Xtract Energy Plc
Interim results
For the six months ended 31 December 2009

AIM: XTR

Xtract Energy Plc ("Xtract" or "the Company") announces its unaudited interim results for the six months ended 31 December 2009.

Financial Highlights

- Net loss of £2.2 million (31 December 2008: £10.1 million loss, after £9.4 million intangible asset impairment)
- Total investment in Turkey (Extrem Energy AS) during the period of £2.4 million which was applied to increase shareholding to 34% from 5 August 2009 and cover share of agreed work programme
- Sale of investments in MEO Australia Ltd and Wasabi Energy Ltd for combined cash proceeds of £4.4 million before costs
- Successful placing of 60 million shares in December 2009, raising £1.2 million before costs
- Cash of £7.4 million (30 June 2009: £3.2 million)
- Net assets of £13.9 million (30 June 2009: £11.9 million)

Operational Highlights

- Extrem Energy AS: Successful production test at Sarikiz-2 well and construction of surface facilities ready for extended test production – production started in January 2010
- Extrem Energy AS: Seismic and other technical work completed on Siraseki and Edirne licence areas in order to develop drill-ready prospects
- Elko Energy Inc: Gaffney Cline and Associates completed an evaluation of the chalk interval across the 02/05 licence in Denmark. The chalk interval has the potential to hold as much as 375 mbbl of recoverable oil in a moderate assumption of oil-water contact
- Elko Energy Inc: Reprocessing of the Netherlands block P2 seismic is now complete and is showing improved prospectivity.
- Wasabi Energy Ltd: Disposal of the Company's interests in Wasabi Energy Ltd to simplify structure and improve focus on core oil and gas assets

Post-period Highlights

- Elko Energy Inc: Acquisition of a further 13.2% holding in Elko Energy Inc. Xtract now holds 50.02% of the issued equity.
- Extrem Energy AS: Acquisition of a further 16% holding in Extrem Energy AS from partner Merty Energy Ltd. Xtract now holds 50% of the issued equity and has joint control
- Extrem Energy AS: Sarikiz-3 well on Alasehir licence area was spudded on 10 January 2010

Andy Morrison, Chief Executive of Xtract commented, "Recent portfolio developments at Extrem and Elko have consolidated the progress of the Company towards one with a more active involvement with its underlying assets. Whilst technical risks can never be discounted, the Company is now positioned and ready for an exciting period of activity. In the success case, this activity could lead to substantial value growth".

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CHAIRMAN'S REVIEW

The first six months of the financial year have seen gradually improving investment conditions in the oil and gas sector, with oil prices recovering from their lows to once again support the financing of good quality exploration and development projects. Whilst it is fair to say that not all investors are alike, the overall risk appetite in the market remains fairly low. The market increasingly distinguishes between those companies which are easy to understand and have a compelling business model and those that don't.

In this environment, Xtract has continued its transformation from passive investor to one with a much more active involvement in the operations of its investee companies and from having a diversified energy portfolio to one much more focused on traditional oil and gas. During the period, the Company increased its holdings in Turkey (Extrem Energy AS) and the North Sea (Elko Energy Inc) and further increased each to 50% during January and February 2010. On this basis, future accounts for Xtract are expected to show the consolidated position including Elko and the proportionate consolidation of Extrem, including the respective share of resources and other assets and liabilities.

The increased holdings in Extrem and Elko were funded through the sale of minority positions in MEO Australia Ltd and Wasabi Energy Ltd and through a placement of 60 million new shares in December that raised £1.2 million before expenses. The portfolio changes had the effect of shifting the centre of gravity of the Company away from Australia and towards Europe. The Company continues to hold its oil shale licences in Australia.

In Turkey, Extrem made steady progress towards establishing production in its Alasehir licence area. Following the discovery made earlier in 2009, a production test was successfully carried out and the surface facilities were constructed ready for crude oil treatment and extended test production. Production commenced from Sarikiz-2 in January 2010. Elko continued with technical work on its assets with a view to attracting farm-in partners to help finance the next development stages. Other highlights of the activities and operations of the principal investee companies are described below.

Moving into 2010, the Company has much to look forward to. In Turkey, the drilling of Sarikiz-3 well has just been completed. This is expected to add to the production potential in the Alasehir field. A well in the Siraseki licence area is planned and funded and there are exciting exploration prospects in the Edirne and Candarli Bay licence areas. Elko continues to work towards taking its North Sea projects forward and with 50% ownership of Elko now secured, Xtract could benefit substantially from any success in this endeavour.

The Company intends to continue to manage its investments as a portfolio in order to manage its cash position and optimise returns to existing investors. The board actively monitors the financial position of the Company and is prepared to take the necessary steps to maintain an appropriate balance between a strong growth orientation and the need for an acceptable risk profile.

Extrem Energy AS ("Extrem")

Extrem is a Turkish joint stock company in which Xtract now holds 50%. The remaining 50% is held by partner Merty Energy, Petroleum Exploration, Education and Services Inc ("Merty"). Extrem has a portfolio of seven licence interests including 100% interests in offshore licences at Candarli Bay and in the Sea of Marmara and onshore licences at Edirne and Siraseki plus an 80% interest in an onshore licence at Alasehir/Sarikiz. The intention is that the lower risk onshore acreage at Alasehir/Sarikiz and at Edirne will provide early oil and gas revenues that will assist Extrem to finance the evaluation of other licences, including the significant prospect at Candarli Bay.

