

AIM: XTR

Xtract Energy Plc
Interim results
For the six months ended 30 June 2011

Xtract Energy Plc (“Xtract” or “the Company”) announces its unaudited interim results for the six months ended 30 June 2011.

Financial Highlights

- Net loss of £1.2 million (30 June 2010: £10.3 million loss)
- Cash of £4.58 million (31 December 2010: £8.766 million)
- Net assets of £8.035 million (31 December 2010: £8.329 million)

Operational Highlights

- Elko Energy AS - Awarded a new exploration licence, 01/11, of approximately 1,900 sq. kms. Immediately to the west of the 02/05 licence area.
- Elko Energy AS - Well location selected in Denmark. The well will be known as Luna and is expected to spud in Q4 2011.
- Extrem Energy AS - Heads of Agreement signed between Xtract, Merty, Extrem and the Yoldemir family whereby Xtract has disposed of its 50% holding in Extrem Energy AS.
- Worley Parsons contracted to provide a technical study on various oil shale extraction techniques
- Xtract offers to acquire the issued and outstanding common stock in Elko Energy Inc. that it does not already own in exchange for new ordinary shares in Xtract. Xtract shares suspended on 21st June 2011.
- Dr. George Watkins appointed as Non-Executive Chairman following the resignation of Mr. John Newton.

Post-period Highlights

- Acquisition of the remaining Elko Energy Inc share capital satisfied by the issuance of 350,245,343 new ordinary shares in Xtract
- Completion of sale of Xtract’s 50% holding in Extrem Energy AS
- Placing of 240,000,000 shares at a price of 1.25p each to raise £3,000,000 before expenses.
- Equity Line Facility established for a maximum of £12,500,000.
- Trading suspension lifted on 26th August 2011.

Peter Moir, Chief Executive of Xtract commented, “We are very happy to have now completed the acquisition of Elko Energy Inc. and the disposal of our interest in Extrem Energy AS. These transactions allow management to more effectively focus on core business areas moving forward. We are excited about our future prospects, particularly in the North Sea where we have two wells being drilled in the next quarter”.

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CHAIRMAN'S REVIEW

This is the first interim report under our new accounting reference period and the first report since I joined the Xtract Board as Non-Executive Chairman. I am pleased to report that the first six months of 2011 have resulted in a number of positive activities focusing on rationalization of the Company's interests and the change from an investment company to an operating and trading company.

Specifically, in the period under review, the company made an offer for the remainder of the Elko Energy Inc shares which it did not already own and signed a Heads of Agreement to facilitate an exit from the Extrem Energy AS JV in Turkey. Subsequent to the reporting date both these transactions have completed.

As a result of making the offer to acquire the remaining shares of Elko Energy Inc, our existing admission to AIM as an investment company was no longer valid. The company's shares were suspended from trading on AIM on the date of the Elko offer, being 21st June 2011. Subsequent to the reporting period, the company issued a new Admission Document and applied for re-admission to AIM as an operating and trading company. This process, including the Elko acquisition, was completed on 12 September 2011, and the expanded company was re-admitted to trading on 13 September 2011.

As a result of this activity, Xtract can look forward to participating in two wells to be drilled later in 2011, one in Denmark and one in the Netherlands.

Elko Energy Inc ("Elko")

In offshore Denmark, Elko holds a 33% working interest in two exploration licences with a combined area of 3,638 sq. km. These licences offer P50 un-risked net prospective resources of 747 million barrels of oil (independently evaluated by TRACS International in the Competent Persons Report dated May 2011). Elko's partners in the licences are the Norwegian company Noreco with a 47% working interest and the Danish government's North Sea Fund (DNSF) with 20%.

In January 2011, the licence group, (Elko, Noreco and DNSF) were awarded the 01/11 licence area covering 1,900 sq. km. immediately to the west of the existing 02/05 licence. The 02/05 licence group relinquished 3,645 sq. km. of the 02/05 licence as part of this award. The combined area of the two licences is now 3,638 sq. km.

