

## Appendix 4D

### Half Year Report to the Australian Stock Exchange

<b>Name of Entity</b>	Coretrack Limited
<b>ABN</b>	80 112 379 503
<b>Half Year Ended</b>	31 December 2009
<b>Previous Corresponding Reporting Period</b>	31 December 2008

#### Results for Announcement to the Market

	\$'000	Percentage change from previous corresponding period
<b>Revenue from ordinary activities</b>	64	(89%)
<b>Profit / (loss) from ordinary activities after tax attributable to members</b>	(990)	3%
<b>Net profit / (loss) for the period attributable to members</b>	(990)	3%
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Final Dividend	N/A	N/A
Interim Dividend	N/A	N/A
<b>Record date for determining entitlements to the dividends (if any)</b>	N/A	
<b>Brief explanation of any of the figures reported above necessary to enable the figures to be understood:</b>		
<p>The revenue in the previous period related mainly to the Company's Commercial Ready Grant income. As the Commercial Ready Grant project was completed by 30 June 2009, there was no income from the grant recorded in the half year ended 31 December 2009, and hence revenue was significantly reduced as compared to the prior period. The Company did, however, receive \$50,000 in Export Market Development Grant funds during the period.</p> <p>Although revenue was significantly lower in the half year ended 31 December 2009, the majority of expenses were also down compared to the same period in 2008, and therefore the Company's loss was lower than in the prior period.</p>		

### Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

### NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	0.019	0.015

### Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	N/A
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	N/A
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

### Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control lost	N/A
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	N/A
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous	N/A

corresponding period	
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### Details of Associates and Joint Venture Entities

Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
Aggregate Share of Net Profits	N/A	N/A	N/A	N/A

### Foreign Entities Accounting Framework

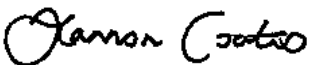
N/A
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### Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification: N/A			

### Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report

Signed By Company Secretary 	
Shannon Coates	
Date 26 <sup>th</sup> February 2010	



**CORETRACK**

Practical Solutions - Innovative Technology

# Interim Financial Report

for the half-year ended

31 December 2009

**CORETRACK LIMITED**

**ABN 80 112 379 503**

Registered Office and Principal Place of Business:

37 Bronte Street  
East Perth  
Western Australia 6004

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## Coretrack Limited

### Directors' Report

The Directors of Coretrack Limited ("Coretrack" or "the Company") present their report for the half-year ended 31 December 2009.

#### Directors

The Directors of the Company at any time during or since the end of the interim period are set out below. Directors were in office for the entire period unless otherwise stated:

##### **Name**

##### **Executive**

Mr Nanne van 't Riet

##### **Non-executive**

Mr Michael Greenup

Mr Trevor Beazley

Ms Cathryn Curtin

Appointed 13 August 2009

Resigned 13 August 2009

#### Review of Operations

Below is a review of the Company's progress for the half-year ended 31 December 2009.

##### **Completion of cutting edge, world first coring technology**

After three years of meticulous research and development, the building of Coretrack's world class, world first Core Level Recorder System ("CLRS") was completed. The tool's completion followed years of dedicated research and development, as well as advanced bench and well testing of crucial tool components. The well testing was conducted with the assistance of a number of major national and international oil companies, both in Australia and abroad.

The CLRS has been developed primarily for use in the oil and gas exploration sector, and is the only tool available that provides real time core acquisition data to the rig floor.

Coretrack is currently in advanced negotiations with several high profile energy companies regarding use of the CLRS in a commercial well.

## Capital Raising

During the half-year ended 31 December 2009, Coretrack raised \$1,500,000 by way of a placement of 9,375,000 fully paid ordinary shares at an issue price of \$0.16 to sophisticated investor clients of Cygnet Capital Pty Ltd ("Cygnet Capital") ("Placement"). The Placement shares were issued in two tranches, with the first tranche, comprising 3,125,000 shares, issued on 6 November 2009 and the second tranche, comprising the remaining 6,250,000 shares, issued on 27 November 2009.

