annual report

for the year ended 31 December 2012

xtractenergy plc

Company Information

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Colin Bird
Executive Chairman
Peter Moir
Chief Executive Officer
Raju Samtani
Executive Director

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Registrars:
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Chairman's Statement

This is my first annual statement as Chairman of your Company following my appointment on 10 September 2012. The Board has carried out a strategic review of the asset base of the Company with the view to maximise return to shareholders, whilst building a significant company in the resource sector.

Your Company had a very diverse portfolio in the oil and gas sector, however during the year under review we have suffered some disappointments in relation to our exploration activities. This has resulted in the decision to undertake a capital and management reorganisation, which is on-going.

As part of the reorganisation and management changes, the Company disposed of its interest in Julia Creek oil shale tenements in Queensland, Australia. This resulted in the Company acquiring 6 million shares in Global Oil Shale Group Limited ("GOS"), a private company which is expected to list in the mid-term. On listing, the Company will receive a further 1.5 million shares.

The small publicly listed resource company sector remains under considerable pressure. New initial public offerings are rare and secondary placings are difficult to procure. In this challenging environment, quality assets are easier to identify, but the capability to finance is key, not only to the purchase, but also to unlock value for shareholders.

During the period under review the Company incurred a loss of £7,592K resulting in a loss of 0.42p per share.

Corporate

On 27 June 2012, the Company was notified by Norwegian Energy Company ("Noreco"), the operator of Licences 01/11 and 02/05 in Denmark, of imminent and unanticipated cash calls relating to expenditure on the Luna well, which had been drilled in early 2012. At the same time the Company also received cash calls from Noreco relating to all planned 2012 general, administrative and exploration expenditure on the same licences. These amounts were required to be advanced earlier than anticipated and also exceeded original expectations.

A potential consequence of the cash calls from Noreco was an increased possibility that the Company may become insolvent and, as a direct result, the Company requested that trading in its shares be temporarily suspended.

Following the suspension, the Company:

- made payment in full for the cash calls received from Noreco and negotiated a reduction in the 2012 work stream as well as a more manageable payment schedule;
- reduced annual running costs of the Company, including a reduction of the Directors' salaries;
- entered into Heads of Terms by which GOS would have the potential to earn a controlling interest in the Julia Creek oil shale tenements. In order to obtain this controlling interest, GOS would need to conduct a three-year work program covering exploration, development and engineering activities. A more detailed account of the GOS transaction can be found in the Operations Review.

In the period immediately following the share trading suspension, potential investment opportunities with a number of interested parties were explored. Following this process, which was carried out in association with its nominated advisor, the at that time Directors concluded that the Tiger Resource Finance Plc ("Tiger") subscription offered the best opportunity to secure the future of the Company.

Subscriptions

On 1 March 2012, the Company drew down £300K (before expenses) on its Standby Equity Distribution Agreement ("SEDA") with YA Global Master SPV Limited ("Yorkville"). This draw down was undertaken at a price of 2.051p per share and resulted in the issue of 14,627,011 new shares of 0.1p in the Company.

The Company announced on 24 August 2012 that Tiger and, on an individual basis, Directors of Tiger (being Colin Bird, Raju Samtani, Michael Nolan and Bruce Rowan), had agreed, subject to certain conditions, to subscribe for a total of 689,655,173 new ordinary shares at a price of 0.0435 pence per share to raise £300K. Following the Subscriptions, Tiger holds 344,827,585 New Ordinary Shares and the members of the board of Tiger each hold 86,206,897 New Ordinary Shares (representing, in aggregate, approximately 29.9 percent of the enlarged Share Capital of the Company).

Tiger is an investment fund focused on the Resource Sector and is listed on AIM. Xtract Energy Plc ("Xtract") and Tiger share the strategy of seeking active investments in early stage opportunities in the natural resource sector globally.

The Directors of Tiger have a track record of investing in junior natural resource sector companies, both in the mining and minerals industries, and in oil and gas exploration and production companies. Their direct experience in these sectors offers Xtract shareholders a new strategic investor who will proactively participate in the future of the Company.

In addition, Aaron D'Este, an independent investor, agreed, subject to certain conditions, to subscribe for a total of 68,965,517 New Ordinary Shares at a price of 0.0435 pence per share to raise an additional £30K (representing 2.99 per cent of the enlarged Share Capital of the Company).

The subscriptions were conditional upon shareholder approval being given at a General Meeting and admission of the Subscription Shares to trading on AIM.

It was recognised that the subscriptions, if approved, would result in the dilution of the existing shareholders, however, given the financial state of the Company, the Board concluded that a pre-emptive offer to existing shareholders was not feasible both in terms of cost and time. The Directors believed that, following the capital reorganisation and subscription, the financial position of the Company would be more certain.

A circular containing information on the proposal incorporating a notice convening a General Meeting on Monday 10 September 2012 was posted to shareholders of the Company. As a result, the suspension of trading in the Company's shares was lifted on 24 August 2012.

Capital Reorganisation

In order to enable the subscriptions to proceed and to allow the Company to carry out share issues in the future, the Company proposed to implement a capital reorganisation, this required shareholder approval and involved each existing ordinary share of 0.1p (£0.001) held by shareholders being divided into 1 new ordinary share of 0.01p (£0.0001) and 1 new deferred share of 0.09p (£0.0009).

Resolutions to approve the capital reorganisation, adopt amended Articles of Association to grant the Directors authorities to issue the subscription shares and additional shares in the future without applying pre-emption rights in accordance with the Act, were proposed and agreed at the General Meeting held on Monday 10 September 2012. A total of 1,547,484,439 deferred shares were issued as part of the capital reorganisation. There are very limited rights attributable to the deferred shares and they effectively have a nil value.

General Meeting and Completion of Capital Reorganisation and Subscriptions

At the General Meeting held on 10 September 2012 all resolutions were passed and as a result the Company completed the capital reorganisation and subscriptions on 11 September 2012. In addition, changes to the Board of Directors and certain Directors' service contracts took effect.

Application was made for 2,306,105,129 new ordinary shares of 0.01p each ("New Ordinary Shares") to be admitted to trading on AIM (comprising 1,547,484,439 New Ordinary Shares being issued pursuant to the Capital Reorganisation and 758,620,690 being issued pursuant to the subscriptions). This admission took place on 11 September 2012.

Portfolio

The Xtract strategic review carried out in 2010 decided to rationalise the asset portfolio, in order to focus on a more traditional oil and gas portfolio which, if successful, could add value to the Company in the near term. The initial objective was to drill wells on the Dutch and Danish prospects, whilst reducing the financial commitment exposure in Turkey and the Kyrgyz Republic. The exit from both Turkey and the Kyrgyz Republic has allowed the Company to focus its efforts on the Dutch and Danish prospects. Pursuing the sale of the Dutch acreage to Chevron Exploration and Production Netherlands B.V., in exchange for a royalty agreement, allowed the Company to dedicate its financial resources on participating in the drilling of the Luna well. Whilst the Luna well was unsuccessful in discovering a reservoir or hydrocarbons, shareholders have been able to participate in what was a very exciting, potentially high reward, prospect.

In August 2008 the Queensland Premier declared a twenty year moratorium on oil shale mining on a proposed oil shale development in the Whitsunday coastal region. From the same date there was also a two-year review period imposed on all proposed oil shale developments throughout the state, during which no new mining activity would be permitted. Following this announcement, Xtract put its oil shale activity on a care-and-maintenance basis, which was to continue until the outcome of the moratorium was known.

On 24 March 2012 the Liberal National Party was returned in the Queensland election, replacing the previous Labour administration. It seemed timely for Xtract to seek a partner to help progress the Julia Creek tenements. The finalisation of the Global Oil Shale Group Limited ("GOS") transaction has enabled the Company to secure a strategic partner in GOS, who has an excellent management team and expertise in the oil shale business to progress the Julia Creek and Morocco oil shale position. On 13 February 2013, the Newman Government announced that it will allow the development of a commercial oil shale industry in Queensland under strict environmental conditions.

Impairment of Danish Exploration Assets

Following the decision to relinquish licenses 01/11 and 02/05 held by the Danish subsidiary Elko Energy A/S, capitalised exploration expenses totalling £7m were impaired in the Group's financial statements. This represents the full value of the intangible assets held in respect of this project. Elko Energy A/S has been classified in the accounts as a 'dis-continuing' operation.

Outlook

The Company is looking at many options in the Resource Sector and we are confident that we will identify suitable assets, which in the course of time will restore and grow shareholder value.

In conclusion, I would like to thank George Watkins, my predecessor as Chairman, Jeremy Kane and Paul Butcher as Non-Executive Directors for providing the strategic direction to Xtract Energy Plc over the period to the capital reorganisation. I thank Alan Hume, the CFO, for his strong executive guidance and governance. I would also like to thank Peter Moir, our CEO, in particular for his support and efforts during the transitional period, since the capital reorganisation.

