



Practical Solutions - Innovative Technology

OPERATIONS REVIEW: QUARTER ENDED 30 JUNE 2010

ANNOUNCEMENT

30 JULY 2010

HIGHLIGHTS

- CLRS mobilised with Halliburton for Woodside coring job
- Globe Drill's GT3000 on track to be ready for service in September 2010

CLRS mobilised with Halliburton for Woodside coring job

During the June quarter, Coretrack focused on securing an offshore well to use for a full system run of its Core Level Recorder System ("CLRS"). Shortly after the conclusion of the June quarter, on the 16 July 2010, Coretrack announced that the Core Level Recorder System ("CLRS") had been mobilised in an engagement with Halliburton/Woodside. This represents a crucial step in the process of commercialising the CLRS.

The CLRS is currently in Karratha awaiting shipment to the Diamond Offshore Rig, Ocean America, located off Western Australia's North West Shelf. If Woodside proceeds to core, it is expected that the CLRS will be used in the Larsen Deep-1 well within the next four weeks. The Company will provide updates to the market as more information becomes available.

Globe Drill's GT3000 on track to be ready for service in September 2010

During the June quarter, Coretrack's wholly owned subsidiary Globe Drill Pty Ltd ("Globe Drill") made substantial progress in completing the GT3000 drill rig. On 4 May 2010, Globe Drill took delivery of its custom built rig tower. The tower delivers a very powerful pull back and rotation force that is equivalent to energy rig designs many times its size. The tower is 16 metres in length, 1.7 metres wide and 1.4 metres deep and weighs 22 tonnes (without plumbing).

The design of the GT3000 is stress analysed to lift over 200 tonnes. This design will form the basis of the subsequent GT5000, which is expected to have the capacity to drill large diameter production holes to 5,000 metres, but retain the manoeuvrability, versatility and low operating costs of the GT3000.

By June 2010, the GT3000 rig tower was affixed to the completed GT3000 rig base and on 23 June 2010, the rig successfully demonstrated world leading performance during certified pull up capacity testing (the ability of the rig to hold and/or lift the weight of the drill string at depth). The GT3000 was designed conservatively to achieve a pull up capacity of 125 tonne but with structural capacity ratings of 200 tonne, the GT3000 surpassed expectations by pulling 154 tonne during its official pull up (or hook load) testing. Coretrack believes this superb performance, in the rapid deployment track mounted format of the GT3000, is unparalleled by any similarly manoeuvrable drill rig.

The Company is currently in preliminary contract discussions with various energy companies to secure the first contract for Globe Drill's GT3000.

Globe Drill aims to deliver its next model, the GT5000, in the first half of 2011.

Corporate & Financial

As stated in the Operations Review for the quarter ended March 2010, the principal focus of funds for the June 2010 quarter was completion of the GT3000. The consolidated entity had \$2.8 million in cash available at the end of the June quarter.

AUTHORISED BY:



Nanne van 't Riet

Managing Director & Chief Executive Officer

[Coretrack Limited](#) is an ASX listed company that provides technical solutions to the energy industry in the form of down hole tools, products and services.

Since the company's conception, Coretrack has focused primarily on building its highly anticipated integrated core tracking tool, the Core Level Recorder System (CLRS), and introducing the tool into the commercial market. The company has accelerated its operations and growth plan by acquiring one of Australia's leading drill rig manufacturing/drilling services companies, [Globe Drill Pty Ltd.](#)

The Globe Drill acquisition has brought together two world class companies, both at the forefront of producing superior products and services for the global energy sector.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

CORETRACK LIMITED

ABN

80 112 379 503

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	33	33
1.2 Payments for		
(a) salaries and wages	(865)	(1,843)
(b) advertising and marketing	(25)	(75)
(c) research and development	(54)	(612)
(d) leased assets	(2)	(60)
(e) administration and corporate	(840)	(2,543)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	48	87
1.5 Interest and other costs of finance paid	(19)	(47)
1.6 Income taxes paid	-	(402)
1.7 Other: Commonwealth/State Grants & awards	15	138
Other – GST refund	207	304
Net operating cash flows	(1,502)	(5,020)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,502)	(5,020)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(2,574)	(4,773)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities (pre-acquisition loan to Globe Drill Pty Ltd)	-	(70)
1.12 Loans repaid by other entities	-	-
1.13 Other: Deposits held on trust	84	-
Other: Cash acquired at acquisition	-	85
Net investing cash flows	(2,490)	(4,758)
1.14 Total operating and investing cash flows	(3,992)	(9,778)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	11,980
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Transaction costs from issue of shares	-	(99)
1.19 Dividends paid	-	-
1.20 Other (provide details if material) -refundable overpayments from capital raising	(2)	-
Net financing cash flows	(2)	11,881
Net increase (decrease) in cash held	(3,994)	2,103
1.21 Cash at beginning of quarter/year to date	6,826	729
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	2,832	2,832

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	396
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments to associates of Warren Strange in relation to their services as employees - \$14,080 Payments to Strange Investments (WA) Pty Ltd for IP patent protection - \$19,312 Payments to Strange Investments (WA) Pty Ltd in relation to plant & equipment leases - \$19,734 Payments to Strangeland ATF Strange Property Trust in relation to lease of business premises - \$117,996 Payments to Strangeland Pty Ltd ATF Strange Property Trust – loan repayments - \$24,582 Payments of wages, directors fees, and superannuation to directors - \$200,613
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Non-cash financing and investing activities

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

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+ See chapter 19 for defined terms.

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

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

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

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	2,690	6,748
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Short term bank deposit	142	78
Total: cash at end of quarter (item 1.23)	2,832	6,826

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

+ See chapter 19 for defined terms.

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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