Please refer to Note 4 *Issued Capital* for further information regarding the issue of shares and options during the period.

## Financial Performance

As at 31 December 2009, Coretrack held cash at bank of \$1,439,282. This comfortable cash position was both as a result of the abovementioned Placement and a continuance of management's restraint over non-essential spending and the exercise of strong financial and operational controls.

The majority of expenses were down compared to the same reporting period in 2008. Research and development spending showed the most significant reduction, due to the CLRS now being complete and market ready. A number of other expenses were also reduced.

## Events Occurring After Balance Date

### Acquisition of Globe Drill

On 18 January 2010 Coretrack announced its intention to acquire Globe Drill Pty Ltd ("Globe Drill") ("the Transaction"), one of Australia's premier rig manufacturing companies.

The acquisition presents a unique opportunity for rapid, profitable growth in the energy sector.

Globe Drill is currently developing the GT3000 drill rig, which is designed for drilling to a depth of 1,000-3,000 metres at double the speed and with a third of the ancillary equipment as compared to conventional rigs. The GT3000 will also have a substantially reduced environmental impact. The first rig is expected to be completed by June 2010.

It is expected that post completion of the acquisition, Globe Drill will receive a research and development tax offset amount from the Australian Taxation Office in relation to Globe Drill's activities prior to 31 December 2009 ("R&D Tax Offset").

Consideration for the Transaction will comprise:

1. 6,583,273 Shares, to be issued within 5 Business Days of the satisfaction or waiver of the Conditions Precedent (referred to below), or such other date as agreed between the parties ("First Tranche Consideration Shares"); and

2. that number of Shares that equates to the net amount (after deducting all costs incurred in obtaining a payment in relation to the R&D Tax Offset) received by Globe Drill in respect of the R&D Tax Offset divided by the volume weighted average price of Shares for the five trading days preceding the date on which Globe Drill receives the R&D Tax Offset ("R&D Date") ("Second Tranche Consideration Shares"), to be issued on the date which is 5 Business Days after the R&D Date.

At the Company's general meeting held on 18 February 2010, shareholders approved the issue of the First Tranche Consideration Shares and the Second Tranche Consideration Shares.

The First Tranche Consideration Shares will be issued following the satisfaction of all Conditions Precedent, which is expected before the end of February 2010. If there is to be Second Tranche Consideration Shares, these will be issued in or around May 2010.

Following settlement Mr Warren Strange, founder of Globe Drill, will join the Coretrack board as an executive director. Mr Strange brings with him over 14 years of experience in manufacturing and drill rig technology, and a total 34 years' experience in the drilling industry.

The acquisition will enable the Company to become a drilling services company in the mineral and energy markets.

### **Intellectual Property Licence Agreement**

Globe Drill has a licence to use intellectual property rights which are owned by Strange Investments (WA) Pty Ltd ("SIPL") as trustee for the Strange Family Trust. As part of Transaction, SIPL will enter into a new licence agreement with Coretrack and Globe Drill in respect of these intellectual property rights ("Licence").

The material terms and conditions of the Licence are set out in Note 5 *Subsequent Events*.

### **Capital Raising**

On 18 January 2010, Coretrack announced it had signed a mandate with Cygnet Capital to raise approximately \$10 million before costs ("Capital Raising"). The Capital Raising included:

- A proposed placement pursuant to the Company's existing 15% placement capacity of 10,000,000 new fully paid ordinary shares ("Shares") to sophisticated investor clients of Cygnet, at an issue price of \$0.22 each, to raise \$2,200,000 (before costs) ("Placement"). This Placement was completed on 8 February 2010;
- The underwriting by Cygnet of the exercise of the Company's Listed Options, which are exercisable at \$0.20 on or before 28 February 2010. As at the date of this report, 18,872,069 Listed Options remained on issue; and

- a fully underwritten, pro rata, non renounceable rights issue of Shares to shareholders on the basis of 1 Share for every 5 Shares held, at an issue price of \$0.22 (“Rights Issue”) to raise approximately \$3,652,704.

The funds raised from the Capital Raising will be applied towards completion of the Globe Drill GT3000 rig (currently in production), reduction of gearing and general working capital purposes.

