and encouraged to participate in continuing education opportunities to update and enhance their skills and knowledge.

Independent professional advice and access to company information

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified advisor at the consolidated entity's expense. The director must consult with an advisor suitably qualified in the relevant field and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other board members.

Nomination committee

The Company does not currently have a separate nomination committee and as such has not complied with Recommendation 2.4. The duties and responsibilities typically delegated to such a committee are considered to be the responsibility of the full board, given the size and nature of the Company's activities and as such, the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

Monitoring of Board Performance

The performance of all Directors is reviewed by the Chairman on an ongoing basis and any Director whose performance is considered unsatisfactory is asked to retire. The Chairman's performance is reviewed by the other Board members.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the Director's performance during the course of the year. Those guidelines include:

- Attendance at all Board meetings. Missing more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed; and
- Attendance at the Company's Shareholder Meetings. Non-attendance without reasonable excuse will result in that Director's position being reviewed.

Based on the above information the Company believes it is fully compliant with Recommendations 2.1, 2.2, 2.3, 2.5 and 2.6. The Company is not compliant with Recommendation 2.4 as outlined.

3. PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

3.1 Companies should actively promote ethical and responsible decision-making.

- **Recommendation 3.1**: Companies should establish a code of conduct and disclose the code or a summary of the code as to:
  - the practices necessary to maintain confidence in the Company's integrity
  - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
  - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices
- **Recommendation 3.2**: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.
- **Recommendation 3.3:** Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.
- **Recommendation 3.4:** Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.
- **Recommendation 3.5:** Companies should provide the information indicated in the Guide to reporting on Principle 3.

3.2 The Company's practice:

Ethical Standards

The Company has a formal Code of Conduct as per Recommendation 3.1. This code outlines how directors and employees of the Company and its related bodies corporate are to behave when conducting business. A full copy of this Code of Conduct is available on the Company's website.

The Company is committed to the highest level of integrity and ethical standards in all business practices. Directors and employees must conduct themselves in a manner consistent with current community and corporate standards and in compliance with all legislation. In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.

All Directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Diversity Policy

The Board has adopted a Diversity Policy as per Recommendation 3.2. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees. The Diversity Policy outlines the processes by which the Board will set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity within the Company.

The Company is committed to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees and is utilised to enhance the Company's performance.

The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.

Gender Diversity

As a priority, the Company is focusing on the participation of women on its Board and within senior management. The Board is in the process of determining appropriate measurable objectives for achieving gender diversity.

Women Employees, Executives and Board Members

During the year, the Company and its consolidated entities had two (2) female employees/executives:

- its Financial Controller; and
- an Executive Assistant,

which represented approximately 40% of the total number employees, executives and/or board members of the Company and its consolidated entities excluding LAR. There are currently no female members of the Board of the Company or Company Secretary of the Company.

Based on the above information the Company believes it is fully compliant with Recommendations 3.1, 3.2, 3.3, 3.4 and 3.5.

4. PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

- **Recommendation 4.1:** The board should establish an audit committee.
- **Recommendation 4.2**: The audit committee should be structured so that it:
  - consists only of non-executive directors
  - consists of a majority of independent directors
  - is chaired by an independent chair, who is not chair of the board
  - has at least three members.
- **Recommendation 4.3:** The audit committee should have a formal charter.
- **Recommendation 4.4:** Companies should provide the information indicated in the Guide to reporting on Principle 4.

4.2 The Company's practice:

Audit Committee

The Board has not established a separate audit committee and as such has not complied with Recommendation 4.1 & 4.2. The duties and responsibilities typically delegated to such a committee are the responsibility of the full Board, due to the size and current operations of the Company.

- The processes the Board applies in performing this function include: -reviewing internal control and recommending enhancements;
- monitoring compliance with Corporations Act 2001, Securities Exchange Listing Rules, matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investment Commission and financial institutions;
- improving the quality of the accounting function, personnel and processes;
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner; and
- reviewing the performance of the external auditors on an annual basis and nomination of auditors is at the discretion of the Board.

Audit and Compliance Policy

The Board imposes stringent policies and standards to ensure compliance with all corporate financial and accounting standards. Where considered appropriate, the Company's external auditors, professional advisors and management are invited to advise the Board on these issues and the Board meets quarterly to consider audit matters prior to statutory reporting.

The Company requires that its auditors must not carry out any other major area of service to the Company and should have expert knowledge of both Australian and international jurisdictions.

The Board assumes responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. The Board maintains responsibility for a framework of internal control and ethical standards for the management of the consolidated entity.

The board, consisting of members with financial expertise and detailed knowledge and experience of the oil and gas exploration and evaluation business, advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. The Executive Director and Financial Controller declared in writing to the Board that the Company's financial reports for the year ended 30 June 2016 present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is required annually.

Based on the above information the Company believes it is fully compliant with Recommendations 4.3 and 4.4. The Company is not compliant with Recommendations 4.1 and 4.2 as outlined.

5. PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Companies should promote timely and balanced disclosure of all material matters concerning the Company.