On 5 August 2009, Xtract completed a second optional subscription payment of US$1.75m to Extrem thereby increasing its ownership share from 20% to 34%. On 11 February 2010, subsequent to the review period, Xtract acquired a further 16% of the issued capital of Extrem from Merty, taking Xtract's overall share of the business to exactly 50%.

The notable increase of Xtract's shareholding in Extrem demonstrates the confidence of the Board in the prospects for Extrem and for its significant licence portfolio in Turkey. The further investment establishes joint control and represents another important step in the transformation of the Company from a passive investor into one with more active involvement with its underlying assets.

CHAIRMAN'S REVIEW (continued)

Operations at Extrem during the period included completion of the production test at Sarikiz-2 in the Alasehir licence area, seismic and geochemical surveys over several licence areas and preparation for extended test production and further drilling in the Alasehir licence.

The production test at Sarikiz-2 was completed successfully on 30 July 2009 and the well was shut in as a production well pending the construction of the necessary surface facilities. The drilling rig was mobilized back to the site and completed a work-over sequence on 30 November 2009 ready for the start of extended test production. Some unexpected delays were encountered in December due to the late receipt of the well-site heating system from the manufacturer, but production began on Wednesday 13 January 2010 based on natural flow.

Extrem has entered into a contract which provides for the refinery operator to receive early production under temporary delivery arrangements and to build the necessary infrastructure there to receive larger volumes as the Sarikiz field is progressively brought on stream. Extrem will cover the investment costs associated with building the necessary infrastructure from sales of crude oil. The expected sales price of the crude is the spot price of Arab Medium crude oil less an API Gravity adjustment of approximately US$1 per bbl. There is a state royalty payable of 12.5%. Transportation costs are expected to be US$5 per bbl with other variable operating costs estimated at a similar figure. Corporate tax at 20% will be applied once the company is profitable.

Following the successful production test at Sarikiz-2, the well data was analysed together with seismic data, logs from the former Alasehir-1 and East Sarikiz-1 wells and GORE geochemical analysis over the licence area. The logs indicated the presence of oil so it was decided to re-enter Alasehir-1 with a view to bringing it on as an additional producing well. The well was re-entered on 19 September with a view to testing production from five intervals and, if successful, combining it with production from the Sarikiz-2 well. On 5 November, Extrem took the decision to suspend further testing work on the well. Unfortunately, well conditions encountered were worse than expected and several attempts to repair the cement bonds were not successful. It was not possible to determine with any confidence the actual composition of the reservoir fluids.

In view of the disappointment at Alasehir-1, Extrem decided to drill a fresh well, Sarikiz-3, rather than continue with the planned re-entry of East Sarikiz-1. Sarikiz-3 is located 525m to the east of Sarikiz-2 well at the junction of two intersecting 2-D seismic lines. The well was spudded on 10 January 2010.

In order to help inform decision-making by Xtract in relation to the Alasehir concession, Xtract commissioned a recognised independent expert firm to make an initial evaluation of work to date on the Alasehir concession area. The work was conducted during October 2009 and included site visits to Alasehir, data review and discussions with partner Merty.

In their report, the independent experts acknowledged that Sarikiz-2 has proven the presence of an active petroleum system in the basin whilst cautioning that much remains to be done to determine the extent of the fields and therefore before long-term commercial projections can be made. On the basis of the data supplied by Extrem during the visit of the experts, the experts estimated the P50 prospective resources to be 96mbbl oil in place in the Sarikiz field and applied a recovery factor of 14% resulting in a corresponding 13mbbl estimate for recoverable oil.

The experts' estimates were significantly lower than Extrem's previously published estimates. The principal reasons for the differences lie in the assumptions made in relation to the mean thickness of the oil bearing intervals, the mean area of the oil bearing field and the recovery factors to be applied.
It should be noted that until further exploration and appraisal is conducted within the concession area, any volumetric estimates of oil in place are subject to a high degree of uncertainty. The assessments provided by both Extrem and the independent expert are based on a geological model arising from seismic and geochemical analysis that has not yet been validated (or invalidated) by drilling data. The scope of work required of the expert did not amount to a "Competent Persons Report".

Although much of Extrem's activity to date has been focused on the Alasehir licence area, technical work has continued in the other on-shore licence areas. In the Siraseki licence area near the Syrian border, the results from seismic and GORE geochemical surveys were processed and have given rise to a new prospect called Menekselik.

CHAIRMAN'S REVIEW (continued)

The sandstone structure is a fault bounded anticline with an estimated area of 11.2 km² and an expected pay thickness of 30m. If the structure contains natural gas, the P50 recoverable gas in place is estimated to be 94 bcf using a 70% recovery factor. Extrem intends to drill the prospect with a well, Menekselik-1, in second quarter 2010.

Additional seismic and GORE geochemical analysis was conducted over the Edirne licence. The seismic and geochemical data was analysed together to identify drilling targets in this gas-bearing zone. The first such target is now drill-ready and is likely to be drilled in the third quarter of 2010 according to rig availability. The licence area is close to existing downstream infrastructure, so production can be established quickly in the event of success.

Elko Energy Inc ("Elko")

On 8 January 2010, Xtract announced that it had entered an agreement with Oakville Capital ET, LLC ("Oakville"), and the second largest shareholder of Elko after Xtract. Under the terms of the agreement, Xtract acquired Oakville's entire holding in Elko, amounting to 13,200,000 ordinary shares. Consideration was comprised of a cash payment of US$1,342,000 and one new Xtract share for every Elko share. Following completion, Xtract's holding in Elko is 49,975,000 ordinary shares, representing approximately 50.02% of Elko's issued capital. The acquisition converts Elko into a subsidiary of Xtract and represents another step in the transformation of the company from a passive investor into one with more active involvement with its underlying assets.