Cygnnet Capital agreed to act as lead manager to the Capital Raising and underwriter in respect of the exercise of the Listed Options and Rights Issue. In consideration for these services, the Company agreed to issue to Cygnnet:

- that number of Shares that equates to 6% of the total capital raised via the Capital Raising at an issue price of \$0.22;
- 2,000,000 Options for nil cash consideration, exercisable on or before 30 June 2011 at an exercise price of \$0.40 each; and
- 2,000,000 Options for nil cash consideration, exercisable on or before 30 June 2011 at an exercise price of \$0.50 each.

As at the date of this report, the Company has already issued to Cygnnet Capital 450,000 Shares as part of the abovementioned consideration for the services provided in relation to the Capital Raising.

Please refer to Note 5 *Subsequent Events* for further information regarding the acquisition transaction and capital raising.

### **Renewal of CEO Contract**

On 18 January 2010 Coretrack announced that Managing Director and CEO, Mr Nanne van ‘t Riet, had agreed to renew his Executive Services Agreement with the Company.

### **CLRS - winner on *The New Inventors***

Coretrack is proud to announce that the CLRS was judged the winner on the ABC’s *The New Inventors* episode which aired on 17 February 2010.

The judges were impressed by the original technology, which is likely to have important applications in the large global energy market. The judges also commented on the potential for the CLRS to attract a substantial amount of foreign money to Australia.

The win is additional validation of the considerable innovation shown in developing the tool. It also reinforces the evident potential for the CLRS to revolutionise oil and gas coring and provide substantial financial rewards for shareholders.

## Auditor's Independence Declaration

The Auditor's Independence Declaration is set out on page 20 and forms part of the Directors' Report for the six months ended 31 December 2009.

Dated at Perth this 23<sup>rd</sup> day of February 2010.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'Nanne van 't Riet', written over a horizontal line.

Nanne van 't Riet  
Managing Director

## Condensed Statement of Financial Position

	Note	31 Dec 2009	30 June 2009
<b>Assets</b>			
Cash and cash equivalents		1,439,282	729,408
Trade and other receivables		42,597	192,016
Prepayments		42,728	39,044
<b>Total current assets</b>		<b>1,524,607</b>	<b>960,468</b>
Property, plant and equipment		89,018	101,095
<b>Total non-current assets</b>		<b>89,018</b>	<b>101,095</b>
<b>Total assets</b>		<b>1,613,625</b>	<b>1,061,563</b>
<b>Liabilities</b>			
Trade and other payables		285,530	286,876
Unearned income		50,000	50,000
Provisions		50,442	35,843
<b>Total current liabilities</b>		<b>385,972</b>	<b>372,719</b>
<b>Total liabilities</b>		<b>385,972</b>	<b>372,719</b>
<b>Net assets</b>		<b>1,227,653</b>	<b>688,844</b>
<b>Equity</b>			
Issued capital	4	6,134,769	4,673,769
Options reserve		454,720	386,837
Accumulated losses		(5,361,836)	(4,371,762)
<b>Total equity</b>		<b>1,227,653</b>	<b>688,844</b>

The accompanying notes form part of these financial statements.

**Condensed Statement of Comprehensive Income****For the six months ended 31 December**

	<b>Note</b>	<b>2009</b>	<b>2008</b>
<b>Continuing operations</b>			
Grant income		50,000	568,103
Interest income		13,612	44,504
Audit fees		(15,021)	(11,295)
Communications and marketing		(16,205)	(32,892)
Corporate and administrative expenses		(65,908)	(84,405)
Depreciation		(19,189)	(13,828)
Employee benefits		(496,618)	(504,137)
Insurance		(21,537)	(16,329)
Occupancy expenses		(29,713)	(26,349)
Professional fees		(108,533)	(79,004)
Research and development		(274,285)	(832,230)
Travel		(4,199)	(34,768)
<b>Loss before income tax</b>		<b>(987,596)</b>	<b>(1,022,630)</b>
Income tax expense	3	-	-
<b>Loss from continuing operations</b>		<b>(987,596)</b>	<b>(1,022,630)</b>
<b>Other comprehensive income</b>			
Foreign currency losses		(2,478)	-
<b>Other comprehensive loss for the period</b> <sup>(1) (2)</sup>		<b>(2,478)</b>	<b>-</b>
<b>Total comprehensive loss for the period</b> <sup>(2)</sup>		<b>(990,074)</b>	<b>(1,022,630)</b>
Loss per ordinary share (basic and diluted) (cents)		1.6	1.9