Dated: 22 May 2013

Colin Bird
Executive Chairman

Operations Review

Denmark

Through its wholly owned Danish subsidiary, Elko Energy A/S, Xtract held a 33% working interest in licence 01/11 and in the adjoining exploration and production licence 02/05 in the central part of the Danish sector of the North Sea. Norwegian Energy Company ("Noreco") was the operator for the licences with the Danish North Sea Fund as the third partner.

The partners selected a location for drilling the 'Luna' prospect on license 01/11, 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 seismic interpretation.

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 spudded the Luna well on 12 February 2012.

On 16 March 2012, the Company announced that the Luna well had not encountered hydrocarbons; having encountered Zechstein anhydrite and dolomite, lying directly on weathered volcanic conglomerates rather than a Rotliegendes sandstone reservoir as prognosed. The well was drilled to a total depth of 2,073 metres below mean sea level, a core was taken, side wall cores collected and extensive wireline log measurements carried out. The well was plugged and abandoned as a dry hole on 24 March 2012.

The partners analysed in detail the extensive new data obtained from drilling the Luna well and concluded that proceeding into the next phase of the 01/11 and 02/05 licence terms with the associated work program commitment was not justified, due to the lack of attractive exploration prospectivity. On 6 February 2013, it was announced that the partners had jointly relinquished licences 01/11 and 02/05 in the Danish sector of the North Sea.

The Netherlands

In The Netherlands sector of the North Sea, Xtract, currently holds an overriding royalty agreement with Chevron Exploration and Production Netherlands B.V. ("Chevron") and TAQA Energy ("TAQA") over their respective 48% and 12% working interests in the Dutch offshore blocks P1 and P2.

Chevron decided to drill the first well on the P2 block since the acquisition of the two licences from Elko Energy Inc ("Elko"). The P2-10 appraisal well targeted an existing gas discovery on the P2 block (P2-7, with low levels of CO2) and one of the main objectives was to evaluate commercial hydrocarbon flow rates from an extended reach horizontal well within the Rotliegendes sandstone reservoir.

The P2-10 well was drilled by the Noble Byron Welliver jack up drilling unit, commencing on 9 January 2012. The well was designated by Chevron as a "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). The well was side-tracked in April 2012 and well operations were completed in July 2012. The well remains classified as "tight hole" by Chevron and as such, no information regarding the outcome of the drilling activity has been released to the Company.

Kyrgyz Republic

In 2008, Xtract assigned a 75% share in former subsidiary Zhibek Resources Limited ("Zhibek") to Santos International Holdings Pty Ltd ("Santos") in return for Santos providing, amongst other deliverables, funding towards a well in the Tash Kumyr licence which Zhibek held in the Kyrgyz Republic. (Zhibek is an oil and gas exploration company which has a 72% interest in the close joint stock company, KNG Hydrocarbons which holds the Tash Kumyr exploration licence in the Kyrgyz Republic).

During the three and a half years since Santos acquired its interest in Zhibek, KNG Hydrocarbons acquired and processed approximately 100km of new 2D seismic data and a new prospect was identified. However, given the lack of material prospects identified in the exploration licences held by KNG Hydrocarbons and the decision by Santos to exit the Kyrgyz Republic, Xtract also made the decision to pursue a withdrawal from the Kyrgyz Republic.

On 3 May 2012, Xtract announced that it had signed agreements in relation to the Farm-in Subscription Agreement executed amongst Santos International Holdings Pty Ltd ("Santos"), Xtract International Limited ("Company") and Xtract Energy Plc on 17 November 2008 for an interest in Zhibek. The signing of these agreements provides the basis for Santos and Xtract to pursue an exit from their jointly owned Zhibek and their indirect interest in KNG Hydrocarbons. This allowed previously committed Company funds to be diverted to other Company activities.

Pursuant to the agreements, Xtract International Limited acquired from Santos 140,000,000 ordinary shares in Caspian Oil and Gas Limited ("Caspian"), an oil producer and explorer listed on the Australian Securities Exchange. The consideration for that transfer is a release by Xtract of Santos and its related parties from certain funding obligations under the Farm-in Subscription Agreement. Caspian subsequently changed its name to Equus Mining Limited ("Equus") following a 10 to 1 share consolidation. The shares in Equus were classified by the Company as an asset held-for-sale. On 14 February 2013, the Company announced that it had disposed of its entire holding in Equus. The Company's 14 million shares were sold at a price of 7 Australian cents per share, resulting in a gross consideration of AU$980K (£650K) before dealing costs. The shares are currently trading 4 to 4.5 Australian cents per share.

Australia and Morocco

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 acquired the rights to extract oil shale from these tenements, whilst Intermin Resources Limited ("Intermin") holds rights to extract minerals such as Vanadium and Molybdenum from the same tenements.

The Julia Creek tenements cover an area of 709 km^2 and contain JORC defined indicated and inferred resources of 2.18 billion barrels of shale oil.

Xtract assigned its oil shale rights in Julia Creek to Global Oil Shale Group Limited ("GOS") in exchange for:

- Strategic equity stake in GOS of 6 million shares on signing the Share Purchase Agreement and satisfying all closing commitments, and a further 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;
- An initial cash payment of AUD$ 50K payable on signing the Share Purchase Agreement and prior to GOS commitment to a full work program on Julia Creek; and
- Xtract to gain a single project risk mitigating exposure to GOS's multi-oil shale project development portfolio and access to their leading knowhow in the sector.

GOS will carry out a detailed work program 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

In a related, but separate transaction, Xtract also agreed to sell its entire 70% interest in Xtract Energy (Oil Shale) Morocco SA 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 SA. Xtract and GOS are currently following up with the relevant parties in order to meet the above conditions.

On 13 February 2013, the Newman Government announced that it would allow the development of a commercial oil shale industry in Queensland under strict environmental conditions. Natural Resources and

Mines Minister, Andrew Cripps, said the Government's new oil shale policy would:

- recognise the strategic importance of oil shale to contribute to energy security, and encourage private sector investment in high quality oil shale extracting technologies;
- ensure project proponents must first demonstrate their oil shale technology will meet high environmental standards and community expectations;
- allow, in general, the consideration and development of oil shale deposits in Queensland, pending thorough environmental assessment on a project by project basis; and
- continue the existing 20-year moratorium suspending development of the McFarlane oil shale deposit near Proserpine until 2028.

GOS have advised Xtract that it has prepared a mining plan for the Julia Creek oil shale project comprising of an up to 35,000m reverse circulation drilling program involving in stages up to 700 boreholes being drilled and air-cored over an area of approximately 150km^2. GOS expect the drilling program to commence in the summer of 2013 and are in the process of securing appropriate approvals to execute the program.

GOS has also prepared an extensive testing program for the oil shale samples from Julia Creek for its process of oil concentration and thermal processing of the oil shale. GOS is working in co-operation with some of the leading companies in minerals processing in its testing program.

Furthermore, GOS has commenced evaluating its processing approach for Julia Creek and an associated pre-feasibility for this purpose, which are made in co-operation with its strategic partners Neste Jacobs and TTU Limited for engineering and processing. The aim of GOS is to prepare detailed input data for its oil shale process modelling and simulation that also can be used for a Julia Creek bankable feasibility study and pilot scale oil shale testing.

Dated: 22 May 2013

Peter Moir
Chief Executive Officer

Financial Review

Financial Summary Table

	Year ended 31 December 2012 (£million)	Year ended 31 December 2011 (£million)
Consolidated income resulting from continuing operations		
Administrative and operating expenses	**(1.57)**	(2.97)
Other (losses)	**(0.16)**	(0.14)
(Loss) after tax	**(1.58)**	(3.30)
(Loss) per share	**(0.09p)**	(0.30p)
Consolidated balance sheet position		
Intangible assets – exploration and evaluation	**-**	2.81
Assets available for sale	**1.22**	-
Assets held-for-sale	**-**	0.55
Cash	**0.22**	4.49
Total assets	**1.62**	9.32
Total equity	**1.37**	8.37
Total equity – number of issued shares	**2,306,105,129 shares**	1,532,857,428 shares

Income Statement Analysis

The Group reported a net loss after tax from continuing operations of £1,580K (2011: £3,303K) and basic loss per share of 0.09p (2011: basic loss per share of 0.30p).

Administrative and operating expenses from continuing operations amounted to £1.57 million for the year ended 31 December 2012 (2011: £2.97 million).

Other losses from continuing operations totalled £0.16 million in the year (2011: £0.14 million).

Finance income/costs include foreign exchange gains arising predominantly on Group intercompany loans in the year and non-Pound Sterling cash balances translated, amounting to £151K (2011: loss of £304K).