Through its Danish subsidiary Elko operates the largest exploration licence in Denmark with an area of 1.3 million acres offshore. The licence area offers P50 un-risked net prospective resources of 1.8 billion barrels of oil or 8.4 Tcf of gas (independently evaluated by Tracs International, an independent reservoir engineer, in May 2008). Elko owns 80% of License 02/05, located offshore Denmark, with 20% held by a Danish government entity.

In the Netherlands sector of the North Sea, Elko operates two gas-bearing exploration blocks. Block P1 is located on the southern margin of Southern Permian Gas basin and covers approximately 209 km^2 (51,623 acres). Seven wells have been drilled by previous operators, of which five encountered gas. Block P2 is directly adjacent and east of Block P1. Elko holds a net 60% interest in the two licences. The partner is Energie Beheer Nederland B.V. which holds a 40% interest.

Until 26 August 2009, Elko also held 51% of Dragon Energy Inc ("Dragon"). Dragon holds a 30.7% working interest in the Kotaneelee field in the Yukon Territory, Canada operated by Devon Energy. On that date Elko and Dragon signed an overriding royalty agreement whereby Elko benefits from a 2.5% overriding royalty from future revenues from the Kotaneelee field, over a maximum term of five years. In exchange Elko has returned to Dragon 15,600,000 common shares representing its 51% ownership. Jack Bray, Peter Moir and Andy Morrison resigned from the board of Dragon. The disposal enables Elko management to dedicate its efforts and financial resources to its North Sea assets.

During the review period, Elko completed technical work covering both its Danish and Dutch licence interests and was actively marketing the interests to potential farminees ahead of drilling commitments under the licences which fall due in 2010-11.

In Denmark, following the reprocessing of approximately 3,000 km² of seismic data, Gaffney Cline and Associates completed an evaluation of the chalk interval. The evaluation identified a large chalk channel some 90 km long by 10 km wide across the 02/05 licence. It has the potential to be a good reservoir quality sediment and a possible conduit for hydrocarbon migration. The chalk channel has the potential to hold a considerable volume of hydrocarbons which in a moderate assumption of oil-water contact could be 375 mbbl of recoverable oil. The new chalk prospect is in addition to the previously identified deeper Rotliegendes sandstone prospect.

Discussions with possible farminees are progressing at the time of writing and there is a reasonable prospect that an arrangement can be structured to enable drilling of the Danish prospect in 2011.

CHAIRMAN'S REVIEW (continued)

In the Netherlands, the geology, geophysical and reservoir engineering definitions of the P1-FA field were developed to create an outline field development plan. The internal reservoir modeling of the P1 Block, P1-FA field concluded that the optimal development plan requires five long-reach horizontal wells to sustain a plateau production rate of 120 mmscf/d for up to 4 years.

On Block P2, reprocessing of previous 3D seismic was completed. The data has been analyzed and shows improved imaging over the existing discoveries and prospects. Some additional new prospects have been identified leading to an upgrading of the resource potential of the P2 Block. A bigger resource estimate for Block P2 makes the whole development potentially more compelling given the lower incidence of carbon dioxide expected than in the P1-FA structure.

Securing a financing partner ahead of entering the next phase of the exploration licences on both Blocks P1 and P2 remains a priority for Elko. Elko intends to farm down its interests in order to finance the drilling of the wells on Blocks P1 and P2. Constructive discussions are in progress with a number of interested parties but there can be no guarantee that these will lead to a successful conclusion.

Other Interests

Xtract continues to hold a 25% interest in former subsidiary Zhibek Resources Ltd ("Zhibek") following the farm-out of the major share to Santos International Holdings Pty Ltd in October 2008. Seismic work over Zhibek's Tash Kumyr licence area in the Kyrgyz Republic has been completed and interpreted by Santos as operator with a view to drilling a well in late 2010. Further details will become available once drilling plans have been settled with the Kyrgyz authorities.

During the third quarter of 2009, Xtract completed a process of managed exit from its investment in MEO Australia Ltd ("MEO") in order to finance other investments within its portfolio and to improve overall liquidity. By 7 August 2009, the Company had sold all of its remaining shares in MEO. As a result of the disposals, Xtract no longer held any interest in MEO.

The Company disposed of its interest in Wasabi Energy Ltd ("Wasabi") in two stages. On 10 September 2009, it sold 126,551,786 ordinary shares for an aggregate consideration of AUD 1,392,070. On 24 September 2009, it exchanged its remaining holdings in Wasabi for a total of approximately £65,000 in cash plus 1,775,000 shares in Elko Energy Inc ("Elko"). The disposal of the Company's interest in Wasabi simplified Xtract's portfolio and increased focus on its core oil and gas interests".

Through its subsidiary Xtract Oil Ltd ("XOL"), the Company continued to maintain mineral rights over its 2.12 billion barrels of indicated and inferred oil shale resources at Julia Creek in Queensland, Australia. By maintaining the mineral rights at limited cash expense, Xtract retains the option to exploit the resource when investment conditions are more supportive. No significant activity was undertaken during the period under review either in Queensland or in Morocco where the Company has a 70% interest in an oil shale block near Tarfaya, through Xtract Energy (Oil Shale) Morocco SA.

In Mexico, Xtract maintained its ownership of Sermines Inc and its licence portfolio of gold exploration interests. No significant activity was undertaken and steps are now being made to relinquish the licences in order to focus on the Company's oil and gas interests.