<sup>(1)</sup> All revenue and expenses arose from continuing operations<sup>(2)</sup> The Company has no minority interests and all losses are attributable to the equity holders of Coretrack Limited*The accompanying notes form part of these financial statements.*

## Condensed Statement of Changes in Equity

For the six months ended 31 December 2008

	Ordinary shares	Options	Accumulated losses	Total equity
Balance at 1 July 2008	3,481,602	366,669	(2,530,859)	1,317,412
<b>Total comprehensive loss for the period</b>				
Profit or loss	-	-	(1,022,630)	(1,022,630)
<b>Transactions with owners, recorded directly in equity</b>				
<b>Contributions by owners</b>				
Issue of ordinary shares	500,000	-	-	500,000
Share issue costs	(25,000)	-	-	(25,000)
Total contributions by owners	475,000	-	-	475,000
Balance at 31 December 2008	3,956,602	366,669	(3,553,489)	769,782

## Condensed Statement of Changes in Equity

For the six months ended 31 December 2009

	Ordinary shares	Options	Accumulated losses	Total equity
Balance at 1 July 2009	4,673,769	386,837	(4,371,762)	688,844
<b>Total comprehensive loss for the period</b>				
Profit or loss	-	-	(990,074)	(990,074)
<b>Transactions with owners, recorded directly in equity</b>				
<b>Contributions by owners</b>				
Issue of ordinary shares	1,500,000	-	-	1,500,000
Share issue costs	(140,000)	-	-	(140,000)
Share-based payment transactions	-	56,000	-	56,000
Employee share options	-	11,883	-	11,883
Share options exercised	101,000	-	-	101,000
Total contributions by owners	1,461,000	67,883	-	1,528,883
Balance at 31 December 2009	6,134,769	454,720	(5,361,836)	1,227,653

The accompanying notes form part of these financial statements.

**Condensed Statement of Cash Flows****For the six months ended 31 December**

	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	-	-
Receipts from grants and awards	50,000	552,115
Payments to suppliers	(943,931)	(1,707,381)
Interest received	9,917	47,309
<b>Net cash used in operating activities</b>	<b>(884,014)</b>	<b>(1,107,957)</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(7,113)	(29,054)
<b>Net cash used in investing activities</b>	<b>(7,113)</b>	<b>(29,054)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	1,601,001	500,000
Capital raising costs	-	(27,500)
<b>Net cash from financing activities</b>	<b>1,601,001</b>	<b>472,500</b>
<b>Net increase in cash and cash equivalents</b>	<b>709,874</b>	<b>(664,511)</b>
Cash and cash equivalents at 1 July	729,408	1,788,179
Cash and cash equivalents at 31 December	<b>1,439,282</b>	<b>1,123,668</b>

*The accompanying notes form part of these financial statements.*

## Condensed Notes to the Interim Financial Statements

### 1. Basis of preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001*, and other mandatory professional reporting requirements. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Coretrack Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the annual financial report for the year ended 30 June 2009, except for the adoption of the following new and revised Accounting Standards.

#### **Accounting Standards not previously applied**

The Company has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

#### *Presentation of Financial Statements*

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- The replacement of the Income Statement with the Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- Other financial statements are renamed in accordance with the Standard; and
- Presentation of a third statement of financial position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

### *Operating Segments*

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Company's chief operating decision maker which, for the Company, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position.

### **Going Concern Basis**

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the Company is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors continue to monitor the ongoing funding requirements of the Company.

The Directors are confident that sufficient funding can be secured if required to enable the Company to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

These interim financial statements were approved by the Board of Directors on 23 February 2010.