Investment Activity

In May 2012 Xtract signed agreements in relation to the Farm-in Subscription Agreement executed amongst Santos International Holdings Pty Ltd ("Santos"), Xtract International Limited ("Xtract International") and Xtract Energy Plc on 17 November 2008 in relation to Zhibek Resources Limited ("Zhibek"), which holds a majority interest in the Kyrgyz company KNG Hydrocarbons. The signing of these agreements provided the basis for Santos and Xtract to pursue an exit from their investment in Zhibek. In consideration for the release by Xtract of Santos from certain funding obligations under the Farm-in Subscription Agreement, Xtract International received 140,000,000 ordinary shares in Caspian Oil and Gas Limited ("Caspian"), valued at AU$560K (£357K).

At the end of this financial year the fair value of these shares was AU$840K (£503K), this investment has subsequently been sold for a gross consideration of AU$980K (£650K).

On 17 December 2012 Xtract signed an agreement with Global Oil Shale Group Limited ("GOS"), whereby Xtract assigned its oil shale rights in Julia Creek to GOS for an equity share in GOS of 6 million shares valued at 0.12p and a cash payment of AU$50K (£33K). On listing, the Company will receive a further 1.5 million shares.

In a related transaction, Xtract also sold its entire 70% interest in Xtract Energy (Oil Shale) Moroccan SA to GOS for a cash consideration of AU$35K (£23K).

Cash Position

The Group's net cash position at 31 December 2012 was £0.22 million with no outstanding borrowings (2011: £4.49 million with no borrowings outstanding).

Share Capital

On 1 March 2012 the Company drew down £300K (before expenses) on its Standby Equity Distribution Agreement ("SEDA") with YA Global Master SPV Limited ("Yorkville"). This draw down was undertaken at a price of 2.051p per share and resulted in the issue of 14,627,011 new shares of 0.1p in the Company.

In addition 758,620,689 shares were issued at a price of 0.0435p per share for a consideration of £330K to Tiger Resource Finance Plc, Colin Bird, Bruce Rowan, Raju Samtani, McNolan Holdings Limited and Aaron D'Este.

As part of the above transaction, 172 million warrants were issued to Cenkos Securities Limited at a price of 0.0435p in part settlement of professional fees incurred as a result of the Tiger share placing. These warrants are immediately exercisable; therefore their estimated fair value of £78K has been recognised in the current year's results.

Going Concern

The Group is not currently generating revenues from its operations. The Group continues to manage its investments as a portfolio, bring in strategic partners and raising funds as appropriate to finance its obligations and to fund new investments. Management believes that it will be able to manage the Group's funding requirements through a combination of these measures (see also note 3 in the detailed financial statements).

Report of the Directors

The Directors present their report on the affairs of the Group, together with the Financial Statements and Auditor's Report, for the year ended 31 December 2012. The Corporate Governance Statement is set out on page 15 and forms part of this report.

Principal Activities and Business Review

Xtract Energy Plc ("Xtract") is a company involved in the exploration for oil and gas accumulations. Xtract's area of focus has historically been the North Sea and Australia, but other areas of mainland Europe and resource exploration in Sub-Saharan Africa are also now being included for consideration. The Company's rationale is to finance early-stage asset exploration, business development activity and the asset development phase or if appropriate crystalise value for shareholders at a suitable exit point. We aim to maximise returns for our shareholders through realising the significant upside rewards associated with our investments.

The Directors evaluate new exploration and appraisal opportunities continually, including businesses and projects in conventional and non-conventional fields such as oil shale.

The Company is required by the Companies Act to include a business review in this report. The information that fulfils the requirements of the business review can be found within the Operations Review and the Financial Review on pages 5 to 9 which are incorporated in this report by reference.

Details of significant events since the balance sheet date are contained in note 29 to the financial statements.

Results and Dividends

The net loss for the Group for the year ended 31 December 2012 amounts to £7,592K (2011: Loss of £4,314K).

No dividends were paid or proposed by the Directors in either the current or previous year.

Performance

The key indication of performance of the Group is the extent of its success in identifying, acquiring, progressing and divesting investments in projects so as to build shareholder value. At this stage in its development, the Group's performance is not readily measured using quantitative key performance indicators, however, a qualitative summary of performance in the period is provided in the Chairman's Statement and Operations Review.

Capital Structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 22. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Articles of Association and the Corporate Governance Statement on page 15.

Under its Articles of Association, the Company had authority to issue up to 2,000,000,000 ordinary shares. Pursuant to the Companies Act 2006 and with effect from 1 October 2009, the requirement for a company to have an authorised share capital has been abolished and the new Articles which the Company adopted at the 2009 Annual General Meeting reflect this. The Directors will still be limited as to the number of shares they can, at any time allot, because allotment authority continues to be required under the Companies Act 2006.

Directors

The Directors who served during the year were as follows:

- Peter Moir
- Colin Bird – appointed 10 September 2012
- Raju Samtani – appointed 17 October 2012
- Paul Butcher – resigned 6 July 2012
- Dr George Watkins – resigned 10 September 2012
- Jeremy Kane – resigned 10 September 2012
- Alan Hume – resigned 1 November 2012

Peter Moir, Chief Executive Officer

Mr Moir's qualifications include BSc Civil Engineering and MEng Petroleum Engineering. He is a Chartered Engineer in the UK and has more than 30 years experience in technical, operational and commercial aspects of the Exploration and Production business.

Colin Bird, Executive Chairman
(Audit and Remuneration Committee member)

Colin Bird is a Chartered Mining Engineer with multi commodity mine management experience in Africa, Spain, Latin America and the Middle East. He has been the prime mover in a number of public listings in the UK, Canada and South Africa and is currently Chief Executive Officer of Tiger Resource Finance Plc, of AIM quoted Galileo Resource Plc and non-Executive Chairman of Jubilee Platinum Plc.

Raju Samtani, Executive Director
(Audit and Remuneration Committee member)

Previous experience includes three years as Group Financial Controller at marketing services agency WTS Group Limited, where he was appointed by Virgin Group to oversee their investment in the WTS Group Limited. More recently he was Finance Director of Kiwara Plc which was acquired by First Quantum Minerals Limited in January 2010. Over the last few years, he has been involved on the board of several public companies predominantly in the resource sector and has been involved in FSA compliance work within the investment business sector.

Directors' Remuneration

The Company aims to remunerate the Directors at a level commensurate with the size of the Company and the experience of its Directors. During the year, the Remuneration Committee consisted of George Watkins, Paul Butcher (1 Jan 2012 - 1 July 2012) George Watkins and Jeremy Kane (2 July 2012- 11 September 2012), and Colin Bird (12 September 2012 – 31 December 2012) and Raju Samtani (17 October 2012 – 31 December 2012). The Remuneration Committee has reviewed the Directors' remuneration and as part of a program to reduce Company running costs, Directors' salaries have also been reduced.

The remuneration paid to the Directors of the Company for the year ended 31 December 2012 was £387K (2011: £767K). The remuneration consisted of Director's fees of £378K (2011: £465K), £6K (2011: £11K) of pension contributions, £3K (2011: £5K) of medical insurance for Alan Hume, a £Nil (2011:£5K) car allowance for Peter Moir and Director's bonuses of £Nil (2011: £259K). No Directors received compensation for loss of office (2011: £22K). The remuneration for the highest paid Director for the year ended 31 December 2012 was £145K (2011: £368K).

Director	Annual salary for the year to 31 December 2012	Annual salary for the year to 31 December 2011
Peter Moir	**145,000**	198,333
Alan Hume	**117,500**	151,666
Dr George Watkins	**32,273**	37,727
Paul Butcher	**21,250**	30,324
Jeremy Kane	**22,249**	13,484
John Newton	**-**	21,923
Mark Nichols	**-**	12,051
Colin Bird *	**20,000**	-
Raju Samtani *	**20,000**	-

**Outstanding as at 31 December 2012.*

In addition, the Directors hold share options as set out below.

Directors' Interests

The Directors who held office at 31 December 2012 have the following interests in the Company:

	31 December 2012		31 December 2011	
	Ordinary shares	Options	Ordinary shares	Options
Peter Moir	16,800,000	40,032,500	8,000,000	50,782,500
Raju Samtani	86,206,897	-	-	-
Colin Bird	86,206,897	-	-	-

No Director held any interest in any other of the Company's subsidiaries at the beginning (or, if later, the date of their appointment) or the end of the year.

Further details of the share options and warrants in the Company can be found in note 26 of the Financial Statements.

Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and these remain in force at the date of this report.

Directors' Service Contracts

Directors' contracts are continuous unless terminated and continue until terminated by either party upon one months' notice. In accordance with the Company's Articles, at forthcoming Annual General Meetings at least one third of the Directors are required to resign by rotation.

Supplier Payment Policy

The Group's policy is to settle the terms of payment with suppliers when agreeing the terms of the transaction, and to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group at 31 December 2012 were equivalent to 31 days' purchases (31 December 2011: 24), based on the average daily amount invoiced by suppliers during the year.

Charitable and Political Donations

No political contributions or donations for political purposes or charitable donations were made during the year.