Xtract continues to focus on its strategy of identifying and building a diversified portfolio of high-potential businesses in the energy sector to provide growth opportunities over the short, medium and longer term. Xtract works closely with the management teams of its investee companies to help them reach critical milestones and build value.

John Newton
Executive Chairman

Xtract Energy Plc
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Note

Extrem

The information in this announcement relating to Extrem's resources estimates has been provided using the SPE standards and has been reviewed and approved by Ongun Yoldemir, Managing Director of Extrem, who has a masters degree in Geological engineering and worked as an explorationist in the oil and sector in the middle east, Kazakhstan, Azerbaijan, and north sea, has over 28 years' experience in the resource and energy sector and is a member of the American Association of Petroleum Geologists, European Association of Geologists and Engineers, the Society of Exploration Geophysicists and several related Turkish institutions.

XOL

The information in this announcement relating to XOL's resources estimates has been provided using the JORC Code and has been reviewed by Dr John E. Shirley, Managing Director of XOL. Dr. Shirley has a BSc and PhD in Geophysics from the University of Tasmania; over 40 years experience in the resources and energy sector and is a member of the Society of Petroleum Engineers.

Elko

The information in this announcement relating to the resources of Elko (which as an unquoted company is not subject to the AIM Rules) has been supplied by Elko and has not been reviewed by a named "qualified person" as defined and required by the AIM Note for Mining, Oil and Gas Companies.

Definitions

"mbbl" - million barrels
"P50" - midcase scenario in relation to reserve expectations
"mmscf/d" - million standard cubic feet per day

Xtract Energy Plc
Consolidated income statement
For the six months ended 31 December 2009

	Notes	Six months ended 31 December 2009 *Unaudited* £'000	Six months ended 31 December 2008 *Unaudited* £'000	Year ended 30 June 2009 *Audited* £'000
Administrative and operating expenses		652	(1,676)	(2,101)
Other operating income		-	16	-
Share of results of associates	6	(140)	(636)	(1,431)
Operating profit/(loss)		**512**	**(2,296)**	**(3,532)**
Investment revenue		82	100	124
Finance costs		(266)	-	(323)
Other gains and losses	2	(1,418)	(9,375)	(18,805)
Loss before tax		**(1,090)**	**(11,571)**	**(22,536)**
Tax (expense)/benefit		(1,074)	2,511	5,729
Loss for the period/year from continuing operations		**(2,164)**	**(9,060)**	**(16,807)**
Discontinued operations				
Loss for the period/year from discontinued operations		-	(1,039)	(1,294)
Loss for the period/year		**(2,164)**	**(10,099)**	**(18,101)**
Net loss per share				
From continuing operations:				
Basic (pence)	4	(0.29)	(1.21)	(2.24)
Diluted (pence)	4	(0.29)	(1.21)	(2.24)
From continuing and discontinued operations				
Basic (pence)	4	(0.29)	(1.34)	(2.41)
Diluted (pence)	4	(0.29)	(1.34)	(2.41)

Xtract Energy Plc
Consolidated statement of other comprehensive income
For the six months ended 31 December 2009

	Six months ended 31 December 2009 *Unaudited* £'000	Six months ended 31 December 2008 *Unaudited* £'000	Year ended 30 June 2009 *Audited* £'000
Loss for the period	(2,164)	(10,099)	(18,101)
Other comprehensive income/(expense)			
Gains/(losses) on revaluation of available-for-sale investments taken to equity	70	(11,357)	(9,098)
Movements in share based payments reserve of associates taken to equity	277	-	-
Minority interest movement due to a subsidiary becoming an associate	-	-	91
Exchange differences on translation of foreign operations	(126)	152	705
Tax credit on items taken directly to equity	-	3,407	2,616
Net income/(expense) recognised directly in equity	221	(7,798)	(5,686)
Transferred to income statement on sale of available-for-sale investment	2,566	-	6,518
Total comprehensive income/(expense) recognised for the period	623	(17,897)	(17,269)

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Xtract Energy Plc
Consolidated statement of financial position
As at 31 December 2009

	Notes	31 December 2009 *Unaudited* £'000	31 December 2008 *Unaudited* £'000	30 June 2009 *Audited* £'000
Non-current assets				
Intangible assets	5	-	65	-
Property, plant and equipment		20	30	21
Investments in associates	6	10,684	4,175	5,619
Financial assets – available-for-sale	7	281	4,605	3,215
Deferred consideration		300	610	310
Deferred tax asset		-	823	284
		11,285	10,308	9,449
Current assets				
Derivative financial instruments		-	12	-
Trade and other receivables		96	714	717
Advance payment	11	424	2,653	2,760
Cash and cash equivalents		7,378	1,698	3,182
		7,898	5,077	6,659
Total assets		**19,183**	**15,385**	**16,108**
Current liabilities				
Trade and other payables		780	362	486
Current tax liabilities		4,544	3,701	3,740
		5,324	4,063	4,226
Net current assets		2,574	1,014	2,433
Non-current liabilities				
Deferred tax liabilities		-	-	14
Total liabilities		**5,324**	**4,063**	**4,240**
Net assets		**13,859**	**11,322**	**11,868**

Xtract Energy Plc
Consolidated statement of financial position (continued)
As at 31 December 2009

	Notes	31 December 2009 *Unaudited* £'000	31 December 2008 *Unaudited* £'000	30 June 2009 *Audited* £'000
Equity				
Share capital	8	812	752	752
Share premium account		25,509	24,394	24,394
Share based payments reserve		1,446	967	976
Available-for-sale investment reserve		(309)	(10,931)	(2,945)
Foreign currency translation reserve		1,390	963	1,516
Retained earnings		(14,989)	(4,823)	(12,825)
Equity attributable to equity holders of the parent		13,859	11,322	11,868
Minority interest		-	-	-
Total equity		**13,859**	**11,322**	**11,868**