## **2. Segment information**

Coretrack has one business segment, the research and development of the Core Level Recorder System for use in the oil and gas industry. The business operates predominately within Australia and all segment assets are located within Australia.

## **3. Income tax**

No income tax is payable by the Company for the period since registration. The Directors have considered it prudent not to bring to account the deferred tax asset arising from income tax losses for the period to 31 December 2009 until it is probable that the Company will derive assessable income of a nature and amount to enable such assets to be realised.

## 4. Issued capital

	31 December 2009		30 June 2009	
	Number	\$	Number	\$
Ordinary shares	65,832,733	6,134,769	55,952,733	4,673,769

### Issue of ordinary shares

During the half-year ended 31 December 2009, Coretrack raised \$1,500,000 by way of a placement of 9,375,000 fully paid ordinary shares at an issue price of \$0.16 to sophisticated investor clients of Cygnet Capital Pty Ltd ("Cygnet Capital") ("Placement"). The Placement shares were issued in two tranches, with the first tranche, comprising 3,125,000 shares, issued on 6 November 2009 and the second tranche, comprising the remaining 6,250,000 shares, issued on 27 November 2009.

505,000 listed CKKO options exercisable at \$0.20 per share were also exercised during the period, resulting in the issue of 505,000 ordinary shares and the receipt by the Company of \$101,000.

### Issue of unlisted options

As referred to in the Company's Annual Report for the year ended 30 June 2009, as at 30 June 2009 Alto Capital was entitled to be issued with 500,000 listed options (CKKO), exercisable at \$0.20 on or before 28 February 2010, in part consideration for the provision of corporate advisory services. These options were issued on 24 July 2009.

In addition, in part consideration for the provision of professional services by Cygnet Capital in relation to the Placement, and as approved by shareholders at the Company's Annual General Meeting held on 24 November 2009, on 27 November 2009 Coretrack issued Cygnet Capital with 2,000,000 unlisted options exercisable at \$0.25 on or before 30 November 2012 and 3,000,000 unlisted options exercisable at \$0.30 on or before 30 November 2012. These options were valued as per AASB 2 *Share-based Payments* at \$50,000, being the fair value of the services received.

## 5. Subsequent events

### Acquisition of Globe Drill Pty Ltd

Subsequent to the end of the interim reporting period, Coretrack announced its intention to acquire Globe Drill Pty Ltd ("Globe Drill"). Globe Drill is a developer of cutting edge drilling equipment for the renewable energy sector.

Coretrack successfully completed its financial and legal due diligence on Globe Drill on 15 February 2010.

It is expected that post completion of the transaction, Globe Drill will receive a research and development tax offset amount from the Australian Taxation Office in relation to Globe Drill's activities prior to 31 December 2009 ("R&D Tax Offset").

A general meeting of shareholders was held on 18 February 2010, at which shareholders approved the issue of shares as consideration for the acquisition of Globe Drill. The shares are to be issued in two tranches as follows:

1. 6,583,273 Shares, to be issued within 5 Business Days of the satisfaction or waiver of the Conditions Precedent (referred to below), or such other date as agreed between the parties ("First Tranche Consideration Shares"); and
2. that number of Shares that equates to the net amount (after deducting all costs incurred in obtaining a payment in relation to the R&D Tax Offset) received by Globe Drill in respect of the R&D Tax Offset divided by the volume weighted average price of Shares for the five trading days preceding the date on which Globe Drill receives the R&D Tax Offset ("R&D Date") ("Second Tranche Consideration Shares"), to be issued on the date which is 5 Business Days after the R&D Date.

The vendors have agreed that 5,760,364 of the first tranche consideration shares and all of the second tranche consideration shares will be subject to voluntary escrow restrictions for the period of 12 months from the date of their issue.

The shares have not yet been issued as at the date of this report.

### Intellectual Property Licence Agreement

Globe Drill has a licence to use intellectual property rights which are owned by Strange Investments (WA) Pty Ltd ("SIPL") as trustee for the Strange Family Trust. As part of Transaction, SIPL will enter into a new licence agreement with Coretrack and Globe Drill in respect of these intellectual property rights ("Licence").