Substantial Shareholdings

As at 1 May 2013, the Company has been notified or is aware of the following significant holdings (over 3%) of voting rights in its shares:

	No. of ordinary shares	% of voting rights and issued capital
Forest Nominees Limited A/C GC1	347,346,084	15.06%
TD Direct Investing Nominees (Europe) Limited A/C SMKTNOMS	248,346,466	10.77%
Barclayshare Nominees Limited	199,536,055	8.65%
HSDL Nominees Limited	144,869,773	6.28%
L R Nominees Limited A/C Nominee	100,722,633	4.37%
Investor Nominees Limited A/C Nominee	98,432,253	4.27%
HSBC Client Holdings Nominee (UK) Limited A/C 731504	89,365,458	3.88%
Mr Colin Bird	86,206,897	3.74%
Mr Ronald Bruce Rowan	86,206,897	3.74%
Mr Raju Samtani	86,206,897	3.74%
McNolan Holdings Limited	86,206,897	3.74%

Environmental Responsibility

The Company recognises that the Group's exploration and development activities require it to have regard to the potential impact these activities may have on the environment. Wherever possible, the Company also ensures that all related companies are encouraged to comply with the local regulatory requirements with regard to the environment.

Risks and Uncertainties

The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system.

General and Economic Risks:

- Contractions in the world economies or increases in the rate of inflation resulting from international conditions
- Movements in the equity and share markets in the United Kingdom and throughout the world
- Movements in global equity and share markets and changes in market sentiment towards the resource industry
- Currency exchange rate fluctuations and, in particular, the relative prices of the Australian dollar, US dollar, and the UK Pound
- Adverse changes in factors affecting the success of exploration and development operations, such as increases in expenses, changes in government policy and further regulation of the industry; unforeseen major failure, breakdowns or repairs required to key items of plant and equipment resulting in significant delays, notwithstanding regular programs of repair, maintenance and upkeep; and unforeseen adverse geological factors or prolonged weather conditions

Funding Risk:

Xtract Energy Plc may not be able to raise, either by debt or further equity, sufficient funds to enable completion of planned exploration, investment and/or development projects.

Commodity Risk:

Commodities are subject to high levels of volatility in price and demand. The price of commodities depends on a wide range of factors, most of which are outside the control of the Company. Production costs depend on a wide range of factors, including commodity prices, capital and operating costs in relation to any operational site.

Exploration and Development Risks:

- Exploration and development activity is subject to numerous risks, including failure to achieve estimated mineral resource, recovery and production rates and capital and operating costs
- Success in identifying economically recoverable reserves can never be guaranteed. The Company also cannot guarantee that the companies in which it has invested will be able to obtain the necessary permits and approvals required for development of their projects
- Some of the countries in which the Company operates have native title law which could affect exploration activities. The companies in which the Company has an interest may be required to undertake clean-up programs resulting from any contamination from their operations or to participate in site rehabilitation programs which may vary from country to country. The Group's policy is to follow all necessary laws and regulations and it is not aware of any present material issues in this regard

Internal Controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Company's control environment and identified any related shortfalls during the year. During the year the Company has undergone, and continues to undergo, significant changes in its structure. However, they have ensured the financial reporting procedures and internal controls remain at a high standard. Whilst the Board is aware that no system can provide absolute assurance against material misstatement or loss, continuing reviews of internal controls will be undertaken to ensure that these controls are implemented, they are adequate and that they operate effectively.

Relations with Shareholders

The Board is committed to providing effective communication with the shareholders of the Company, with significant developments disseminated through stock exchange announcements. The Board regards the Annual General Meeting as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

Going Concern

A review of the Group's going concern position is included in the Financial Review on page 9 and in note 3.

General Meeting

The Company will hold a General Meeting on 24 June 2013 to lay the annual accounts before the shareholders and to deal with any other business for the consideration of the shareholders. The Company will distribute due notice of the meeting with full details of the business to be considered at that meeting.

Auditors

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP resigned as auditors on 16 January 2013 and Rees Pollock were appointed to fill the casual vacancy arising. A resolution to appoint Rees Pollock as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Dated: 22 May 2013

Peter Moir
Chief Executive Officer

Corporate Governance Statement

The Board recognises the importance of sound corporate governance commensurate with the size of the Company and the interests of shareholders. The Company is not required to comply with the UK Corporate Governance Code issued by the Financial Reporting Council. However as the Company grows, the Directors intend that it should develop policies and procedures which reflect the Code so far as is practicable, taking into account the size and nature of the Company.

The Board of Directors

During the year, there have been some changes in the composition of the Xtract board. The Board of Directors currently comprises three members, including the Executive Chairman. The Directors have significant experience in the evaluation, acquisition and commercialisation of oil and gas resource projects and the management of such investments, quoted and unquoted, both in the UK and overseas.

Board Meetings

The Board will meet as and when required and ordinarily meets every two months to provide effective leadership and overall management of the Company's affairs through the schedule of matters reserved for its decision. This includes the approval of the budget and business plan, major capital expenditure, acquisitions and disposals, risk management policies and the approval of the financial statements. Formal agenda, papers and reports are sent to the Directors in a timely manner, prior to the Board Meetings. The Board delegates certain of its responsibilities to the Board Committees which have terms of reference as listed below.

All Directors have access to the advice of the Company Secretary who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of his duties.

Corporate Governance Practices

The Company has adopted a Share Dealing Code that applies to Directors, senior management and any employee who is in possession of 'inside information'. All such persons are prohibited from trading in the Company's securities if they are in possession of 'inside information'.

The Company currently has a Remuneration Committee and Audit Committee. The Remuneration Committee is currently made up of Colin Bird and Raju Samtani and is responsible for reviewing the performance of the Executive Directors and for setting the framework and broad policy for scale and structure of their remuneration, taking into account all factors which it shall deem necessary. The Remuneration Committee will also determine allocations of share options and is responsible for setting any performance criteria in relation to the exercise of options granted under any share option schemes adopted by the Company. The Audit Committee comprises of Colin Bird and Raju Samtani and monitors the integrity of the Company's annual and interim financial statements. The committee also monitors and reviews the effectiveness of the management and the external auditors on accounting and internal control matters and recommends the appointment of, and reviews the fees of, the external auditors.

As the Board develops the Company will look at increasing the number of members serving on each Committee.

Statement of Directors' Responsibilities

for the year ended 31 December 2012

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent Company financial statements under IFRSs as adopted by the European Union. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board

Dated: 22 May 2013

Peter Moir
Chief Executive Officer

Independent Auditor's Report
to the members of Xtract Energy Plc

We have audited the financial statements of Xtract Energy Plc for the year ended 31 December 2012 which comprise the group Consolidated Income Statement, the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements, and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether:

- the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2012 and of the group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the Company's and the Group's ability to continue as a going concern. The Directors have prepared forecasts indicating the Company and Group can settle liabilities as they fall due for at least twelve months from the signing of these financial statements. However, the Group is not currently generating revenues from its operations and neither the Company nor the Group has sufficient cash to make further investments in existing and new projects in line with the Group's strategy without further realisations of non-core assets or successful fund raising activities.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' Remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alexander Macpherson
Senior statutory auditor

For and on behalf of Rees Pollock
(Statutory Auditors)

London, United Kingdom

22 May 2013

ACCOUNTS

Consolidated Income Statement
for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £'000	Year ended 31 December 2011 (restated) £'000
Administrative and operating expenses		**(1,573)**	(2,973)
Operating loss		**(1,573)**	(2,973)
Investment revenue	5	**-**	10
Finance income/(cost)	10	**151**	(304)
Other losses	5	**(158)**	(141)
Loss before tax		**(1,580)**	(3,408)
Tax credit	11	**-**	105
Loss from continuing operations	7	**(1,580)**	(3,303)
Loss for year from discontinued operations	6	**(6,012)**	(1,011)
Loss for the year		**(7,592)**	(4,314)
Attributable to:			
Equity holders of the parent		**(7,592)**	(3,949)
Non-controlling interest		**-**	(365)
		(7,592)	(4,314)
Net loss per share			
Continuing		**(0.09)**	(0.30)
Discontinuing		**(0.33)**	(0.06)
Basic (pence)	12	**(0.42)**	(0.36)
Continuing		**(0.09)**	(0.30)
Discontinuing		**(0.33)**	(0.06)
Diluted (pence)	12	**(0.42)**	(0.36)

Consolidated and Company Statements of Comprehensive Income
for the year ended 31 December 2012