The financial statements were approved by the Board of directors and authorised for release on 24 March 2010.
They were signed on its behalf by Andy Morrison, Director

Xtract Energy Plc
Statement of cash flows
For the six months ended 31 December 2009

	6 month Period ended 31 December 2009	6 month Period ended 31 December 2008	Year ended 30 June 2009
	Unaudited	*Unaudited*	*Audited*
	£'000	**£'000**	**£'000**
Net cash generated/(used) in operating activities	464	(1,264)	(2,332)
Investing activities			
Interest received	82	100	124
Government grants	202	-	179
Purchase of property, plant and equipment	-	(239)	(8)
Purchase of trading investments	-	(590)	-
Disposal of available for sale investments	4,935	-	3,668
Purchase of available for sale investments	-	-	(65)
Acquisition of associates	(2,366)	-	(1,465)
Prepayment for an associate	-	-	(2,760)
Purchase of shares	-	-	(590)
Net cash generated / (used in) investing activities	2,853	(729)	(917)
Financing activities			
Proceeds on issue of shares	1,200	-	-
Share issue expenses	(25)	-	-
Short term loans to third parties	-	(2,653)	-
Net cash generated/(used in) financing activities	1,175	(2,653)	-
Net increase/(decrease) in cash and cash equivalents	4,492	(4,646)	(3,249)
Cash and cash equivalents at beginning of period	3,182	6,362	6,362
Effect of foreign exchange rate changes	(296)	(18)	69
Cash and cash equivalents at end of period	7,378	1,698	3,182

Xtract Energy Plc
Statement of changes in equity

	Share Capital	Share premium account	Share based payments reserve	Available-for-sale investments reserve	Revaluation reserve	Foreign currency translation reserve	Minority Interest	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2008	**752**	**24,394**	**956**	**(2,981)**	**962**	**811**	**(91)**	**5,276**	**30,079**
Loss for the period	-	-	-	-	-	-	-	(10,099)	(10,099)
Loss on revaluation of available-for-sale investments	-	-	-	(11,357)	-	-	-	-	(11,357)
Deferred tax on revaluation of available-for-sale investments	-	-	-	3,407	-	-	-	-	3,407
Currency translation differences	-	-	-	-	-	395	-	-	395
Tax effect of currency translation differences	-	-	-	-	-	(130)	-	-	(130)
Deconsolidation on sale of subsidiary	-	-	-	-	-	(113)			(113)
Total comprehensive income/(expense) recognised for the period ended 31 December 2008	-	-	-	(7,950)	-	152	-	(10,099)	(17,897)
Deconsolidation on sale of subsidiary	-	-	-	-	-	-	91	-	91
Impairment of revaluation reserve	-	-	-	-	(962)	-	-	-	(962)
Share based payments expense	-	-	11	-	-	-	-	-	11
At 31 December 2008	**752**	**24,394**	**967**	**(10,931)**	**-**	**963**	**-**	**(4,823)**	**11,322**
Loss for the period	-	-	-	-	-	-	-	(8,002)	(8,002)
Loss on revaluation of available-for-sale investments	-	-	-	2,259	-	-	-	-	2,259
Deferred tax on revaluation of available-for-sale investments	-	-	-	(791)	-	-	-	-	(791)
Transfer of available-for-sale revaluations to income statement on disposal	-	-	-	9,312	-	-	-	-	9,312
Transfer of deferred tax on revaluation of available-for-sale assets on disposal	-	-	-	(2,794)	-	-	-	-	(2,794)
Currency translation differences	-	-	-	-	-	553	-	-	553
Total comprehensive income/(expense) recognised for the period ended 30 June 2009	-	-	-	7,986	-	553	-	(8,002)	537
Share based payments expense	-	-	9	-	-	-	-	-	9
At 30 June 2009	**752**	**24,394**	**976**	**(2,945)**	**-**	**1,516**	**-**	**(12,825)**	**11,868**
Loss for the period	-	-	-	-	-	-	-	(2,164)	(2,164)
Movements in share based payments reserve of associates	-	-	277	-	-	-	-	-	277
Gain on revaluation of available-for-sale investments	-	-	-	2,636	-	-	-	-	2,636
Currency translation differences	-	-	-	-	-	(126)	-	-	(126)
Total comprehensive income/(expense) recognised for the period ended 31 December 2009	-	-	277	2,636	-	(126)	-	(2,164)	623
Share based payments expense	-	-	193	-	-	-	-	-	193
Issue of shares	60	1,140	-	-	-	-	-	-	1,200
Fees relating to issue of shares	-	(25)	-	-	-	-	-	-	(25)
At 31 December 2009	**812**	**25,509**	**1,446**	**(309)**	**-**	**1,390**	**-**	**(14,989)**	**13,859**

Xtract Energy Plc
Statement of changes in equity

Corporate information

The interim consolidated financial statements of the Group for the six months ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on 24 March 2010.

Xtract Energy Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange.