In March 2011 the sales transaction to Noreco completed and Elko Energy AS received a contribution to past costs of approximately \$1m (£0.7m).

The partners have already selected a location for the first well, to be called Luna. This well will be drilled to test the Røtlegendes play in an optimum position in terms of reservoir quality, thickness and hydrocarbon charge for the combined prospective area. The Luna well is located in a down faulted half graben with increased chance of having reservoir preserved and a higher chance of successful hydrocarbon charge, being closer to the prolific Danish Central Graben kitchen area.

In the Netherlands offshore, Elko Energy BV and Elko Exploration BV hold royalty interests on the P1 and P2 blocks operated by Chevron. Since acquiring their interest in these licences from Elko, Chevron has assigned a 12% interest in both blocks to TAQA Energy B.V. ("TAQA") while retaining a 48 % interest themselves.

Chevron plan to drill an appraisal well on block P2 in the fourth quarter of 2011. This P2-10 well, to be drilled by the Noble Byron Welliver jack up drilling rig, will target an existing gas discovery on the P2 block. Its main objective is to evaluate commercial hydrocarbon flow rates from an extended reach horizontal well within the Røtlegendes sandstone reservoir. The well program is expected to be of 100 days duration.

Extrem Energy AS (“Extrem”)

Extrem is a Turkish joint stock company with a portfolio of six 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.

In May 2011, Xtract announced that a Heads of Agreement had been signed between Xtract, Extrem, Merty and the Yoldemir family, whereby Merty intends to acquire Xtract's 50% share ownership of Extrem Energy AS. The terms of the agreement include a completion payment to Xtract of \$100,000 (£62,000) (received on 24 August 2011) as well as additional cash payments triggered by any future licence farm outs by Extreme, and also Gross Overriding Royalty interests in future revenues from successful exploration and production of hydrocarbons from the licences plus a processing royalty if the existing processing plant is utilized.

This transaction allows Xtract to maintain an interest in the upside of any hydrocarbon discoveries whilst terminating the contribution of capital to this particular business venture.

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. Santos is currently evaluating drilling rigs to fulfil the requirement to drill an obligation well on the licence. Further details will become available once drilling plans have been agreed with the Kyrgyz authorities.

Through its subsidiary Xtract Oil Ltd (“XOL”), the Company continues to maintain mineral rights over approximately 2 billion barrels of oil shale contingent 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. During the reporting period Worley Parsons were commissioned to prepare a technical study on oil shale extraction methodologies. This report is designed to assist management in determining the most appropriate method to realise value from this asset.

During the first two months of the reporting period all 60,000,000 outstanding warrants in Xtract were exercised at 2.5p. This issue of an additional 60,000,000 ordinary shares in the Company raised £1,500,000.

Looking to the future, in addition to identifying additional exploration opportunities, Xtract also has a desire to invest in oil and gas development projects. The objective is to seek assets which because of their size or location are less attractive to larger companies but which, nevertheless, have the potential to generate high returns for our shareholders.

Subsequent Events

I was very happy to see the transaction to acquire the Elko shares complete on 13th September with the enlarged Xtract group returning to AIM as a trading company. At the same time the placing of 240,000,000 shares at 1.25p became unconditional as did the agreement with YA Global Master SPV to provide Xtract with a £12.5m Equity Line Facility.

The combination of these transactions and facilities provides funds for immediate working capital requirements as well as providing further flexibility of funding for possible future working capital requirements.

The increase in the Elko holding demonstrates the confidence management place in the assets of the Company.

Dr. George Watkins
Non-Executive Chairman

Note

XOL

The information in this announcement relating to XOL's resources estimates has been provided using the Petroleum Resources Management system endorsed by The Society of Petroleum Engineers referred to as the SPE-PRMS 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 in Denmark has been supplied by TRACS International in their Competent Persons Report of May 2011..