	GROUP		COMPANY	
	Year ended 31 December 2012 £'000	Year ended 31 December 2011 (restated) £'000	**Year ended 31 December 2012 £'000**	Year ended 31 December 2011 (restated) £'000
Loss for the year	**(7,592)**	(4,314)	**(18,473)**	(5,478)
Gains / (losses) on revaluation of available-for-sale investment taken to equity	**146**	(48)	**-**	(48)
Exchange differences on translation of foreign operations	**(410)**	(92)	**-**	-
Transferred to the income statement on sale of available-for-sale investment	**-**	141	**-**	141
Transferred to the income statement on sale of investment in joint venture	-	(324)	**-**	-
Other comprehensive gain/ (loss) for the year	**(264)**	(323)	**-**	93
Total comprehensive loss for the year	**(7,856)**	(4,637)	**(18,473)**	(5,385)
Attributable to:				
Equity holders of the parent	**(7,856)**	(4,382)	**(18,473)**	(5,385)
Non-controlling interest	**-**	(255)	**-**	-
	(7,856)	(4,637)	**(18,473)**	(5,385)

Consolidated and Company Statements of Financial Position
as at 31 December 2012

		GROUP		COMPANY	
	Note	**Year ended 31 December 2012 £'000**	Year ended 31 December 2011 £'000	**Year ended 31 December 2012 £'000**	Year ended 31 December 2011 £'000
Non-current assets					
Intangible assets	13	**-**	2,805	**-**	-
Property, plant and equipment	14	**-**	3	**-**	-
Investment in subsidiaries	15	**-**	-	**357**	17,878
Financial assets available for sale	18	**1,223**	-	**720**	-
		1,223	2,808	**1,077**	17,878
Current assets					
Trade and other receivables	19	**181**	1,472	**88**	129
Cash and cash equivalents	24	**215**	4,488	**170**	425
Asset held- for-sale	17	**-**	553	**-**	-
		396	6,513	**258**	554
Total assets		**1,619**	9,321	**1,335**	18,432
Current liabilities					
Trade and other payables	21	**247**	395	**149**	197
Current tax liabilities	21	**-**	68	**-**	-
Amounts due to subsidiaries	21	**-**	-	**10,431**	9,870
		247	463	**10,580**	10,067
Net current assets/(liabilities)		**149**	6,050	**(10,322)**	(9,513)
Non-current liabilities					
Deferred tax liabilities	20	**-**	493	**-**	-
Total liabilities		**247**	956	**10,580**	10,067
Net assets/(liabilities)		**1,372**	8,365	**(9,245)**	8,365

	Note	GROUP Year ended 31 December 2012 £'000	GROUP Year ended 31 December 2011 £'000	COMPANY Year ended 31 December 2012 £'000	COMPANY Year ended 31 December 2011 £'000
Equity					
Share capital	22	**1,623**	1,533	**1,623**	1,533
Share premium account		**35,832**	35,300	**35,832**	35,300
Warrant reserve		**78**	-	**78**	-
Share-based payments reserve	23	**871**	1,202	**871**	1,202
Available-for-sale reserve	23	**146**	-	**-**	-
Foreign currency translation reserve	23	**(15)**	663	**-**	-
Accumulated losses		**(37,163)**	(30,333)	**(47,649)**	(29,670)
Equity attributable to equity holders of the parent		**1,372**	8,365	**(9,245)**	8,365
Non-controlling interest		**-**	-	**-**	-
Total equity		**1,372**	8,365	**(9,245)**	8,365

The financial statements of Xtract Energy Plc, registered number 5267047, were approved by the board of Directors and authorised for issue on 22 May 2013. They were signed on its behalf by:

Peter Moir
Director
22 May 2013

Consolidated and Company Statements of Changes in Equity

Group

	Note	Share Capital £'000	Share premium account £'000	Warrant reserve £'000	Share based payments reserve £'000	Available-for-sale reserve £'000	Foreign currency translation reserve £'000	Accumulated losses £'000	Total £'000	Non-controlling interest £'000	Total Equity £'000
As at 1 January 2011		**855**	**26,006**	**538**	**564**	**(93)**	**861**	**(24,757)**	**3,974**	**4,355**	**8,329**
Comprehensive income											
Loss for the year		-	-	-	-	-	-	(3,949)	(3,949)	(365)	(4,314)
Revaluation of available-for-sale investments		-	-	-	-	(48)	-	-	(48)	-	(48)
Foreign currency translation differences		-	-	-	-	-	(202)	-	(202)	110	(92)
Income statement transfer on disposal of available-for-sale investments		-	-	-	-	141	-	-	141	-	141
Income statement transfer on disposal of joint venture		-	-	-	-	-	(324)	-	(324)	-	(324)
Total comprehensive loss for the year		-	-	-	-	93	(526)	(3,949)	(4,382)	(255)	(4,637)
Exercise of warrants		60	1,440	(538)	-	-	-	538	1,500	-	1,500
Deemed disposal of subsidiary		-	-	-	-	-	-	1	1	11	12
Issue of shares to acquire outstanding non-controlling interest		350	4,973	-	135	-	328	(1,675)	4,111	(4,111)	-
Replacement share options issued to Elko Energy Inc shareholders		-	-	-	525	-	-	(525)	-	-	-
New issue of shares on re-admission to AIM		240	2,760	-	-	-	-	-	3,000	-	3,000
Cost of placing		-	(144)	-	-	-	-	-	(144)	-	(144)
Brokerage fee of £125,000 on share placement (settled in shares)		10	(10)	-	-	-	-	-	-	-	-
Shares issued on first exercise of stand-by equity distribution agreement ('SEDA')		18	282	-	-	-	-	-	300	-	300
Cost of SEDA exercise		-	(7)	-	-	-	-	-	(7)	-	(7)
Expiry of share options		-	-	-	(34)	-	-	34	-	-	-
Share based payment expense		-	-	-	12	-	-	-	12	-	12
As at 31 December 2011		**1,533**	**35,300**	**-**	**1,202**	**-**	**663**	**(30,333)**	**8,365**	**-**	**8,365**
Comprehensive income											
Loss for the year		-	-	-	-	-	-	(7,592)	(7,592)	-	(7,592)
Forex currency translation differences		-	-	-	-	-	(678)	268	(410)	-	(410)
Revaluation of available-for-sale investments	18	-	-	-	-	146	-	-	146	-	146
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**146**	**(678)**	**(7,324)**	**(7,856)**	**-**	**(7,856)**
SEDA drawdown	22	14	286	-	-	-	-	-	300	-	300
Cenkos 2.5% commission on £300,000 SEDA draw down		-	(8)	-	-	-	-	-	(8)	-	(8)
Issue of shares - Tiger Resource Finance placing	22	76	254	-	-	-	-	-	330	-	330
Share based payment expense		-	-	-	163	-	-	-	163	-	163
Expiry of share options		-	-	-	(494)	-	-	494	-	-	-
Issue of warrants - Cenkos	26	-	-	78	-	-	-	-	78	-	78
As at 31 December 2012		**1,623**	**35,832**	**78**	**871**	**146**	**(15)**	**(37,163)**	**1,372**	**-**	**1,372**

Consolidated and Company Statements of Changes in Equity

Company

	Note	Share Capital £'000	Share premium account £'000	Warrant reserve £'000	Share based payments reserve £'000	Available-for-sale reserve £'000	Accumulated losses £'000	Total Equity £'000
At 1 January 2011		**855**	**26,006**	**538**	**429**	**(93)**	**(24,764)**	**2,971**
Comprehensive income								
Loss for the year		-	-	-	-	-	(5,478)	(5,478)
Revaluation of available-for-sale investments	18	-	-	-	-	(48)	-	(48)
Income statement transfer on disposal of available-for-sale investments	18	-	-	-	-	141	-	141
Total comprehensive loss for the year		-	-	-	-	93	(5,478)	(5,385)
Exercise of warrants		60	1,440	(538)	-	-	538	1,500
Issue of shares to acquire non-controlling interest in subsidiary	15	350	4,973	-	-	-	-	5,323
New issue of shares on re-admission to AIM		240	2,760	-	-	-	-	3,000
Cost of placing		-	(144)	-	-	-	-	(144)
Brokerage fee of £125,000 on share placement (settled in shares)		10	(10)	-	-	-	-	-
Shares issued on first exercise of stand-by equity drawdown agreement	22	18	282	-	-	-	-	300
Cost of SEDA exercise		-	(7)	-	-	-	-	(7)
Replacement share options issued to shareholders of Elko Energy Inc	26	-	-	-	795	-	-	795
Share based payment expense		-	-	-	12	-	-	12
Expiry of share options		-	-	-	(34)	-	34	-
At 31 December 2011		**1,533**	**35,300**	**-**	**1,202**	**-**	**(29,670)**	**8,365**
Other comprehensive income								
Loss for the period		-	-	-	-	-	(18,473)	(18,473)
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**-**	**(18,473)**	**(18,473)**
SEDA drawdown	22	14	286	-	-	-	-	300
Cenkos 2.5% commission on £300,000 SEDA draw down		-	(8)	-	-	-	-	(8)
Issue of shares - Tiger Resource Finance placing	22	76	254	-	-	-	-	330
Share based payment expense		-	-	-	163	-	-	163
Expiry of share options		-	-	-	(494)	-	494	-
Issue of warrants - Cenkos	26	-	-	78	-	-	-	78
At 31 December 2012		**1,623**	**35,832**	**78**	**871**	**-**	**(47,649)**	**(9,245)**