The material terms and conditions of the Licence are as follows:

- **Grant of Licence:** SIPL as trustee for the Strange Family Trust grants to Coretrack an exclusive licence to use the IP for the manufacture of its products and provision of its services
- **Term:** The Licence will commence on the date of execution and continue for 10 years ("Initial Term"), unless terminated earlier. Coretrack may renew the Licence for a period of 5 years from the end of the Initial Term ("Renewal Period"), provided it gives SIPL 90 days written notice of its intention to renew the Licence and pays the licence fee (described below) for the Renewal Period.
- **Payments:** In consideration of the grant of the Licence, Coretrack agrees to pay:
  1. for the initial term:
    - a. Licence fee of \$1 plus GST; and

- b. Royalty of 10% of Gross Profits (pursuant to a formula and mechanism defined in the Licence), payable quarterly in arrears; and
  2. for the Renewal Period;
    - a. Licence fee of \$200,000 plus GST; and
    - b. Royalty of 10% of Gross Profits (pursuant to a formula and mechanism defined in the Licence), payable quarterly in arrears.
  3. all relevant production, marketing and sales costs;
  4. all applicable taxes, duties and dues; and
  5. the costs of obtaining any requisite regulatory approvals.
- **Minimum Performance Obligations:** Following the successful commissioning of the first drill rig using the IP, Coretrack must manufacture and commission at least 2 rigs in each year of the Initial Term (and the Renewal Period if exercised).
- **Option to jointly own IP:** Coretrack may at any time during the Initial Term (and Renewal Period if exercised) nominate to purchase an equal undivided share in the IP for the Purchase Price (detailed below) so that it becomes joint owner of the IP with SIPL. The Purchase Price:
  1. During the first 2 years of the Initial Term is:
    - a. \$13,000,000 (plus GST); and
    - b. Royalty of 5% of Gross Profits (pursuant to a formula and mechanism defined in the Licence), payable quarterly;
    - c. SIPL and Coretrack's entitlement to income payable by non Coretrack subsidiary sub-licensees to be agreed between SIPL and Coretrack; and
  2. During the last 8 years of the Initial Term and during the Renewal Period:
    - a. 25% of the market value of the IP, as valued by an agreed valuer;
    - b. Royalty of 5% of Gross Profits (pursuant to a formula and mechanism defined in the Licence), payable quarterly; and
    - c. SIPL and Coretrack's entitlement to income payable by non-Coretrack subsidiary sub-licensees will be as agreed between SIPL and Coretrack.

The Licence will terminate upon exercise by Coretrack of the option to jointly own the IP, and a replacement licence agreement on substantially similar terms will be entered into between the joint IP owners and Coretrack.

- **Sublicensing and Assignment:** Coretrack may only sub-licence, sub-contract or assign the rights granted to it in respect of the IP with the prior written consent of SIPL (other than to majority owned subsidiaries of Coretrack where sub-licensing can occur without consent).
- **Warranties:** SIPL warrants that it owns all right, title and interest in the IP, has the right to grant the Licence and there is no encumbrance over any of the IP. The parties also provide further warranties which are standard in agreements of this nature.

- **Termination:** Subject to the terms of the Licence:
  1. either party may terminate the Licence with immediate effect by giving written notice to the other party if it ceases to carry on business or an event of insolvency occurs or the other party commits a material breach of the Licence which is incapable of remedy or fails to remedy within 30 days;
  2. the parties may, by mutual agreement in writing, elect to terminate the Licence;
  3. if Coretrack discontinues its provision of the services in relation to the IP, SIPL will have the right to terminate the Licence upon 30 days' written notice; and
  4. if Coretrack fails to meet any of the minimum performance obligations in any year of the term, and the parties are unable to agree on new minimum performance obligations or if Coretrack fails to abide by the new minimum performance obligations, SIPL may, at its discretion, on 7 days' notice, change the Licence to a non-exclusive licence, alter the territory or terminate the Licence forthwith.
  