Definitions

"mbl" - 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 30 June 2011

		Six months ended	
		30 June	30 June
		2011	2010
	Notes	Unaudited	Unaudited
		£'000	£'000
Continuing operations			
Administrative and operating expenses		(1,619)	(1,968)
Share of results of associates	8	20	(464)
Share of results of joint venture		-	(9,578)
		<hr/>	<hr/>
Operating loss		(1,599)	(12,010)
Investment revenue	3	36	71
Finance income / (costs)		383	(1,243)
Other gains and losses	3	7	1,449
		<hr/>	<hr/>
Loss before tax		(1,173)	(11,733)
Tax credit		-	1,384
		<hr/>	<hr/>
Loss for the period from continuing operations		(1,173)	(10,349)
		<hr/>	<hr/>
Loss for the period		(1,173)	(10,349)
Attributable to:			
Equity holders of the parent		(1,022)	(9,607)
Non-controlling interest		(151)	(742)
		<hr/>	<hr/>
		(1,173)	(10,349)
		<hr/>	<hr/>
Net loss per share			
Basic (pence)	5	<hr/>	<hr/>
		(0.11)	(1.13)
Diluted (pence)	5	<hr/>	<hr/>
		(0.11)	(1.13)

Xtract Energy Plc
Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2011

	Six months ended	
	30 June	
	2011	30 June 2010
	Unaudited	Unaudited
	£'000	£'000
Loss for the period	<u>(1,173)</u>	<u>(10,349)</u>
(Loss)/gain on revaluation of available-for-sale investments taken to equity	(47)	1,460
Transferred to income statement on sale of available-for-sale investments	-	(1,550)
Movements in share based payments reserve of associates taken to equity	-	(277)
Exchange differences on translation of foreign operations	(574)	1,169
	<hr/>	<hr/>
Other comprehensive (loss)/gain for the period	(621)	802
Total comprehensive loss for the period	(1,794)	(9,547)
	<hr/>	<hr/>
Attributable to:		
Equity holders of the parent	(1,392)	(8,915)
Non-controlling interest	(402)	(632)
	<hr/>	<hr/>
	(1,794)	(9,547)

Xtract Energy Plc
Consolidated Statement of Financial Position
As at 30 June 2011

		30 June	31
		2011	December
	Notes	Unaudited	Audited
		£'000	£'000
Non-current assets			
Intangible assets	6	2,195	2,047
Property, plant and equipment		5	4
Investments in associates	8	426	400
Investment in joint venture	9	-	65
Financial assets	11	450	497
Deferred consideration		243	291
		<hr/> 3,319	<hr/> 3,304
Current assets			
Trade and other receivables		3,054	237
Held for sale	10	62	-
Cash and cash equivalents		4,576	8,766
		<hr/> 7,692	<hr/> 9,003
Total assets		<hr/> 11,011	<hr/> 12,307
Current liabilities			
Trade and other payables		1,147	556
Current tax liabilities		1,371	2,951
		<hr/> 2,518	<hr/> 3,507
Net current assets		<hr/> 5,174	<hr/> 5,496
Non-current liabilities			
Deferred tax liabilities		458	471
Total liabilities		<hr/> 2,976	<hr/> 3,978
Net assets		<hr/> 8,035	<hr/> 8,329

Xtract Energy Plc
Consolidated Statement of Financial Position (continued)
As at 30 June 2011

	Notes	30 June 2011 Unaudited £'000	31 December 2010 Audited £'000
Equity			
Share capital	12	915	855
Share premium account		27,446	26,006
Warrant reserve		-	538
Share-based payments reserve		559	564
Available-for-sale investment reserve		(140)	(93)
Foreign currency translation reserve		538	861
Accumulated losses		<u>(25,236)</u>	<u>(24,757)</u>
Equity attributable to equity holders of the parent		4,082	3,974
Minority interest		<u>3,953</u>	<u>4,355</u>
Total equity		<u>8,035</u>	<u>8,329</u>