Consolidated and Company Statements of Cash Flow
for the year ended 31 December 2012

		GROUP		COMPANY	
	Note	**Year ended 31 December 2012 £'000**	Year ended 31 December 2011 £'000	**Year ended 31 December 2012 £'000**	Year ended 31 December 2011 £'000
Net cash used in operating activities	24	**(540)**	(7,091)	**(929)**	(5,070)
Investing activities					
Interest received	5	**-**	38	**-**	9
Acquisition of intangible assets	13	**(4,370)**	(2,642)	**-**	-
Proceeds from disposal of intangible assets	13	**-**	635	**-**	-
Proceeds from disposal of investment	15	**77**	-	**53**	-
Purchase of property, plant and equipment	14	**-**	(3)	**-**	-
Disposal of available-for-sale investments	18	**-**	449	**-**	449
Disposal of joint venture	16	**-**	60	**-**	-
Net cash (used in) / from investing activities		**(4,293)**	(1,463)	**53**	458
Financing activities					
Proceeds on issue of shares		**330**	4,356	**330**	4,356
Proceeds on exercise of SEDA		**300**	293	**300**	293
Loans to subsidiaries		**-**	-	**-**	(715)
SEDA arrangement fee		**(8)**	(250)	**(8)**	(250)
Loans to subsidiaries written off		**-**	-	**-**	(84)
Loans from subsidiaries		**-**	-	**-**	75
Net cash from financing activities		**622**	4,399	**622**	3,675
Net (decrease) in cash and cash equivalents		**(4,211)**	(4,155)	**(254)**	(937)
Cash and cash equivalents at beginning of year		**4,488**	8,766	**425**	1,346
Effect of foreign exchange rate changes		**(62)**	(123)	**(1)**	16
Cash and cash equivalents at end of year		**215**	4,488	**170**	425

Notes to the Consolidated Financial Statements
for the year ended 31 December 2012

1 General information

Xtract Energy Plc is a company incorporated in Great Britain under the Companies Act 2006. The address of the registered office is 4th Floor, 2 Cromwell Place, South Kensington, London, SW7 2JE. The nature of the Group's operations and its principal activities are set out in the Operations Review and Financial Review on pages 5 to 9.

These financial statements are presented in Pound Sterling. Foreign operations are included in accordance with the policies set out in note 3.

2 Adoption of new and revised Standards

In the current year a number of new and revised standards and interpretations were adopted by the Group including amendments to IAS 1 ('Presentation of Items of Other Comprehensive Income'). None of these had any material impact on the financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9	Financial Instruments- Classification and Measurement
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (revised)	Employee Benefits
IAS 28 (revised)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group.

3 Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulations.

The financial statements have been prepared under the historical cost convention modified for certain items carried at fair value, as stated in the accounting policies. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries). These consolidated financial statements are made up for the year ended 31 December 2012.

Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

3 Significant accounting policies (continued)

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest in excess of the non-controlling party's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Going concern

Following a period of uncertainty earlier in the year which resulted in the Company suspending its existing ordinary shares on 27 June 2012 pending clarification of its financial situation, the Directors secured an offer by Tiger Resource Finance Plc and its Board to participate in a placing to acquire, between them, 29.9% of the total share capital for a combined investment of £300K. In addition an independent investor agreed to subscribe for new ordinary shares (representing 2.99% of the total share capital) raising a further £30K.

The Group held 14 million Equus Mining Limited (formerly Caspian Oil & Gas Limited) shares which as at 31 December 2012 had a market value of £503K. On 14 February 2013 these shares were sold for a cash consideration of AU$980K (£650K).

The Group also holds 6 million Global Oil Shale shares with a market value of £720K as at 31 December 2012. On listing, the Company will receive a further 1.5 million shares.

The Group has in place a drawdown equity facility distribution agreement with YA Global Master SPV to provide potential funding of up to £12.5 million from an equity line facility over a period of up to three years from the inception of the agreement. To date there have been two drawdowns both raising approximately £300K.

The Group is not currently generating revenues from its operations and would not have sufficient cash to make further investments in its existing and new projects in line with the Group's strategy.

Despite this, management believes the Company has adequate resources to continue in operational existence for the foreseeable future and through a combination of future fund raising and realising cash from non-core assets it will be able to invest in new projects in line with its strategy. The Company has sufficient funds to settle current liabilities when due, in addition to meeting overheads for the next twelve months without gaining access to additional funds. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

Parent only income statement

Xtract Energy Plc has not presented its own income statement as permitted by section 408 of the Companies Act 2006. The loss for the year ended 31 December 2012 was £18,473K (2011: loss £5,478K).

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

3 Significant accounting policies (continued)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 ***Income Taxes*** and IAS 19 ***Employee Benefits*** respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 ***Share-based Payment***; and assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 ***Non-current Assets Held for Sale and Discontinued Operations*** are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for in accordance with IFRS 5 ***Non-current Assets-Held-for-Sale and Discontinued Operations***. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

3 Significant accounting policies (continued)

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Joint ventures

Jointly controlled entities

A jointly controlled entity involves the establishment of a separate legal entity in the form of a partnership, corporation or other entity. The entity controls the assets of the joint venture, incurs liabilities and expenses, and earns income. It maintains its own accounting records, enters into contracts in its own name and, generally, has an existence of the ventures, including the preparation of financial statements. The Group accounts for jointly controlled entities using the equity method as discussed above, except when the investment is classified as held-for-sale, in which case it is accounted for in accordance with IFRS 5 ***Non-current Assets Held-for-Sale and Discontinued Operations***.

Non-current assets held-for-sale

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Foreign currencies

The individual financial statements of each Group company are maintained in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Company, and the presentational currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interest as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRSs as Sterling denominated assets and liabilities.

3 Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment and intangible assets

Oil and gas properties and leases

The costs of oil and gas properties and leases include the cost of acquiring and developing oil and gas properties and leases, together with any costs reclassified from intangible exploration and evaluation. Oil and gas properties and leases are amortised from the commencement of production in proportion to the ratio of production in the year to remaining reserves as at the start of the year. There were no amounts capitalised in respect of this category at either 31 December 2012 or 31 December 2011.

Intangible exploration and evaluation expenditure assets

The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights, are capitalised as intangible assets. Exploration and evaluation expenditure is capitalised within exploration and evaluation properties until such time that the activities have reached a stage which permits a reasonable assessment of the existence of commercially exploitable reserves when they are transferred to oil and gas properties and leases. Capitalised exploration and evaluation expenditure is assessed for impairment in accordance with the indicators of impairment as set out in IFRS 6 *Exploration for and Evaluation of Mineral Reserves*. In circumstances where a property is abandoned, the cumulative capitalised costs relating to the property are written off in the year.

3 Significant accounting policies (continued)

Other Property, Plant and Equipment

Other tangible fixed assets represent office and computer equipment and are recorded at cost, net of accumulated depreciation. Depreciation is provided on all such tangible fixed assets at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life or the life of the relevant licence, whichever is less, as follows:

Average life in years	
Office and computer equipment	3-5
Plant and machinery	7-20

Until they are brought into use, fixed assets and equipment to be installed are included within assets under construction.

The cost of maintenance, repairs and replacement of minor items of tangible fixed assets are charged to the income statement as incurred. Renewals and asset improvements are capitalised. Upon sale or retirement of tangible fixed assets, the cost and related accumulated depreciation are eliminated from the financial statements. Any resulting gains or losses are included in the income statement.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

3 Significant accounting policies (continued)

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets ('AFS')

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investment revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in the foreign currency and translated at the spot rate at the balance sheet date. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity instruments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in the national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

3 Significant accounting policies (continued)

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks or rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset, and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset, and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of contractual arrangements.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial instruments'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flow payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Share-based payments

Equity-settled share-based payments to certain Directors, employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 26.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

3 Significant accounting policies (continued)

Employee Benefits

Defined Contribution plan

The Group's funding of the defined contribution plan is charged to the income statement in the year that the service is provided.

Termination payments

Termination payments are payable when employment is terminated before the normal retirement age or when an employee accepts voluntary redundancy. Payments falling due more than twelve months after the end of the reporting period are discounted to their present value.

Finance Income

Finance income comprises interest income on funds invested (including available-for-sale financial assets). Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Operating Leases

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer (CEO). The CEO is responsible for allocating resources and assessing performance of the operating segments.