- **Other terms:** The Licence contains other terms which are standard in agreements of this nature.

### Capital Raising

To fund its working capital requirements going forward, Coretrack signed a mandate with Cygnet to raise approximately \$10,000,000 before costs ("Capital Raising"). The Capital Raising included:

- A proposed placement pursuant to the Company's existing 15% placement capacity of 10,000,000 new fully paid ordinary shares ("Shares") to sophisticated investor clients of Cygnet, at an issue price of \$0.22 each, to raise \$2,200,000 (before costs) ("Placement"). This Placement was completed on 8 February 2010;
- The underwriting by Cygnet of the exercise of the Company's Listed Options, which are exercisable at \$0.20 on or before 28 February 2010. As at the date of this report, 18,872,069 Listed Options remained on issue; and
- a fully underwritten, pro rata, non renounceable rights issue of Shares to shareholders on the basis of 1 Share for every 5 Shares held, at an issue price of \$0.22 ("Rights Issue") to raise approximately \$3,652,704.

All parties holding shares at the Rights Issue record date of 9 February 2010 are entitled to participate in the Rights Issue. The Rights Issue closing date is 26 February 2010 and the allotment and issue of new shares will occur on or around 1 March 2010.

Cygnet Capital agreed to act as lead manager to the Capital Raising and underwriter in respect of the exercise of the Listed Options and Rights Issue. In consideration for these services, the Company agreed to issue to Cygnet:

- that number of Shares that equates to 6% of the total capital raised via the Capital Raising at an issue price of \$0.22;

- 2,000,000 Options for nil cash consideration, exercisable on or before 30 June 2011 at an exercise price of \$0.40 each; and
- 2,000,000 Options for nil cash consideration, exercisable on or before 30 June 2011 at an exercise price of \$0.50 each.

As at the date of this report, the Company has already issued to Cygnet Capital 450,000 Shares as part consideration for the services provided in relation to the Capital Raising.

### Exercise of Listed Options

Subsequent to the end of the reporting period and up until the date of this report 3,948,199 CKKO listed options had been exercised as follows:

Date	Number of options exercised/shares issued	Exercise price \$	Exercise funds received \$
9 February 2010	2,066,772	0.20	413,354
17 February 2010	1,881,427	0.20	376,285

Computershare Pty Ltd (“Computershare”) are managing the exercise of CKKO listed options until the expiry date of 28 February 2010. Computershare are holding the exercise funds on trust until the CKKO listed options expire and all conversion funds are received. Coretrack will receive a transfer of these funds on or around 1 March 2010.

### Renewal of CEO Contract

On 18 January 2010 Coretrack announced that Managing Director and CEO, Mr Nanne van ‘t Riet, had agreed to renew his Executive Services Agreement with the Company.

## Directors' Declaration

In the opinion of the Directors of Coretrack Limited:

1. the financial statements and notes as set out on pages 8 to 18, are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the Company's financial position as at the 31 December 2009 and of its performance for the half-year ended on that date; and
  - (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Nanne van 't Riet  
Managing Director

23 February 2010

23 February 2010

Board of Directors  
Coretrack Limited  
37 Bronte Street  
EAST PERTH WA 6004

Dear Sirs

**RE: CORETRACK LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Coretrack Limited.

As Audit Director for the review of the financial statements of Coretrack Limited for the six months ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

**STANTONS INTERNATIONAL**  
**(Authorised Audit Company)**



**John Van Dieren**  
**Director**

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CORETRACK LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Coretrack Limited, which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, a condensed statement of accounting policies, other selected explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Coretrack Limited (the Company) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of Interim Financial and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Coretrack Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

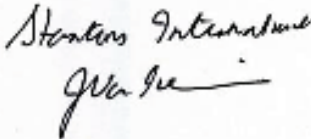
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Coretrack Limited on 23 February 2010.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Coretrack Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**STANTONS INTERNATIONAL**  
**(An Authorised Audit Company)**



Stantons International  
John P Van Dieren

**John P Van Dieren**  
**Director**

West Perth, Western Australia  
23 February 2010