1. Basis of preparation

Xtract Energy Plc prepares its Group Financial Statements on the basis of International Financial Reporting Standards (IFRS) as adopted for use by the European Union (EU). The interim financial information presented herein has been prepared in accordance with the accounting policies expected to be used in preparing the Group Financial Statements for the year ending 30 June 2010 which do not differ significantly from those used for the 2009 Group Financial Statements, except for the adoption of the following:

IAS 1 'Presentation of Financial Statements'
The Group has adopted amendments to IAS 1 'Presentation of Financial Statements', with effect from 1 January 2009. This requires separate presentation of owner and non-owner changes in equity by introducing the statement of comprehensive income. Certain minor changes in the presentation of the statement of changes in equity were also made to comply with the revised standard. There was no effect on the Group's reported profit for the period or net assets.

IFRS 8 'Operating Segments'
IFRS 8 replaces IAS 14 'Segmental Reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in a change in the number of reportable segments presented. Operating segments are reported in the manner consistent with the internal reporting.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2009.

The interim financial information is not audited and does not constitute statutory accounts within the meaning of section 240 of the Companies Act 2006. Comparative figures for the year ended 30 June 2009 have been extracted from the 2009 Group Financial Statements which received a modified opinion with respect to going concern from the auditors and have been filed with the Registrar of Companies.

The interim financial information is presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) unless otherwise stated.

2. Other gains and losses

An analysis of the Group's other gains and losses are as follows:

	Six months ended 31 December 2009	Six months ended 31 December 2008	Year ended 30 June 2009
	£'000	£'000	£'000
Continuing Operations			
Interest on bank deposits	82	100	124
Total Revenue	82	100	124
Continuing Operations			
Disposal of available for sale investments	(1,620)	-	(9,312)
Other income	-	-	37
Research and development grants	202	-	179
Intangible impairment	-	(9,367)	(9,431)
Write down of investment in associate	-	-	(267)
Fair value movement on derivative assets		(8)	(21)
Gain on dilution of interests in associates	-	-	10
Total other gains and losses from continuing operations	(1,418)	(9,375)	(18,805)
Discontinuing Operations			
Losses on disposals of fixed assets	-	(477)	(477)
Loss on dilution of subsidiary	-	(698)	(698)
Total other gains and losses from discontinued operations	-	(1,175)	(1,175)
Total other gains and losses	(1,418)	(10,550)	(19,980)

3. Segment information

Business segments

For management purposes, the Group is currently organised into two operating divisions – oil & gas exploration, evaluation and development and oil shale exploitation. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Oil & gas exploration, evaluation and development – of the Group's interests in Turkey, the Netherlands, Denmark and the Kyrgyz Republic.
- Oil shale exploitation - of the Group's interests in Queensland, Australia and Tarfaya, Morocco.
- Investment and other - in various listed resource companies.

Segment information about businesses is presented below.

Period ended 31 December 2009

	Oil & Gas exploration and production £'000	Oil shale exploitation £'000	Investment and other £'000	Consolidated £'000
Segment revenue	-	-	-	-
Administrative and operating expenses	-	(88)	740	652
Share of results of associates	(140)	-	-	(140)
Segment result	(140)	(88)	740	512
Investment revenue	-	1	81	82
Finance costs	-	-	(266)	(266)
Other gains and losses	-	202	(1,620)	(1,418)
Loss before tax	(140)	115	(1,065)	(1,090)
Tax expense				(1,074)
Loss for the period from continuing operations				(2,164)
Loss for the period from discontinued operations				-
Loss for the period				(2,164)

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3. Segment information (continued)

Business segments (continued)

Other information **Period ended 31 December 2009**	**Oil & Gas exploration and production**	**Oil shale exploitation**	**Investment and other**	**Consolidated**
	£'000	**£'000**	**£'000**	**£'000**
Capital additions - property, plant and equipment	-	-	-	-
Depreciation and amortisation	-	-	2	2
Balance sheet				
Assets				
Intangible assets	-	-	-	-
Property, plant and equipment	-	14	6	20
Interests in associates	10,684	-	-	10,684
Financial assets	-	205	7,974	8,179
Deferred consideration	300	-	-	300
Advance payment	-	-	-	-
Consolidated total assets				19,183
Liabilities				
Financial liabilities	-	-	780	780
Unallocated corporate liabilities	-	-	-	4,544
Consolidated total liabilities				5,324

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3. Segment information (continued)

Business segments (continued)

Period ended 31 December 2008	**Oil & Gas exploration and production £'000**	**Oil shale exploitation £'000**	**Investment and other £'000**	**Discontinued operations £'000**	**Consolidated £'000**
Segment revenue	-	-	-	-	-
Administrative and operating expenses	126	(321)	(1,339)	(126)	(1,660)
Share of results of associates	(636)	-	-	-	(636)
Loss on disposal of fixed assets	(477)	-	-	477	-
Impairment loss	-	-	(9,366)	-	(9,366)
Segment result	(987)	(321)	(10,705)	351	(11,662)
Investment revenue	-	1	99	-	100
Finance costs	-	-	-	-	-
Other gains and losses	(688)	-	(9)	688	(9)
Loss before tax	(1,675)	(320)	(10,615)	1,039	(11,571)
Tax benefit					2,511
Loss for the period from continuing operations					(9,060)
Loss for the period from discontinued operations					(1,039)
Loss for the period					(10,099)

Discontinued operations relate entirely to oil and gas exploration and production.