Comparative figures

Certain prior years amounts have been reclassified from statements previously presented to conform to the presentation of 2012 consolidated Financial Statements.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of intangible assets and investments

The assessment of intangible assets for any indications of impairment involves judgement. If an indication of impairment, as defined in IFRS 6 or IAS 36 as appropriate, exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. Recoverable amount is determined as the higher of fair value less costs to sell and value in use. The calculation of recoverable amount requires an estimation of the value in use of the cash-generating units to which the intangible assets are allocated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Group has made estimates as to the volatility of its own shares, the probable life of options granted and the time of exercise of those options. The model used by the Group is the Black-Scholes model.

5 Investment revenue and other gains and losses

An analysis of the Group's investment revenue and other gains and losses is as follows:

	Group	
	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Investment revenue		
Interest on bank deposits	**-**	10
Other gains and losses		
Loss on disposal of held-for-sale-assets	**(197)**	(141)
Other income	**39**	-
Total other losses	**(158)**	(141)

6 Segmental analysis

For management purposes, the Group is currently organised into 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 to its CEO, to allocate resources to the segments and to assess their performance.

Principal activities are as follows:

- investment and other – in various listed resource companies including held-for-sale assets;
- oil & gas exploration, evaluation and development – of the Group's interests in Turkey, the Netherlands and Denmark (this is a discontinuing activity);
- oil shale exploitation – of the Group's interests in Queensland, Australia and Tarfaya. The group discontinued its operations in this sector during the year.

6 Segmental Analysis (continued)

Year ended 31 December 2012	Investment & Other (Continuing) £'000	Oil & Gas Exploration & Production (Discontinuing) £'000	Oil Shale Exploration (Discontinuing) £'000	Total (Discontinuing) £'000	Total £'000
Administrative and operating expenses	(1,573)	(13)	(73)	(86)	(1,659)
Impairment of intangible assets	-	(7,120)	-	(7,120)	(7,120)
Segment result	**(1,573)**	**(7,133)**	**(73)**	**(7,206)**	**(8,779)**
Finance income/(costs)	151	(133)	1	(132)	19
Other gains and losses	(158)	-	33	33	(125)
Loss before tax	**(1,580)**	**(7,266)**	**(39)**	**(7,305)**	**(8,885)**
Profit on sale	-	-	821	821	821
Tax credit	-	472	-	472	472
(Loss)/profit for the year	**(1,580)**	**(6,794)**	**782**	**(6,012)**	**(7,592)**

At 31 December 2012	Investment & Other (Continuing) £'000	Oil & Gas Exploration & Production (Discontinuing) £'000	Consolidated £'000
Balance sheet			
Assets			
Financial assets	307	89	396
Available -for-sale assets	1,223	-	1,223
Consolidated total assets			**1,619**
Liabilities			
Financial liabilities	(183)	(64)	(247)
Consolidated total liabilities			**(247)**

6 Segmental Analysis (continued)

Year ended 31 December 2011	Investment & Other (Continuing) £'000	Oil & Gas Exploration & Production (Discontinuing) £'000	Oil Shale Exploration (Discontinuing) £'000	Total (Discontinuing) £'000	Total £'000
Administrative and operating expenses	(2,973)	(1,075)	(126)	(1,201)	(4,174)
Share of results of associates	-	(12)	-	(12)	(12)
Impairment of intangible assets	-	(106)	-	(106)	(106)
Segment result	**(2,973)**	**(1,193)**	**(126)**	**(1,319)**	**(4,292)**
Investment revenue	10	27	1	28	38
Finance costs	(304)	(103)	-	(103)	(407)
Other gains and losses	(141)	383	-	383	242
Loss before tax	**(3,408)**	**(886)**	**(125)**	**(1,011)**	**(4,419)**
Tax credit	105	-	-	-	105
Loss for the year	**(3,303)**	**(886)**	**(125)**	**(1,011)**	**(4,314)**

At 31 December 2011	Investment & Other (Continuing) £'000	Oil Shale Exploration (Discontinuing) £'000	Oil & Gas Exploration & Production (Discontinuing) £'000	Consolidated
Capital additions - property, plant and equipment	-	-	3	3
Depreciation and amortisation	2	-	3	5
Balance sheet				
Assets				
Intangible assets	-	-	2,805	2,805
Property, plant and equipment	-	-	3	3
Financial assets	655	62	5,243	5,960
Asset held-for-sale	553	-	-	553
Consolidated total assets				9,321
Liabilities				
Financial liabilities	(379)	(31)	(53)	(463)
Deferred tax liability	-	-	(493)	(493)
Consolidated total liabilities				(956)

6 Segmental Analysis (continued)

Geographical information

The Group's operations are located in Europe, Central Asia and Australia.

The following table provides information about the Group's segment assets by geographical location:

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Europe	**1,619**	8,706
Central Asia	**-**	553
Australia	**-**	62
	1,619	9,321

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of central administration costs including Directors' salaries, investment revenue and finance costs, and income tax expense. This is the measure reported to the Group's Board for the purposes of resource allocation and assessment of segment performance.

7 Loss from continuing operations

Loss from continuing operations for the year has been arrived at after charging:

	Note	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Research and development costs		**-**	68
Costs relating to acquisition of non-controlling interest in Elko Energy Inc and the re-admission to AIM		**-**	1,772
Depreciation of property, plant and equipment	14	**3**	4
Share-based payments expense	26	**164**	12
Staff costs	9	**576**	972

8 Auditors remuneration

The analysis of auditor's remuneration is as follows:

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Fees payable to the Company's auditors and their associates for the audit of the Group's annual accounts	**21**	60
Fees payable to the Company's auditors and their associates for the audit of the Company's subsidiaries pursuant to legislation	**11**	26
Total audit fees	**32**	86
Fees payable to the Group's auditors and its associates for other services:		
- corporate finance services relating to the re-admission document	**-**	185
- other assurance services relating to interim reporting	**-**	8
- tax compliance	**3**	-
Total non-audit fees	**3**	193
Total auditor's remuneration	**35**	279

Audit remuneration payable to the current auditors, Rees Pollock, for UK Companies are as follows:

- audit £21K
- tax compliance £3K

Included in the 2012 audit fees payable for the audit of the Company's subsidiaries is £11K relating to amounts not accrued in the 2011 financial statements.

9 Staff costs

	Year ended 31 December 2012 No.	Year ended 31 December 2011 No.
The average monthly number of employees (including Directors) was:	**5**	7
	£'000	£'000
Their aggregate employee including Directors remuneration comprised:		
Salaries and fees	**515**	833
Severance payments in respect of former Director	**-**	22
Social security costs	**54**	106
Other pension costs	**7**	11
	576	972

9 Staff costs (continued)

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Their aggregate Directors' remuneration comprised:		
Salaries and fees	**381**	734
Severance payments in respect of former director	**-**	22
Other pension costs	6	11
	387	767

Total remuneration for the highest paid Director in the year was £145K (2011: £368K).

10 Finance (income)/cost

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Foreign exchange (gains) / losses	**(232)**	29
Interest on current tax payable	**-**	22
SEDA arrangement fee (note 22)	**-**	250
Bank Charges	**3**	3
Cost of issue of warrants	**78**	-
	(151)	304

11 Tax

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Corporation tax:		
Current year	**-**	-
Adjustments in respect of prior years	**-**	(105)
Total current tax	**-**	(105)
Deferred tax	**(472)**	-
	(472)	(105)

UK corporation tax is calculated at 24.5% (2011: 26.5%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

11 Tax (continued)

The Group tax credit for the year can be reconciled to the loss per the income statement as follows:

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Loss before tax from continuing operations	**(1,580)**	(3,408)
Loss before tax from discontinuing operations	**(6,484)**	(1,011)
Loss before tax	**(8,064)**	(4,419)
Tax at the UK corporation tax rate of 24.5% (2011: 26.5%)	**(1,975)**	(1,171)
Tax effect of expenses that are not deductible in determining taxable profit	**88**	578
Tax effect of unrecognised tax losses carried forward	**1,200**	2,896
Difference in overseas tax rates	**215**	(269)
Tax effect of depreciation in excess of capital allowances	**-**	1
Tax effect of other temporary differences not recognised	**-**	(1,904)
Tax effect of timing differences	**-**	(131)
Adjustments in respect to prior years	**-**	(105)
Tax charge /(credit) for the year	**(472)**	(105)

In the March 2011 Budget Statement a reduction in the main stream rate of corporation tax was announced. Effective 1 April 2011 the corporation tax rate reduced from 28% to 26.5%, further reducing by 1% per annum to 23% by 1 April 2014. The March 2012 Budget Statement announced a further reduction to 22% by 2014. These proposed further reductions have not yet been substantively enacted.

12 Loss per share

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

Loss for the purposes of basic and diluted earnings per share (EPS) being:	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Net loss for the year from continuing operation attributable to equity holders of the parent	**(1,580)**	(3,303)
Net loss for the year from discontinuing operation attributable to equity holders of the parent	**(6,012)**	(1,011)
	(7,592)	(4,314)

12 Loss per share (continued)

	Number of shares 2012	Number of shares 2011
Weighted average number of ordinary shares for purposes of basic EPS	**1,777,828,843**	1,093,283,484
Effect of dilutive potential ordinary shares - options and warrants	**-**	-
Weighted average number of ordinary shares for purposes of diluted EPS	**1,777,828,843**	1,093,283,484

The outstanding options and warrants at 31 December 2012 and 31 December 2011 represent anti-dilutive potential Ordinary Shares with respect to earnings per share as the Group was loss making. Therefore basic and diluted earnings per share are the same for both the current and prior year.