Xtract Energy Plc
Consolidated Statement of Changes in Equity

	Share Capital £'000	Share premium account £'000	Warrant reserve £'000	Share- based payment s reserve £'000	Available- for-sale investment reserve £'000	Foreign currency translation reserve £'000	Retained Deficit £'000	Non- controlling interest £'000	Total Equity £'000
As at 31 December 2009	812	25,509	-	1,446	(309)	1,390	(14,989)	-	13,859
Issue of warrants	-	-	538	-	-	-	-	-	538
Gain on revaluation of available-for-sale investments	-	-	-	-	1,460	-	-	-	1,460
Transfer of available-for-sale reserves to income statement on disposal	-	-	-	-	(1,550)	-	-	-	(1,550)
Issue of share capital	43	497	-	-	-	-	-	-	540
Movement in share based payment reserve of associate	-	-	-	461	-	-	-	-	461
Movement in share based payment reserve of associate	-	-	-	(277)	-	-	-	-	(277)
Transfer of share based payment reserves of associates on disposal	-	-	-	(807)	-	-	807	-	-
Foreign currency translation difference	-	-	-	-	-	1,059	-	110	1,169
Associate becoming subsidiary	-	-	-	-	-	-	-	4,610	4,610
Transfer of associate's FCTR to income statement on disposal	-	-	-	-	-	(745)	-	-	(745)
Loss for the period	-	-	-	-	-	-	(9,607)	(742)	(10,349)
As at 30 June 2010	855	26,006	538	823	(399)	1,704	(23,789)	3,978	9,716
Gain on revaluation of available-for-sale investments	-	-	-	-	306	-	-	-	306
Share-based payment expense	-	-	-	301	-	-	-	135	436
Other equity movements	-	-	-	(560)	-	-	560	-	-
Loss for period	-	-	-	-	-	-	(1,528)	134	(1,394)
Foreign currency translation difference	-	-	-	-	-	(843)	-	108	(735)
As at 31 December 2010	855	26,006	538	564	(93)	861	(24,757)	4,355	8,329
Warrant exercise	60	1,440	(538)	-	-	-	538	-	1,500
Share options lapse	-	-	-	(5)	-	-	5	-	-
Loss on revaluation of available-for-sale investments	-	-	-	-	(47)	-	-	-	(47)
Foreign currency translation difference	-	-	-	-	-	(323)	-	(251)	(574)
Loss for the period	-	-	-	-	-	-	(1,022)	(151)	(1,173)
As at 30 June 2011	915	27,446	-	559	(140)	538	(25,236)	3,953	8,035

Xtract Energy Plc
Consolidated Cash Flow Statement
For the six months period ended 30 June 2011

	6 month period ended 30 June 2011 Unaudited £'000	6 month period ended 30 June 2010 Unaudited £'000
Net cash (used) in operating activities	13 (5,421)	(2,198)
Investing activities		
Interest received	36	71
Government grants	-	11
Acquisition of intangible assets	(803)	(54)
Disposal of intangible assets	655	-
Purchase of property, plant and equipment	-	(1)
Disposal of available-for-sale investments	-	(630)
Purchase of joint venture	-	(3,911)
Acquisition of subsidiaries, net of cash acquired	-	4,784
Net cash (used in)/ from investing activities	(112)	270
Financing activities		
Proceeds on issue of shares and warrants	1,500	-
Share issue expenses	-	1
Net cash from financing activities	1,500	1
Net (decrease)/increase in cash and cash equivalents	(4,033)	(1,927)
Cash and cash equivalents at beginning of period	8,766	7,378
Effect of foreign exchange rate changes	(157)	1,418
Cash and cash equivalents at end of period	4,576	6,869

Xtract Energy Plc
Notes to the interim financial statements
For the six months ended 30 June 2011

1. General information

The interim financial information presented herein has been neither audited nor reviewed. The information for the period ended 31 December 2010 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 but has been derived from those accounts. The auditors' report on those accounts was not qualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006 but did draw attention by way of emphasis to the significant uncertainty around the going concern assumption.

The interim consolidated financial statements of the Group for the six months ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 22 September 2011.