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3. Segment information (continued)

Business segments (continued)

Period ended 31 December 2008 **Other information**	**Oil & Gas exploration and production** **£'000**	**Oil shale exploitation** **£'000**	**Investment and other** **£'000**	**Consolidated** **£'000**
Capital additions –property, plant and equipment	-	-	8	8
Depreciation and amortisation	-	4	2	6
Balance sheet				
Assets				
Intangible assets	-	-	65	65
Property, plant and equipment	-	19	11	30
Interests in associates	4,175	-	-	4,175
Financial assets	-	17	7,012	7,029
Deferred consideration	610	-	-	610
Advance payment	-	-	2,653	2,653
Other unallocated corporate assets	-	-	-	823
Consolidated total assets				15,385
Liabilities				
Financial liabilities	-	-	362	362
Unallocated corporate liabilities	-	-	-	3,701
Consolidated total liabilities				4,063

3. Segment information (continued)

Business segments (continued)

Year ended 30 June 2009

	Oil & Gas exploration and production £'000	**Oil shale exploitation £'000**	**Investment and other £'000**	**Discontinued operations £'000**	**Consolidated £'000**
Segment revenue	-	-	-	-	-
Administrative and operating expenses	(119)	(440)	(1,661)	119	(2,101)
Share of results of associates	(1,431)	-	-	-	(1,431)
Loss on disposal of fixed assets	(477)	-	-	477	-
Impairment loss	-	-	(9,431)	-	(9,431)
Segment result	(2,027)	(440)	(11,092)	596	(12,963)
Investment revenue	-	-	124	-	124
Finance costs	-	-	(323)	-	(323)
Other gains and losses	(698)	179	(9,553)	698	(9,374)
Loss before tax	(2,725)	(261)	(20,844)	1,294	(22,536)
Tax benefit					5,729
Loss for the year from continuing operations					(16,807)
Loss for the year from discontinued operations					(1,294)
Loss for the year					(18,101)

Discontinued operations relate entirely to oil and gas exploration and production.

3. Segment information (continued)

Business segments (continued)

Other information

Year ended 30 June 2009	Oil & Gas exploration and production £'000	Oil shale exploitation £'000	Investment and other £'000	Consolidated £'000
Capital additions - property, plant and equipment	-	-	8	8
Depreciation and amortisation	-	11	4	15
Balance sheet				
Assets				
Intangible assets	-	-	-	-
Property, plant and equipment	-	12	9	21
Interests in associates	5,619	-	-	5,619
Financial assets	-	59	7,055	7,114
Deferred consideration	310	-	-	310
Advance payment	-	-	2,760	2,760
Other unallocated corporate assets	-	-	-	284
Consolidated total assets				16,108
Liabilities				
Financial liabilities	-	-	486	486
Unallocated corporate liabilities	-	-	-	3,754
Consolidated total liabilities				4,240

3. Segment information (continued)

Geographical segments

The Group's operations are located in Europe (including UK and Turkey), Central Asia, Central America, and Australia.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services.

Period ended 31 December 2009

	Europe (including UK) £'000	Central Asia £'000	Australia £'000	Total of segments £'000
Segment revenue	-	-	-	-
Segment assets	18,132	770	281	19,183
Capital additions	-	-	-	-

Period ended 31 December 2008

	Europe (including UK) £'000	Central Asia £'000	Australia £'000	Total of segments £'000
Segment Revenue	-	-	-	-
Segment assets	9,967	813	4,605	15,385
Capital additions	8	-	-	8

Year ended 30 June 2009

	Europe (including UK) £'000	Central Asia £'000	Australia £'000	Total of segments £'000
Segment revenue	-	-	-	-
Segment assets	12,126	767	3,215	16,108
Capital additions	8	-	-	8

4. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

From continuing operations

Earnings	Six months ended 31 December 2009 £'000	Six months ended 31 December 2008 £'000	Year ended 30 June 2009 £'000
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	(2,164)	(9,060)	(16,807)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	755,351,983	751,756,026	751,765,026
Effect of dilutive potential ordinary shares – options and warrants	-	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	755,351,983	751,756,026	751,765,026

From continuing and discontinued operations

Earnings	Six months ended 31 December 2009 £'000	Six months ended 31 December 2008 £'000	Year ended 30 June 2009 £'000
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	(2,164)	(10,099)	(18,101)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	755,351,983	751,756,026	751,765,026
Effect of dilutive potential ordinary shares – options and warrants	-	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	755,351,983	751,756,026	751,765,026

Where a loss has occurred, basic and diluted earnings per share are the same because the outstanding share options and warrants are anti-dilutive.

5. Intangible Assets

The entirety of Intangible assets was deemed to be impaired and was written down to nil through the profit and loss statement in the year ended 30 June 2009. Impairment indicators were identified in regard to mining rights for oil shale reserves, an intangible exploration and evaluation asset previously recognised in relation to Xtract Oil Limited. A period of sustained adverse market conditions and a heightened uncertainty over the outlook for oil prices necessitated a reassessment of the Group's investment priorities. Under these circumstances, Xtract took the decision to scale back significantly its projected investment in the development of oil shale technology.
Due to the early stage of the exploration and evaluation of these mining rights, the directors not able to establish a reliable and supportable estimate of recoverable amount as per the requirements of IAS 36 Impairment. Whilst the directors remain committed to the project in the long term, and perceive that the mining rights do continue to have potential value, because of the early development stage of the project, the perceived potential value was not supportable under the applicable accounting standards, as noted. Therefore the balance of mining rights, of £10,392,847 was deemed to be impaired and was written down to £nil through the income statement in the year ended 30 June 2009 and remains fully impaired at 31 December 2009.