- **Recommendation 5.1**: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.
- **Recommendation 5.2:** Companies should provide the information indicated in the Guide to reporting on Principle 5.

5.2 The Company's practice:

Continuous Disclosure Policy

The Company has a formal Continuous Disclosure Policy as required by Recommendation 5.1. This policy was introduced to ensure the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules and ensuring The Company and individual officers do not contravene the Corporations Act or ASX Listing Rules. A full copy of this policy can be found on the Company's website.

The Company is required to immediately tell the ASX once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

Therefore, to meet this obligation the Company undertakes to:

(a) Notify the ASX immediately it becomes aware of any information that a reasonable person would expect to have a material effect on the price and value of the companies' securities, unless that information is not required to be disclosed under the listing rules;

(b) Disclose notifications to the ASX on the Company website following confirmation of the publishing of the information by the ASX; and

(c) Not respond to market speculation or rumour unless the ASX considers it necessary due to there being, or likely to be, a false market in the Company's securities.

The Executive Director and the Company Secretary are responsible for co-ordinating the disclosure requirements. To ensure appropriate procedure all directors, officers and employees of the Company coordinate disclosures through the Executive Director and the Company Secretary**,** including:

(d) Media releases;

(e) Analyst briefings and presentations; and

(f) The release of reports and operational results.

Continuous disclosure is a standing agenda item for all Board meetings.

Based on the above information the Company believes it is fully compliant with Recommendations 5.1 and 5.2.

6. PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

- **Recommendation 6.1:** Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.
- **Recommendation 6.2:** Companies should provide the information indicated in the Guide to reporting on Principle 6.

6.2 The Company's practice:

Shareholder Communication

It is the policy of the Company to communicate effectively with its shareholders by giving them ready access to balanced and understandable information about the Company and making it easier for them to participate in general meetings.

The Board encourages full shareholder participation at the Annual General Meeting as it provides shareholders an opportunity to review the Company's annual performance. Shareholder attendance also ensures a high level of accountability and identification with the Company's strategy and goals.

The shareholders are responsible for voting on the appointment of directors, approval of the maximum amount of directors' fees and the granting of options and shares to directors. Important issues are presented to the shareholders as single resolutions.

The Company's auditor is required to be present, and be available to shareholders, at the Annual General Meeting.

Information is communicated to shareholders through: -

- the Annual Report which is distributed to all shareholders;
- Half-Yearly Reports, Quarterly Reports, and all Australian Securities Exchange announcements which are posted on the Company's website;
- the Annual General Meeting and other meetings so called to obtain approval for Board action as appropriate; and
- compliance with the continuous disclosure requirements of the Australian Securities Exchange Listing Rules.

The Company's full policy on shareholder communication can be found on our website.

Based on the above information the Company believes it is fully compliant with Recommendations 6.1 and 6.2.

7. PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 Companies should establish a sound system of risk oversight and management and internal control.

- **Recommendation 7.1:** Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
- **Recommendation 7.2:** The board should require management to design and implement a risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.
- **Recommendation 7.3:** The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
- **Recommendation 7.4:** Companies should provide the information indicated in the Guide to reporting on Principle 7.

Corporate Governance Statement

7.2 The Company's practice:

RISK MANAGEMENT

Recognise and Manage Risk

Risk oversight, management and internal control are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various Directors and management, depending upon the nature and materiality of the matter.

The Board has established a formal policy to effectively recognise and manage risk as required by Recommendation 7.1. The Company's policy is to achieve levels of operation that balance risk and reward with the ultimate aim of optimising shareholder value. The Risk Management and Internal Control policy is detailed in full on our website.

Oversight of the Risk Management System

The Board takes a proactive approach to risk management. The Board is responsible for oversight of the processes whereby the risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. This oversight encompasses operational, financial reporting and compliance risks.

The Company believes that it is crucial for all Board members to be a part of the process, and as such the Board has not established a separate risk management committee. The Board oversees the establishment, implementation and annual review of the Company's risk management policies as part of the Board approval process for the strategic plan, which encompasses the Company's vision and strategy, designed to meet stakeholder's needs and manage business risks.

The Executive Director has declared, in writing to the Board and in accordance with section 295A of the Corporations Act, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the Company.

Internal control framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognizes that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that deals with:

- Financial reporting - there is a comprehensive budgeting system with an annual budget, updated on a regular basis approved by the Board. Monthly actual results are reported against these budgets.
- Investment appraisal - the Company has clearly defined guidelines for capital expenditure including annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses or assets are being acquired or divested.
- Quality and integrity of personnel - the Company's policies are detailed in an approved induction manual. Formal appraisals are conducted annually for all employees.

Based on the above information the Company believes it is fully compliant with Recommendations 7.1, 7.2, 7.3 and 7.4.

8. PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

- **Recommendation 8.1**: The board should establish a remuneration committee.
- **Recommendation 8.2**: The remuneration committee should be structured so that it:
  - consists of a majority of independent directors
  - is chaired by an independent chair
  - has at least three members
- **Recommendation 8.3**: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.
- **Recommendation 8.4:** Companies should provide the information indicated in the Guide to reporting on Principle 8.

