Regulatory Story

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

Operations Update

Xtract is pleased to provide the following operational update.

Netherlands

Xtract, through its wholly owned subsidiary Elko Energy, currently holds an overriding royalty agreement with Chevron and TAQA over their respective 48% and 12% working interests in the Dutch North Sea offshore Blocks P1 and P2.

The P2-10 well is currently being drilled by Chevron using the Noble Byron Welliver jack-up drilling rig and is now designated as "tight hole" in order to protect their proprietary technology being used to drill the well ("tight hole" meaning information regarding specific activity and progress is strictly confidential to the working interest partners). At the time of writing, this well is still being drilled and we anticipate that the results of the well will be known in the summer of 2012.

If the well proves to be commercially successful, Xtract management believe that exploitation of the asset could potentially be achieved relatively quickly, due to the proximity of existing infrastructure.

Denmark

The 01/11 partners selected a location for drilling the 'Luna' prospect, which had been chosen to test the Rotliegendes play in the optimum position in terms of reservoir quality, thickness and hydrocarbon charge for the combined prospective area. The Rotliegendes reservoir was thought to have a high probability of hydrocarbons being present at this location based on the seismic interpretation. Uncertainty still existed however on which seismic event represents the top reservoir and where the pinch out occurred. In addition to the uncertainty on the pinch out position, there was a possibility that the Rotliegendes did not, in fact, pinch out but continued up dip into Lead A. It was therefore possible that Luna and Lead A are connected and represent one feature. The Luna prospect was picked in order to maximize the information gathered by the well and was designed to address this uncertainty.

In May 2011, it was announced that the Luna well would be drilled by the 'Maersk Resolve' jack up drilling unit. The Maersk Resolve arrived at the Luna location on 10 February 2012 and spud the Luna well on 12 February 2012. Unfortunately the well did not find hydrocarbons having encountered Zechstein anhydrite and dolomite lying directly on weathered volcanic conglomerates, rather than the Rotliegendes sandstone reservoir as prognosed. The well was drilled to a total depth of 2073 metres below mean sea level. A core was taken, side wall cores collected and extensive wireline log measurements carried out.

Following consultation with the Danish Energy Agency ("DEA") that the Licence obligations had been met, the decision was made by the 01/11 partners on the afternoon of 16 March 2012 to plug and abandon the well as a dry hole. The plug and abandon activity was completed in accordance with the DEA guidelines, and the rig went off contract on 24 March 2012.

The task now is to use the additional control point provided by this well to re-interpret the surrounding seismic to evaluate the geological model as to whether there is still a valid Rotliegendes play in the area. This analysis will be performed by independent consultants on behalf of Xtract. Only once this activity is complete and discussed with the 01/11 & 02/05 partners, with Noreco as operator for the licences, will the Company have a firm basis on which to determine how best to proceed with the Danish acreage. This is anticipated to occur in the summer of 2012.

Australia - Julia Creek

Xtract acquired its oil shale exploration rights over mining tenements at Julia Creek, Queensland, Australia in two tranches in late 2005 and early 2006. Xtract has the rights to extract oil shale from these tenements whilst Intermin Resources Ltd holds the rights to extract minerals such as Vanadium and Molybdenum from the same tenements.

Queensland Moratorium

The Queensland Premier declared a twenty year moratorium on oil shale mining on a proposed oil shale development in the Whitsunday coastal region in August 2008 and a two year review period for all oil shale developments throughout the state during which no new mining activity would be permitted. The moratorium has not yet been rescinded despite the initially declared two year period having expired. Following the announcement in 2008, Xtract put its oil shale activity on a care and maintenance footing until the outcome of the moratorium was known. Xtract has sought to maintain these mineral rights at limited expense so as to retain the option to exploit the resource when the moratorium is lifted and technology and investment conditions indicate that an economic project can be justified.

On 24 March 2012 the Liberal National Party was returned in the Queensland Government election, replacing the previous Labour administration. It is not yet clear whether this change in administration may impact on the moratorium but, assuming that some activity towards development of oil shale within Queensland may now be permissible and given the financial commitments involved, it would seem timely to try to seek a partner to help fund some exploratory activity such as a pilot plant.

Worley Parsons Study

During 2011, Worley Parsons were commissioned by Xtract to prepare a technical study on oil shale extraction methodologies and to recommend options that might allow value to be realised from this asset. On 13 February the Company advised that it was in receipt of the study and was reviewing the results. This report is being used to determine a possible path forward for the Julia Creek asset. The contents of the report are held confidential, but its principal conclusions may be summarised as follows.

Hydrogenation is in principle attractive because it yields significantly more oil than conventional thermal retorting in laboratory conditions; however there are significant technical, economic and financial challenges to achieve commercial realization. The faster route to commercialisation of the Julia Creek oil shale deposit and which offers the best chance of an economic development would be to make use of commercially proven thermal retorting technology.

