

**Company** [Xtract Energy plc](#)  
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**Headline** Heads of terms signed on Julia Creek Tenements  
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**AIM: XTR**

**XTRACT ENERGY PLC**  
**("Xtract" or the "Company")**

### **Heads of terms signed on Julia Creek Tenements**

Xtract Energy is pleased to announce that it has entered into a Heads of Terms with regard to progressing Xtract's oil shale tenements at Julia Creek in Queensland, Australia with Global Oil Shale Group Limited ("GOS"). GOS is an international energy company exclusively focused on the development of oil shale resources globally.

These Julia Creek tenements cover an area of 709 square kilometres and contain JORC defined Indicated and Inferred Resources of 2.18 billion barrels of shale oil at an average grade of 61 litres per tonne at zero moisture (LTOM).

The transaction envisages that GOS will have the potential to earn a controlling interest in the Julia Creek tenements by funding and undertaking a three year work program covering exploration, development and engineering activities relating to the exploitation of the Julia Creek oil shale tenements for oil production. Completion of the transaction is subject to the conduct of due diligence by both parties and other conditions precedent which are considered normal for this type of transaction.

Main deliverables of the three year work program are anticipated to be:

- Mining plan and resource testing
- Pre-Feasibility study for choice of processing approach for Julia Creek oil shale
- Bankable Feasibility Plan and pilot testing of Kerogen based oil production facility

Both parties anticipate that preparation of the detailed work program and negotiations leading to binding agreements will be completed within three months and exclusivity arrangements are in place for that period.

GOS is a global energy company exclusively focused on production of oil and other valuable products from the world's oil shale resources. GOS has a team of more than 20 oil shale specialists based in the United Kingdom, Estonia, Australia and Morocco and between them there is more than 200 years of experience in the evaluation and development of oil shale projects and the production of oil and energy from oil shale globally.

Commenting on this transaction Peter Moir, CEO of Xtract, stated:

"The challenge for the exploitation of Julia Creek is one of economic resources, technology / know-how and access to significant capital. Julia Creek contains oil shale and other minerals making it a valuable resource.

"The study work that we commissioned Worley Parsons to undertake guided Xtract towards selection of the most suitable extraction methodologies and to recommend options that might allow value to be realised from the Julia Creek asset. The Worley Parsons report noted that the Galoter type retorting process, which has been developed over many years in Estonia and Russia, probably offers the best solution. The Galoter process has been undergoing further development in recent years and is the world's most used oil shale processing system.

"In line with our strategy, Xtract seeks partners to progress our assets towards exploitation and, in the case of Julia Creek, we seek a joint venture partner who has experience in mining and the technology required for shale oil production. GOS brings considerable knowledge and experience of the oil shale business from both Estonia and Australia. As such, GOS represent a potential partner of choice for Xtract in our desire to progress Julia Creek.

"Xtract has been in discussions with GOS for some time and I am very pleased that we have managed to progress our cooperation to this next stage by the signing of the Heads of Terms. I look forward to working with Petri Karjalainen and his experienced team."

Petri Karjalainen, Executive Chairman of Global Oil Shale Group Limited commented:

"Global Oil Shale Group is evaluating a number of the world's oil shale resources that can provide us with the opportunity for large scale, long-term commercial shale oil production.

"Xtract's oil shale tenements in Julia Creek, with approximately 2 billion barrels of shale oil resources, provide us with a large scale and potentially long term opportunity for oil shale processing. GOS appreciates the opportunity and we are looking forward to co-operation with Xtract over the coming months as we develop our plans and testing for oil production at Julia Creek.

"Our team of oil shale specialists has significant experience in oil shale development in Queensland, in respect of both geology and engineering and we believe that capabilities are well suited for Xtract and the Julia Creek resource.

"Furthermore, GOS is currently developing its environmentally friendly oil shale beneficiation process, which will be included in a testing program for ongoing upgrading the oil yield in the Julia Creek oil shales. Our technology partnerships and agreements with leading global oil shale licensing and engineering companies, including TTU and Procom, provide us with further critical knowhow and large scale processing technology for Julia Creek."

#### Qualified Person

In accordance with AIM Guidelines, Peter Moir, B.Sc. Civil Engineering, M.Eng. Petroleum Engineering, UK Chartered Engineer and CEO of Xtract Energy plc is the qualified person as defined in the Guidance Notes for Mining, Oil and Gas Companies, February 2010, of the London Stock Exchange, that has reviewed the technical information contained in this press release. Mr Moir has more than 30 years experience in technical, operational and commercial aspects of the E&P business.

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#### About Xtract Energy

Xtract identifies and invests in a portfolio of early stage oil and gas assets and business interests with significant growth potential. The Company aims to work closely with the associated management teams to achieve critical project milestones, to finance early stage asset and business development activity, and then to finance the asset development phase, or if appropriate to crystallise value for all shareholders at a suitable exit point. Xtract aims to achieve returns for our shareholders through access to the significant upside rewards associated with our investments.

For further information on Xtract please visit [www.xtractenergy.co.uk](http://www.xtractenergy.co.uk)

#### About Global Oil Shale Group Limited

GOS is active in developing its own technologies for oil shale processing and beneficiation and has filed a patent application for its environmentally friendly KEROGEX kerogen beneficiation process which was developed at the GOS Development Centre in Kohtla Järve (Estonia).

GOS has a strategic Framework Agreement with TTU Limited ("TTU") of St Petersburg (Russia), which is a company holding patents and critical knowhow for the modified UTT 3000 Modified Environmentally Friendly (MEF) thermal processing plant. Under the agreement GOS has access to TTU's modified UTT 3000 MEF technology and associated licenses. The UTT 3000 MEF is based on the Galoter oil shale process, which has more than 60 years of continuous operational history in production of oil and electricity from oil shale.

GOS has also an Oil Shale Alliance Agreement with Procom Consultants P/L ("Procom"), a Brisbane (Australia) based company focused on process engineering for the conventional and alternative fuels industries. Procom is regarded as a leader in the field of oil shale processing. The core engineering team at Procom was responsible for the engineering and operations of the Stuart Oil Shale project in Queensland, Australia, which during its life produced approximately 1.5 million barrels of oil from oil shale.

GOS is supported by its main shareholders that include Baker Steel Capital Managers and ECAP Investments, both being resources focused investment management companies.

More can be read about GOS on their website [www.globaloilshale.com](http://www.globaloilshale.com)

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