6. Interests in Associates

Details of the Group's associates for the period ended 31 December 2009 are as follows:

	31 December 2009 £'000	31 December 2008 £'000	30 June 2009 £'000
At beginning of the period	5,619	3,900	3,900
Investment in associate	4,905	1	1,465
Transferred from subsidiaries	-	470	470
Release of deferred consideration	11	-	263
Profit on dilution of interests in associates	-	10	10
Share of associates losses for the period	(140)	(370)	(1,431)
Share of associates' share based payments reserve	277	-	-
Impairment of investment in associate	-	(266)	(267)
Exchange translation	12	430	1,209
At end of the period	10,684	4,175	5,619

6. Interests in Associates (continued)

Name	Place of Incorporation and Operation	Date associate interest acquired	Proportion of ownership & voting power held %	Principal Activities
Extrem Energy A.S.	Turkey	02/10/08	34	Oil & gas exploration and production
Elko Energy Limited	Canada	15/11/06	36.81	Oil & gas exploration and production
Zhibek Resources Limited	U.K/Kyrgyzstan	17/11/08	25	Oil & gas exploration and production

7. Available-for-sale investments

Details of the Group's available-for-sale investments for the period ending 31 December 2009 are as follows:

	31 December 2009 £'000	31 December 2008 £'000	30 June 2009 £'000
At beginning of the period	3,215	15,962	15,962
Acquired during the period	-	-	590
Rights issue purchased during the period	-	-	65
Disposed during the period (a)	(4,554)	-	(4,304)
Movement in fair value (b)	1,620	(11,357)	(9,098)
At end of the period	281	4,605	3,215

(a) 14,375,629 shares of MEO Australia Limited and 166,489,286 shares of Wasabi Energy Limited were sold during the period. As at 31 December 2009, no MEO or Wasabi shares were held by the company.

(b) Movement in fair value of investments during the period based on the market value of shares held.

Available-for-sale investments comprise the Group's investment in listed securities and unlisted securities, which have been held by the Group for long term returns.

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8. Share capital

	As at 31 December 2009 *Unaudited* Number	As at 31 December 2008 *Unaudited* Number	As at 30 June 2009 *Audited* Number
Issued and fully paid ordinary shares of £0.1p each	811,765,026	751,765,026	751,765,026
	£	**£**	**£**
Issued and fully paid ordinary shares of £0.1p each	811,765	751,765	751,765

On 21 December 2009 the Company issued 60,000,000 ordinary £0.1p shares by way of Placing at 2 pence per share.

9. Cash flows from operating activities

	6 months period ended 31 December 2009 *(Unaudited)* £'000	6 months period ended 31 December 2008 *(Unaudited)* £'000	Year ended 30 June 2009 *(Audited)* £'000
Loss for the period	(2,164)	(10,099)	(18,101)
Adjustments for:			
Share of results of associates	140	370	1,431
Investment revenue	(82)	(100)	(124)
Other (gains) and losses	1,620	10,808	20,158
Income tax expense/(credit)	1,074	(2,511)	(5,729)
Government grants	(202)	-	(179)
Depreciation of property, plant and equipment	2	22	31
Share-based payments expense	193	11	20
Operating cash flows before movements in working capital	581	(1,499)	(2,493)
Decrease in inventories	-	47	47
(Increase)/decrease in receivables	(8)	21	(573)
Increase in payables	1,098	29	192
Cash generated/(used) in operations	1,671	(1,402)	(2,827)
Income taxes paid	-	-	-
Interest expenses	266	-	323
Foreign exchange differences	(1,473)	138	172
Net cash generated/(used) in operating activities	464	(1,264)	(2,332)

10. Going Concern

The Group is not currently generating revenues from its operations, and its forecasts and projections show that it would not have sufficient cash to make further investments in its existing and new projects in line with the Group's strategy as well as settle its current liabilities when due and meet its ongoing overheads without gaining access to additional funds. The Group continues to manage its investments as a portfolio, seeking to dispose of investments, bring in strategic partners and raise funds as appropriate to finance its obligations and to fund new investments. Management plans to address the Group's funding requirements through a combination of these measures. Management believes that it will be able to manage the Group's liquidity position successfully, but at this stage there is no committed transaction which would address the Group's cash requirements.

The directors have concluded that, given that the general economic climate remains challenging, these circumstances represent a material uncertainty that casts significant doubt upon the Group's and the Company's ability to continue as a going concern and that, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless after making enquiries, and considering the uncertainties above, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

11. Advance payment

	31 December 2009 £'000	**31 December 2008 £'000**	**30 June 2009 £'000**
Advance payment	424	2,653	2,760

Advance payment made by Xtract relates to investment in an associate Extrem Energy A.S. and represents overpayment for the work programme during reporting period.

12. Subsequent events

Elko Energy

In January 2010, Xtract has acquired an additional 13,200,000 shares of Elko increasing its holding in the company to 49,975,000 (50.02%).
The consideration was comprised of a cash payment of US$1,342,000 and one new Xtract share for every Elko share. The transaction was completed on 11 January 2010 at which time application was made for the 13,200,000 new Xtract shares to be admitted to trading on AIM and this became effective on 15 January 2010.

Extrem Energy

In February 2010 Xtract has entered into a further agreement with its Turkish partners, Merty Energy. Under the terms of the agreement, Xtract will acquire from Merty a further 16% of the issued capital of its Turkish associate company Extrem Energy A.S., taking Xtract's overall share of the business to exactly 50%, with the other 50% held by Merty shareholders.
The consideration for the transfer is staged payments by Xtract of US$4.9 million to Merty, which applied US$0.9 million of the consideration to subscribe for 30 million new ordinary shares in Xtract. Application was made for the new Xtract ordinary shares to be admitted to trading on AIM and this became effective on 18 February 2010.
The first two payments of US$2.9 million and US$1.0 million were made on 11 February and 10 March respectively, the remaining funds of US$1.0 million will be transferred to Merty in April 2010.