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

2. Basis of preparation

Xtract Energy Plc prepares its annual financial statements on the basis of International Financial Reporting Standards (IFRSs) as adopted for use by the European Union (EU). The interim financial information presented herein has been prepared in accordance with IAS 34 'Interim Financial Reporting' and with the accounting policies expected to be used in preparing the financial statements for the year ending 31 December 2011 which do not differ significantly from those used for the 2010 Group financial statements.

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

3. Other gains and losses

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

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000
Investment revenue		
Interest on bank deposits	36	71
Other gains and losses		
Gains on disposals of associates	-	78
Transfer of foreign currency translation reserve on disposal of associates	-	745
Disposal of available for sale investments	-	604
Other income	7	11
Research and development grants	-	11
	<u>7</u>	<u>1,449</u>

4. 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.

6 month period ended 30 June 2011

	Oil & Gas exploration and production £'000	Oil shale exploitation £'000	Investment and other £'000	Consolidated £'000
Segment revenue				
Administrative and operating expenses	(711)	(59)	(849)	(1,619)
Share of results of associates	20	-	-	20
Share of results of joint venture	-	-	-	-
Segment result	(691)	(59)	(849)	(1,599)
Investment revenue	9	1	26	36
Finance costs	373	-	10	383
Other gains and losses	5	-	2	7
(Loss) before tax	(304)	(58)	(811)	(1,173)
Tax credit				-
Loss for the period				(1,173)

4. Segment information

Business segments (continued)

6 month period ended 30 June 2011 (continued)

	Oil & Gas exploration and production	Oil shale exploitation	Investment and other	Consolidated
	£'000	£'000	£'000	£'000
Capital additions - property, plant and equipment	5	-	-	5
Exploration and evaluation additions	803	-	-	803
Depreciation and amortisation	(2)	-	(2)	(4)
Balance sheet				
Assets				
Intangible assets	2,195	-	-	2,195
Property, plant and equipment	4	-	1	5
Interests in associates	426	-	-	426
Held for sale	62	-	-	62
Financial assets	7,084	36	960	8,080
Deferred consideration	243	-	-	243
Consolidated total assets				11,011
Liabilities				
Financial liabilities	738	3	1,777	2,518
Deferred tax liability	-	-	458	458
Consolidated total liabilities				2,976

4. Segment information

Business segments (continued)

6 month period ended 30 June 2010

	Oil & Gas exploration and production £'000	Oil shale exploitation £'000	Investment and other £'000	Consolidated £'000
Segment revenue				
Administrative and operating expenses	(695)	(104)	(1,169)	(1,968)
Share of results of associates	(464)	-	-	(464)
Share of results of joint venture	(9,578)	-	-	(9,578)
Segment result	(10,737)	(104)	(1,169)	(12,010)
Investment revenue	3	3	65	71
Finance costs	(798)	-	(445)	(1,243)
Other gains and losses	9	11	1,429	1,449
Loss before tax	(11,523)	(90)	(120)	(11,733)
Tax expense				1,384
Loss for the period				(10,349)

4. Segment information

Business segments (continued)

6 month period ended 30 June 2010 (continued)

	Oil & Gas exploration and production	Oil shale exploitation	Investment and other	Consolidated
	£'000	£'000	£'000	£'000
Capital additions – property, plant and equipment	3	-	-	3
Exploration and evaluation additions	54	-	-	54
Depreciation and amortisation	2	14	2	18

Balance sheet

Assets

Intangible assets	4,407	-	-	4,407
Property, plant and equipment	3	-	5	8
Interests in associates	445	-	-	445
Interest in joint venture	2,322	-	-	2,322
Financial assets	4,912	111	2,324	7,347
Deferred consideration	297	-	-	297
Consolidated total assets				<u>14,826</u>

Liabilities

Financial liabilities	290	2	4,347	4,639
Unallocated corporate liabilities	-	-	-	-
Deferred tax liabilities	-	-	471	471
Consolidated total liabilities				<u>5,110</u>