8.2 The Company's Practice:

Remuneration Committee

The Company does not currently have a separate remuneration committee and as such has not complied with Recommendation 8.1 or Recommendation 8.2. The duties and responsibilities typically delegated to such a committee are considered to be the responsibility of the full board, given the size and nature of the Company's activities.

Remuneration Policies

Remuneration of Directors are formalised in service agreements. The Board is responsible for determining and reviewing compensation arrangements for the directors themselves, the Executive Director and the executive team (if applicable). The Board may engage external consultants for independent advice in the future as it deems necessary.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and senior executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of executive directors' and senior executives emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

1. Retention and Motivation of senior executives
2. Attraction of quality management to the Company
3. Performance incentives (if appropriate) which allow executives to share the rewards of the success of the Company

Remuneration of Non-Executive Directors is determined by the Board with reference to comparable industry levels and, specifically for directors' fees, within the maximum amount approved by shareholders. There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

For details on the amount of remuneration and all monetary and non-monetary components for all Directors refer to the Remuneration Report on pages 9 to 11 above. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the period.

Based on the above information the Company believes it is fully compliant with Recommendation 8.3 and Recommendation 8.4 and is not compliant with Recommendation 8.1 or Recommendation 8.2 as outlined.

Additional ASX Information

Number of holders of equity securities

The shareholder information set out below was applicable as at 9 March 2017.

Ordinary shares

As at 9 March 2017, the issued capital comprised of 57,296,861 ordinary fully paid shares (ASX code: CTR) held by 1,684 holders.

Options

As at 9 March 2017, the Company had the following options available to be exercised:

- 33,000,000 listed options (CTRO) over ordinary shares with an exercise price of $0.05 each, exercisable on or before 30 June 2017;
- 87,500 unlisted options over ordinary shares with an exercise price of $1.50 each, exercisable on or before 17 June 2017;
- 670,000 unlisted options over ordinary shares with an exercise price of $0.50 each, exercisable on or before 31 January 2020;
- 330,000 unlisted options over ordinary shares with an exercise price of $0.40 each, exercisable on or before 31 January 2020; and
- 330,000 unlisted options over ordinary shares with an exercise price of $0.30 each, exercisable on or before 31 January 2020.

Distribution of holder's equity security

FULLY PAID ORDINARY SHARES (ASX: CTR)	
HOLDING	NUMBER OF HOLDERS
1 – 1,000	706
1,001 – 5,000	304
5,001 – 10,000	170
10,000 – 100,000	269
100,001 and over	235
TOTAL NUMBER OF HOLDERS	**1,684**

Substantial shareholders

ORDINARY SHAREHOLDER	FULLY PAID ORDINARY SHARES NUMBER
Bretnall Custodians Pty Ltd <The Foster Family A/C>	18,358,403
Mr Andrew Drennan <Drennan Family A/C>	13,399,830

Additional ASX Information

TOP 20 SHAREHOLDERS

Rank	Name	Units	%age of Units
1	Bretnall Custodians Pty Ltd <The Foster Family A/C>	18,358,403	6.98
2	Mr Andrew Drennan <Drennan Family A/C>	13,399,830	5.10
3	Erasmus Technologies Pty Ltd	10,693,129	4.07
4	Ryan Nominees Pty Ltd <Prolific Super Fund A/C>	10,000,000	3.80
5	Kedo (Aust) Pty Ltd	8,600,000	3.27
6	Mr John Colin Loosemore + Mrs Susan Marjory Loosemore <Loosemore Super Fund A/C>	8,480,283	3.22
7	Tampilo Pty Ltd <The Yeo Family A/C>	7,662,858	2.91
8	Kedo (Aust) Pty Ltd	7,402,645	2.81
9	Mr Mario Michelle Giacci <The MM Giacci Family A/C>	6,600,000	2.51
10	Westedge Investments Pty Ltd <The PMB Fund A/C>	5,877,681	2.23
11	Bantry Holdings Pty Ltd <Bantry Family A/C>	5,237,408	1.99
12	Amaroo Holdings Pty Ltd <Flitton Family A/C>	5,000,000	1.90
13	ACP Investments Pty Ltd <A & L Pismiris S/F A/C>	4,000,000	1.52
14	3rd Reef Pty Ltd	3,917,029	1.49
15	Greenlink Pty Ltd <The Debsago A/C>	3,335,290	1.27
16	Lesuer Pty Ltd <PMB Super Fund A/C>	3,300,000	1.25
17	Mr Massimo Perotti + Mrs Annelle Francis Perotti <The Perotti Super Fund A/C>	3,000,000	1.14
18	Mr Kenneth Craig Stevenson	2,851,236	1.08
19	Joluk Investments Pty Ltd	2,600,000	0.99
20	Ferncastle Holdings Pty Ltd <The NJ Pinner Super Fund A/C>	2,531,427	0.96
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**132,847,219**	**50.52**
Total Remaining Holders Balance		**130,136,789**	**49.48**