The major attraction of selecting oil shale retorting is that the technology supplier would provide and guarantee a proven technology which could be implemented in the shortest timeframe whereas hydrogenation loads all the process risk on Xtract and would require an enormous pre-investment and long period to reach commercial production. Of the numerous retorting processes which have been trialled and developed over many years, there are a limited number which have proven performance to a significant production scale. Even here, there is only a limited amount of technical process performance data available in the public domain, so a definitive evaluation is not possible. These processes have made noticeable performance improvements over recent years, such that it makes their consideration for the exploitation of Julia Creek more meaningful if and when the moratorium is lifted.

Economics of these projects continue to be a major challenge. One reason is that many of these technologies have been developed where there has been a need for an alternative source of crude oil, and economics was not the main driving force. For example, Petrobras was an early proponent of oil shale development. However, in recent times Brazil has located significant oil reserves offshore and the incentive from Petrobras to promote its oil shale process appears to have waned. Environmental considerations are also a major factor. The oil reserves of the Green River Basin in the USA are enormous but the environmental constraints are particularly severe. This may be the reason Shell has moved away from above ground retorting and now focus its efforts on the below ground ICP process.

In summary, the challenge for development of the Julia Creek oil shale is one of technology and being confident that this technology can provide a profitable return on the large amount of investment required. The results of the Worley Parsons survey confirm that, while the Julia Creek oil shale is a valuable asset to hold, it is not likely to be income or cash generating in the near or medium term. Rather, any activity towards proving up an economic development is likely to be high risk and a significant user of cash.

The Worley Parsons study is proving useful in assisting Xtract management to review the options available to make such oil shale developments attractive to potential commercial partners.

Kyrgyz Republic

In 2008, Xtract farmed out a 75% share in former subsidiary Zhibek Resources Ltd ("Zhibek") to Santos International Holdings Pty Ltd in return for Santos providing amongst other deliverables funding towards a well in the Tash Kumyr licence which Zhibek holds in the Krygyz Republic. Seismic over the prospect area was acquired and interpreted by Santos and it was anticipated that this well would be drilled in 2011. However, political disturbance in the Kyrgyz Republic resulted in drilling delays. Subsequently, Santos has been conducting a re-evaluation of the licence and has recently announced that it is preparing for a country exit.

Xtract are in discussion with Santos as to how best to proceed in this circumstance, given Santos' stated aim for a country exit. Xtract has no desire to take back the full cost of funding Zhibek to drill a well; it was this consideration that led to the farm-out in 2008. However, from their recent discussions with Santos, Xtract management are confident that an outcome that is satisfactory to both parties can be achieved.

Outlook

Xtract's strategy to date has been to seek to grow through targeted exploration in areas where discoveries can be brought into production and become cash generating within a reasonable time frame. However, exploration and production companies also grow by balancing investment between exploration, development and production opportunities. Xtract is not yet of a size where it has the resources for significant investment in the development and production stages of the life cycle. In recent months Xtract has considered a number of opportunities that are consistent with the adopted strategy, but none has yet matched Xtract's criteria for investment.

While we are optimistic for the outcome of the Chevron well in the Netherlands, management believe that maximising the probability of exploration success requires a portfolio approach that includes a range of prospects with different risk profiles across a spread of acreage and the Company will now seek to bring forward new opportunities in the Netherlands and other areas.

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

A short description of the principal assets of Xtract is set out below. These assets are either held directly or through wholly owned subsidiaries of the Company.

Extrem Energy AS ("Extrem Energy")

Xtract holds a royalty interest over the license portfolio currently owned by Extrem Energy, onshore and offshore Turkey.

Elko Energy Inc. ("Elko")

Xtract's wholly owned subsidiary, Elko has interests in exploration and production licences in the Danish and Dutch North Sea. Its major asset in the Danish North Sea is a 33% working interest in an exploration and production licence 02/05 and a 33% working interest an adjoining exploration and production license 01/11, close to the prolific Central Graben oil kitchen. Technical work indicates the potential for significant resources on these combined licenses. Elko also holds a royalty interest in gas-bearing license blocks P1 and P2 in the Dutch North Sea.

Zhibek Resources Ltd ("Zhibek Resources")

Zhibek Resources is an oil and gas exploration and production company which has a 72% interest in the Tash Kumyr exploration licence in the Kyrgyz Republic. Xtract has entered a farm-out agreement to fund a seismic and drilling programme for 2008-2011. Xtract owns 25.0% of the issued share capital of Zhibek Resources.

Xtract Oil Ltd ("XOL")

Xtract's wholly owned subsidiary, XOL, is focused on the development of the Company's oil shale resources in Australia and the technology for oil extraction from oil shale resources. Xtract has oil shale exploration rights over mining tenements in the Julia Creek area of Queensland. In addition to evaluating third party technologies, XOL has been developing proprietary technology for the commercial extraction of liquid hydrocarbon products from oil shale.

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. XOSM has signed a Memorandum of Understanding with the Office National des Hydrocarbures et des Mines for the purposes of evaluation and possible development of an oil shale deposit near Tarfaya, in the south west part of Morocco. Xtract currently holds 70% of the joint venture.

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