5. Loss per share

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

Losses	Six months ended	
	30 June 2011 £'000	30 June 2010 £'000
Losses for the purposes of basic earnings per share being net loss attributable to equity holders of the parent	(1,022)	(9,607)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	906,014,750	847,201,490
Effect of dilutive potential ordinary shares – options and warrants	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	906,014,750	847,201,490

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

6. Intangible assets – exploration and evaluation

Details of the Group's intangible assets as at 30 June 2011 are as follows:

	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
Opening balance	2,047	-	4,407
Acquisition of subsidiary	-	4,353	-
Additions	803	54	25
Disposals*	(655)	-	(2,438)
Amortisation	-	-	(1)
Effects of foreign currency translation	-	-	54
	<u>2,195</u>	<u>4,407</u>	<u>2,047</u>

*The carrying value above of £2,195,000 all relates to Licences 02/05 and 01/11 offshore Denmark which the Group holds through its Danish subsidiary, Elko Energy A/S.

An agreement with the Norwegian Energy Company ASA (Noreco), wherein Noreco would farm in to the 02/05 licence with a 47% working interest and Elko Energy A/S would retain 33% and the remaining 20% would continue to be held by the Danish North Sea Fund (DNSF) was completed on 23 March 2011. Noreco paid Elko circa US\$1.1 million cash on its disposal for its share of past costs.

7. Subsidiaries

Details of the Group's subsidiaries as at 30 June 2011 are as follows:

Name	Place of incorporation	Date controlling interest acquired	Proportion of ownership & voting power %	Principal activity
Sermines de Mexico S.A. de C.V.	Mexico	08/08/2005	100	Mining exploration
Xtract Oil Limited	Australia	17/02/2006	100	Mining exploration and technology development
Xtract Technologies Limited	Australia	27/09/2005	100	Dormant
Julia Creek Petroleum Limited	Australia	22/09/2005	100	Dormant
Xtract International Limited	Great Britain	15/11/2006	100	Holding Company
Xtract Energy Spain SL	Spain	10/09/2009	100	Holding Company
Xtract Energy Holdings Limited	Great Britain	03/12/2007	100	Holding Company
Xtract Energy (Oil Shale) Morocco SA	Morocco	23/07/2008	70	Mining exploration
Elko Energy Inc	Canada	11/01/2010	49.97	Oil & Gas exploration and evaluation
Elko Energy International	Cayman Islands	11/01/2010	49.97	Holding Company
Elko MEA	Cayman Islands	11/01/2010	49.97	Holding Company
Elko Americas	Cayman Islands	11/01/2010	49.97	Holding Company
Elko Europe	Cayman Islands	11/01/2010	49.97	Holding Company
Elko (UK) Limited	Great Britain	11/01/2010	49.97	Holding Company
Elko Energy Business Services Ltd	Great Britain	11/01/2010	49.97	Administration services
Elko Energy A/S	Denmark	11/01/2010	49.97	Oil & Gas exploration and evaluation
RPK Finance & Holdings BV	The Netherlands	11/01/2010	49.97	Holding Company
Elko Energy BV	The Netherlands	11/01/2010	49.97	Oil & Gas exploration and evaluation
Elko Exploration BV	The Netherlands	11/01/2010	49.97	Oil & Gas exploration and evaluation

All of these subsidiaries have been consolidated for the period of ownership.

On 7 February 2011, Elko Energy Inc issued 100,000 ordinary shares following an exercise of options at an exercise price of CAD\$0.20. This increase in the number of ordinary shares of Elko Energy Inc reduced Xtract's proportion of ownership from 50.02% to 49.97%. At 30 June 2011, the directors determined that this did not constitute a loss of de facto control as Xtract continued to govern the financial and operating policies of Elko due to the joint management of both companies and the dispersed nature of the remaining shareholdings.

