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

### **Julia Creek Oil Shale Project Update**

Xtract (AIM: XTR) announces that its negotiations with Global Oil Shale Group Limited ("GOS") with regard to Xtract's oil shale tenements at Julia Creek in Queensland, Australia, have successfully concluded with the signing of legally binding agreements.

In a related transaction, Xtract has also agreed to sell its entire 70% interest in Xtract Energy (Oil Shale) Morocco S.A. to GOS, subject to satisfaction of certain closing conditions, including in particular seeking and obtaining the consent of the Office National des Hydrocarbures et des Mines (**ONHYM**) and other regulatory approvals in the Kingdom of Morocco as well as the consent (or buy out) of the other shareholder in Xtract Energy (Oil Shale) Morocco S.A.

These two transactions result in the alignment of both companies' strategic objectives.

The 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).

#### Highlights

- Strategic alignment of Xtract's interest in Julia Creek with GOS as an investor and developer for the Julia Creek deposit.
- Xtract to assign its oil shale rights in Julia Creek to GOS in exchange for:
- Strategic equity stake in GOS of 6.0 million shares on signing the Share Purchase Agreement and satisfying all closing commitments, and a further up to 1.5 million shares in GOS in the event of its planned IPO;
- Long term interest in the Julia Creek project through a 1% net smelter royalty; and
- An initial cash payment of AUD\$ 50,000 payable on signing the Share Purchase Agreement and prior to GOS' commitment to a full work programme on Julia Creek.
- GOS will carry out a detailed work programme for Julia Creek with key milestone deliverables:
- Mining plan and resource testing;
- Pre feasibility plan for choice of processing approach for Julia Creek;
- Bankable feasibility plan and small scale pilot testing of production.
- GOS to fund all of Julia Creek ongoing holding and development costs
- Xtract to gain a single project risk mitigating exposure to GOS' multi oil shale project development portfolio and access to their leading knowhow in the sector
- Xtract to focus on its core strategy of seeking conventional oil and gas opportunities.
- Xtract has agreed to sell its 70% stake in Xtract Energy (Oil Shale) Morocco S.A. (XOSM) to GOS for an upfront payment of c. AUD\$ 35,000 with completion subject to obtaining the consent of the Office National des Hydrocarbures et des Mines (**ONHYM**) and other regulatory approvals in the Kingdom of Morocco as well as the consent (or buy out) of the other shareholder in XOSM.
- Xtract will provide its full support to GOS and XOSM in seeking the consents required for completion of the sale of Xtract's interest in XOSM.

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

"The disposal of Julia Creek and the sale on Xtract Energy (Oil Shale) Morocco S.A. to GOS will enable Xtract management to concentrate the focus of the Company on conventional oil and gas opportunities.

"GOS has an excellent management team and expertise in the oil shale business and the Xtract board believes that GOS will extract maximum value from Julia Creek, whilst hedging its development with other oil shale projects within the GOS portfolio."

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

"Global Oil Shale is pleased to have concluded this agreement and looks forward to Xtract Energy joining as a strategic equity partner in GOS as well as retaining its ongoing interest in the Julia Creek project through the long term royalty structure.

"We have evaluated extensively the Julia Creek opportunity over the past months and feel confident that our low emission Kerogex/Kerocon beneficiation approach, coupled with our partnerships with leading providers of proven oil shale processing technologies, provides a strong basis for a commercial development of the Julia Creek deposit, subject to local permitting. Furthermore Julia Creek will complement well our other oil shale developments in Jordan, Morocco and Israel with a key aim of using oil shale as a source for long term environmentally sustainable production of petroleum and other value add products."

GOS is an independent energy company exclusively focussed on production of oil and other valuable products from oil shale resources. GOS has a strong management team of more than 20 oil shale specialists based in the UK, Estonia, Australia and Morocco. GOS has current projects in development in key oil shale jurisdictions globally including Jordan, Morocco, Australia and Israel. Additionally they have proprietary knowhow for low emission development of oil shale, which is coupled with partnerships with some of the leading engineering and mining technology companies in the oil shale market.

Share Purchase Agreement in respect of Xtract Oil Limited ("SPA")

The Share Purchase Agreement ("SPA") in respect of Xtract Oil Limited ("XOL") sets out the detailed and legally binding terms and conditions subject to which GOS has acquired 100% of the issued and outstanding shares in XOL from Xtract. Xtract's rights over the Julia Creek tenements are held in XOL under an existing agreement between Xtract Energy Plc and Intermin Resources Ltd. As part of this transaction Xtract will assign to XOL all of its rights in relation to the Julia Creek shale assets.