8. Associates

Details of the Group's associates as at 30 June 2011 are as follows:

	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
Opening balance	400	10,684	445
Investment in associate	-	424	-
Release of deferred consideration	48	32	6
Share of associates' profit/(losses) for the period	20	(464)	(39)
Share of associates' share-based-payments reserve	-	184	-
Transferred to joint venture	-	(7,019)	-
Transferred to subsidiary	-	(3,395)	-
Gain on disposal of associate	-	78	-
Share of associates' foreign currency translation reserve	(42)	(79)	(12)
	<hr/>	<hr/>	<hr/>
Closing balance	426	445	400

Name	Place of Incorporation and Operation	Date associate interest acquired	Proportion of ownership & voting power held %	Principal Activity
Zhibek Resources Limited	Great Britain/ Kyrgyzstan	17/11/08	25	Oil & gas exploration and production

9. Joint venture

Details of the Group's joint venture as at 30 June 2011 are as follows:

	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
Opening balance	65	7,019	2,322
Investment in joint venture	-	4,613	-
Share of joint venture losses	-	(9,578)	(83)
Exchange translation	-	268	(9)
Transfer to held for sale	(65)	-	-
Impairment of investment in joint venture	-	-	(2,165)
	<hr/>	<hr/>	<hr/>
Closing balance	-	2,322	65

Name	Place of Incorporation and Operation	Date associate interest acquired	Head of terms agreement signed to dispose of interest	Proportion of ownership & voting power held %	Principal Activity
Extrem Energy A.S.	Turkey	15/02/2010	04/05/2011	50	Oil & gas exploration and production

10. Held for Sale

Details of the Group's assets held for sale are detailed below:

	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
Opening balance	-	-	-
Transfer from joint venture	65	-	-
Exchange translation	(3)	-	-
Closing balance	62	-	-

On 4 May 2011 a Heads of Agreement was signed between Xtract, Extrem, Merty and the Yoldemir family, whereby Merty intends to acquire Xtract's 50% share ownership in Extrem giving Merty and the Yoldemir family complete control of Extrem Energy AS. The Group's joint venture in Turkey has therefore been reclassified to held for sale from that date.

The consideration for the sale of Extrem A.S comprises a completion payment of US\$100,000, farm in success payments per licence, processing royalties and gross overriding royalty interest payments.

The carrying value of Extrem A.S reflects the firm cash consideration arising under the Heads of Agreement, US\$100,000 (£62,000 at 30 June 2011). This transaction completed subsequent to the period end, as disclosed in Note 15.

11. Investments

Details of the Group's available-for-sale investments as at 30 June 2011 are as follows:

	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
At beginning of the period	497	281	191
Disposed of during the period		(1,550)	
Movement in fair value	(47)	1,460	306
At the end of the period	450	191	497

Available-for-sale investments comprise the Group's investment in listed securities, which are held by the Group as strategic investments.

12. Share capital

	As at 30 June 2011 Number	As at 30 June 2010 Number	As at 31 December 2010 Number
Issued and fully paid ordinary shares of £0.1p each	914,965,026	854,965,026	854,965,026
	£	£	£
Issued and fully paid ordinary shares of £0.1p each	914,965	854,965	854,965

13. Cash flows from operating activities

	6 months period ended 30 June 2011 £'000	6 months period ended 30 June 2010 £'000
Loss for the period	(1,173)	(10,349)
Adjustments for:		
Share of results of associates	(20)	464
Share of loss and impairment of joint venture	-	9,578
Investment revenue	(36)	(71)
Other (gains)	(7)	(1,438)
Income tax (credit)	-	(1,384)
Interest expense/(income)	11	(171)
Government grants	-	(11)
Depreciation of property, plant and equipment	4	18
Amortisation of intangibles	-	-
Share-based payments expense	-	-
Operating cash flows before movements in working capital	(1,221)	(3,364)
(Increase)/decrease in receivables	(2,817)	437
Decrease in payables	(989)	(684)
Cash used in operations	(5,027)	(3,611)
Income taxes paid	-	-
Interest expenses	-	-
Foreign currency exchange differences	(394)	1,413
Net cash used in operating activities	(5,421)	(2,198)

14. Going concern

The Group is not currently generating revenue from its operations, however it has just completed a placing of 240,000,000 new shares raising £3 million gross in addition to reaching an agreement with YA Global Master SPV to provide potential future funding of up to £12.5 million from an equity line facility over a period of up to three years.

Fund draw downs from the equity line facility are dependent on the share price and the volume of Xtract shares traded in any given period. In addition each advance cannot exceed the greater of £2 million, an amount that would result in Y A Global Master SPV holding more than 2.99% of the entire issued ordinary share capital of Xtract, or an amount equal to 300% of the average daily traded value for each of the 10 trading days prior to the Company submitting notice for an advance.

The Group's forecast and projections indicate that these financial resources should enable the group to make further investment in its existing and new projects in line with the Group's strategy as well as settle its current and future liabilities when due and meet its ongoing overheads without requiring access to additional funds in the next 12 months.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

15. Subsequent events

On 12 July 2011 Xtract Energy Plc announced its audited results for the 6 months ended 31 December 2010 after changing its financial year end from 30 June to 31 December.

On 12 July 2011 Xtract Energy Plc sold its entire holding of Lochard Energy Group Plc shares (previously Rheochem Plc) receiving proceeds of £448,978 and realising a loss of £140,895.

On 4 August 2011 Xtract Energy Plc announced that all resolutions proposed at Elko Energy Inc's annual and special meetings were duly passed. This included the approval of the Plan of Arrangement with Xtract Energy Plc and Xtract International Limited whereby Xtract Energy proposed to acquire all the outstanding common shares of Elko not already owned.

On 8 August 2011 Xtract Energy Plc announced that all resolutions proposed at Xtract Energy's Annual General Meeting as listed below were duly passed:

1. the receipt and adoption of the Company's accounts for the 6 months ended 31 December 2010;
2. the re-appointment of Deloitte LLP as the Company's auditor;
3. the re-election of George Watkins as a director of the Company who has been appointed since the last annual general meeting and, therefore, under the Articles of Association of the Company (Articles) must seek re-election;
4. the re-election of Paul Butcher as a director of the Company, who is required to seek re-election under the Articles;
5. the authorisation of the Company to allot shares pursuant to section 551 of the Companies Act 2006 (the Act); and
6. the dis-application of the pre-emption provisions set out in section 561 of the Act.

On 11 August 2011 Xtract Energy Plc announced that final approval of the Plan of Arrangement had been granted by the Ontario Superior Court of Justice.

On 24 August Xtract Energy Plc announced the completion of the sale of Extrem A.S. ("Extrem"). Payment of US\$100,000 was received from Merty Energy, Petroleum Exploration, Education and Services Inc ("Merty") and individual members of the Yoldemir family in consideration for Xtract's 50% stake of Extrem, a Turkish joint stock company with a portfolio of licence interest in onshore and offshore Turkey.

On 26 August 2011 Xtract Energy Plc released the Admission Document and resumed trading as an investment company. The details of the re-admission to AIM as an operating Company contained in the Admission Document were conditional on shareholder approval of the ordinary resolution proposed at the general meeting held on 12 September 2011.

A placing of 240,000,000 new ordinary shares at 1.25p to raise approximately £3million before expenses, an agreement with YA Global Master SPV to provide potential future funding of up to £12.5 million pursuant to the Equity Line Facility and the acquisition of the outstanding share capital of Elko Energy Inc not already owned by Xtract were all approved by Xtract shareholders at a general meeting held on 12 September 2011. The enlarged share capital was re-admitted to trading on AIM on 13 September 2011.

Fund draw downs from the equity line facility are dependent on the share price and the volume of Xtract shares traded in any given period. In addition each advance cannot exceed the greater of £2 million, an amount that would result in Y A Global Master SPV holding more than 2.99% of the entire issued ordinary share capital of Xtract, or an amount equal to 300% of the average daily traded value for each of the 10 trading days prior to the Company submitting notice for an advance.

On 7 September 2011 Xtract announced Elko has subsequently been advised by Noreco that the Luna spud date is now anticipated to be in early December 2011 due to the rig being further delayed.