**Consideration:** The consideration payable to Xtract is intended to comprise three elements:

**Royalty:** A 1% net smelter royalty ("**NSR**") on revenue derived by GOS from oil shale produced from the Julia Creek tenements (the "**Royalty**"), with an NSR agreement to be separately negotiated.

**Royalty Buyback:** If GOS elects to buy back all or part of the Royalty in accordance with the provisions set out below, Xtract may elect to receive cash or the equivalent value of shares in GOS.

**0 - 1 years:** Up to and including the first anniversary of signing the SPA, GOS may exercise an option to buy back all or part of the Royalty from Xtract at a price of AUD\$ 100,000 per 0.1% purchased (i.e., purchasing the entire Royalty would cost AUD\$ 1 million.

**1 - 2 years:** After the first anniversary and up to and including the second anniversary of the signing the SPA, GOS may exercise an option to buy back all or part of the Royalty (to the extent not already bought back) from Xtract at a price of AUD\$300,000 per 0.1% purchased.

**2 - 4 years:** After the second anniversary and up to and including the fourth anniversary of signing the SPA, GOS may exercise an option to buy back all or part of the Royalty (to the extent not already bought back) from the Xtract at a price of AUD\$500,000 per 0.1% purchased.

**Shares:** Xtract shall be issued with 6.0 million shares in GOS on signing the SPA and satisfying all closing commitments (such shares, the "Initial Consideration Shares") and will be issued with a further up to 1.5 million shares in GOS immediately prior to listing any GOS shares on any stock exchange or other market (such shares, the "Additional Consideration Shares") and together with the Initial Consideration Shares, the "Consideration Shares". The Consideration Shares shall be issued at a subscription price of 12 pence per share.

GOS shares issued to Xtract pursuant to the SPA in respect to XOL agreement shall rank *pari passu* with all other shares of the same class issued on or before the date of issue of GOS shares to Xtract.

Xtract shall be restricted from disposing of or otherwise dealing with 75% of the Consideration Shares (the "Locked Consideration Shares") from the date of issue of such shares and then on terms equivalent, *mutatis mutandis*, to any lock-in on shares issued (or to be issued) to the GOS directors (or any of them) on an IPO of GOS (the period of such restriction, "Lock in Period")

If GOS issues any shares after signing the SPA in respect of XOL, but prior to (but not in connection with) an IPO, GOS shall offer Xtract the right to participate in any such issue on the same terms and conditions as existing GOS shareholders at such time.

**Cash:** AUD\$ 50,000 payable on signing the SPA.

On signing of the SPA in respect of Xtract Oil Limited, GOS shall carry out a work programme to be completed on or prior to the fourth anniversary of signing the SPA. The work programme deliverables are :

- Mining plan and resource testing;
- Pre feasibility plan for choice of processing approach for Julia Creek;
- Bankable feasibility plan and small scale pilot testing of production.

If GOS abandons the work programme on or after the fourth anniversary of signing the SPA, Xtract shall have the option to repurchase the XOL shares from GOS in consideration for repayment of GOS's back costs incurred in respect of Julia Creek.

Share Purchase Agreement in respect of Xtract Energy (Oil Shale) Morocco S.A.

The Share Purchase Agreement in respect of Xtract Energy (Oil Shale) Morocco S.A. sets out the detailed and legally binding terms and conditions on and subject to which GOS is willing to acquire 70% of all issued and outstanding shares in Xtract Energy (Oil Shale) Morocco S.A. from Xtract, subject to first obtaining all regulatory and joint venture consents.

**Consideration:** The consideration payable to Xtract is just over AUD\$ 35,000.

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 market scale environmentally sustainable beneficiation and processing technologies for oil shale. GOS 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 is additionally developing its KEROCON beneficiation for medium and low grade oil shale deposits for enabling commercial scale production on this type of oil shale.

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 UTT 3000 Modified Environmentally Friendly (MEF) thermal processing plant. Under the agreement GOS has access to TTU's modified UTT 3000MEF technology and associated licenses. The UTT 3000MEF is based on the Galoter oil shale process, which has more than 60 years of continuous and proven 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 were 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 and has an intention of launching an IPO for Global Oil Shale on the London Stock Exchange or an other regulated stock exchange in 2013, following the results of its current development programmes in Australia, Jordan, Morocco and Israel.

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

#### Xtract Energy (Oil Shale) Morocco SA ("XOSM")

XOSM is a joint venture with Alraed Limited Investment Holding Company WLL, a company controlled by His Highness, Prince Bandar Bin Mohd. Bin Abdulrahman Al-Saud of Saudi Arabia. Xtract holds 70% of the joint venture.

This information is provided by RNS

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