13 Intangible assets – exploration and evaluation

Group	Total £'000
Cost	
At 31 December 2010	**2,055**
Additions	1,373
Disposals (a)	(640)
Effects of foreign currency translation	21
At 31 December 2011	**2,809**
Additions (b)	4,370
At 31 December 2012	**7,179**
Amortisation	
At 31 December 2010	(8)
Charge for the year	(1)
Disposals (a)	5
At 31 December 2011	**(4)**
Impairment	(7,120)
Effects of foreign currency translation	(55)
At 31 December 2012	**(7,179)**
Carrying amount	
At 31 December 2012	**-**
At 31 December 2011	2,805
At 31 December 2010	2,047

(a) In March 2011 all approvals and conditions pertaining to the Danish 02/05 licence Farm-in agreement with Norwegian Energy Company (Noreco) had been satisfied and the agreement closed on 23 March 2011. Noreco paid US$1.1 million cash (£635K) for its share of past costs to acquire a 47% interest in licence 02/05. The carrying value of £2.8 million at 31 December 2011 related to the 33% interest in licences 02/05 and 01/11 offshore Denmark that the Group held through its wholly owned Danish subsidiary, Elko Energy A/S.

13 Intangible assets – exploration and evaluation (continued)

(b) In February 2012 the Luna prospect on the 01/11 licence was spudded however no hydrocarbons were encountered and the decision to plug and abandon the well as a dry hole was made in March 2012. It has now been decided by the Company and its partners Noreco and the Danish North Sea Fund to relinquish licences 01/11 and 02/05 in this sector. Consequently there is no further major spend or liability anticipated in respect of these licenses. The capitalised costs as at 31 December 2011 of £2.8 million, together with the costs incurred during this financial year of approximately £4 million has been impaired in the Group's financial statements.

The Company holds no other intangible assets.

14 Property, plant and equipment

	Office and computer equipment £'000	Total £'000
Group		
Cost		
As at 1 January 2011	4	4
Additions	3	3
Depreciation charge for the year	(4)	(4)
At 31 December 2011	3	3
Depreciation charge for the year	(3)	(3)
At 31 December 2012	**-**	**-**
Net Book Value		
At 31 December 2012	**-**	**-**
At 31 December 2011	3	3
Company		
Cost		
As at 1 January 2011	3	3
Depreciation charge for the year	(3)	(3)
At 31 December 2011	-	-
Depreciation charge for the year	-	-
At 31 December 2012	**-**	**-**
Net Book Value		
At 31 December 2012	**-**	**-**
At 31 December 2011	-	-

15 Subsidiaries

Investments in subsidiaries	Company £'000
At 31 December 2010	13,641
Other	18
Additions	6,119
Write-off during the year	(1,900)
At 31 December 2011	17,878
Write-off during the year	(17,521)
At 31 December 2012	**357**

During the year Xtract Energy Plc impaired its investment in Xtract International Limited by £16,708K and its investment in Elko Energy Inc. by £795K. Elko Energy Inc is held indirectly through Xtract Energy's 100% subsidiary Xtract International Limited. The impairment in these two subsidiaries is a direct result of the discontinued operations in Denmark and the relinquishing of the licences thereof. The impairment of Xtract Energy Spain totalled £18K which reflects the reduction in the net asset value of the Company.

Details of the Company's subsidiaries at 31 December 2012 are as follows:

Name	Place of Incorporation and Operation	Date controlling interest acquired	Proportion of ownership & voting power held Group %	Parent %	Principal Activity
Sermines de Mexico S.A. de C.V.	Mexico	08/08/2005	100	100	Mining exploration
Xtract International Limited	Great Britain	15/11/2006	100	100	Holding Company
Xtract Energy Spain SL	Spain	10/09/2009	100	100	Holding Company
Xtract Energy Holdings Limited	Great Britain	03/12/2007	100	100	Holding Company
Elko Energy Inc	Canada	11/01/2010	100	-	Oil & Gas exploration and evaluation
Elko Energy A/S	Denmark	11/01/2010	100	-	Oil & Gas exploration and evaluation
RPK Finance & Holdings BV	The Netherlands	11/01/2010	100	100	Holding Company
Elko Energy BV	The Netherlands	11/01/2010	100	-	Oil & Gas exploration and evaluation
Elko Exploration BV	The Netherlands	11/01/2010	100	-	Oil & Gas exploration and evaluation

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

Disposals

On 15th December 2012 the Company sold its entire interests in Xtract Oil Limited, Xtract Energy (Oil Shale) Morocco SA, Xtract Technologies Limited and Julia Creek Petroleum Limited as part of a combined deal with Global Oil Shale Limited (GOS), who as part of the consideration for the sale have paid AU$118K (£77K) as a cash settlement and issued 6 million shares in GOS at a value of 12p per share. On listing, the Company will receive a further 1.5 million shares. Xtract has also acquired a long term interest in the Julia Creek project through a 1% net smelter royalty as part of this transaction. Xtract will gain a single project risk mitigating exposure to GOS' multi oil shale project development portfolio and access leading knowhow in the sector.

15 Subsidiaries (continued)

Companies Struck off

The following companies were 'struck off' during the year.

- Elko MEA – 20 March 2012
- Elko Americas – 30 March 2012
- Elko Europe – 28 September 2012
- Elko (UK) Limited – 26 October 2012
- Elko Energy Business Services Limited – 25 December 2012
- Elko Energy International – 28 September 2012

16 Joint ventures

	Group		Company	
	As at 31 December 2012 £'000	As at 31 December 2011 £'000	**As at 31 December 2012 £'000**	As at 31 December 2011 £'000
Opening balance	-	65	-	65
Exchange translation	-	(5)	-	(5)
Disposal of joint venture	-	(60)	-	-
Transfer balance to investments in subsidiaries	-	-	-	(60)
Closing balance	-	-	-	-

Investment in Extrem Energy

At 31 December 2010 Xtract Energy Spain SL, a 100% subsidiary of Xtract Energy Plc, held 50% of Extrem Energy AS, a Turkish joint stock company. The remaining 50% of Extrem was owned by Merty Energy, Petroleum, Exploration, Education and Services Inc ("Merty") and individual members of the Yoldemir family.

In May 2011, the Group signed a Heads of Agreement with Merty Energy ("Merty") whereby Merty would acquire Xtract's 50% share ownership in Extrem in return for a completion payment of US$100K, Farm-in success payments per licence, processing royalties and gross overriding royalty interest payments in consideration.

The Directors considered that this transaction provided new and better information about the overall recoverable amount of the Extrem investment as at 31 December 2010, and accordingly an impairment test was required in the preparation of the 31 December 2010 financial statements. The carrying value of Extrem Energy As was written down by £2,165K to £65K (US$100K) reflecting the firm cash consideration arising under the Heads of Agreement. The Group anticipates that further potential future consideration may arise however any such consideration is contingent and cannot be measured reliably.

The disposal of the joint venture Extrem Energy AS completed on 24 August 2011 when the US$100K (£60K) completion payment was received by Xtract Energy Spain SL.

17 Associates

	Group		Company	
	As at 31 December 2012 £'000	As at 31 December 2011 £'000	**As at 31 December 2012 £'000**	As at 31 December 2011 £'000
Opening balance	-	400	-	-
Release of deferred consideration	-	73	-	-
Share of associates' losses for the year	-	(12)	-	-
Share of associates' foreign currency translation reserve	-	(20)	-	-
Transfer to assets held- for-sale	-	(441)	-	-
	-	-	-	-

Zhibek Resources Limited was an oil and gas exploration and production company which had a 72% interest in the close joint stock company, KNG Hydrocarbons which holds the Tash Kumyr exploration licence in the Kyrgyz Republic.

In October 2008 Xtract and Santos International Holdings Pty Ltd ("Santos") entered into a Farm-in agreement in relation to Zhibek Resources Limited, which was at that time the Company's indirect wholly-owned subsidiary. Under the agreement Santos assumed operatorship and control of Zhibek and committed to funding up to US$8.5m of Zhibek's near-term exploration program, including the seismic and drilling program originally scheduled for 2008-2011, to earn the 75% interest.

In 2011 the Group's associate company Zhibek Resources Limited ("Zhibek") was reclassified as an asset held-for-sale based on the status of the disposal negotiations at that time. The Directors expected Zhibek to be sold within 12 months and therefore the carrying value of Zhibek which was £659K, comprising the investment in associate (£441K) and the deferred consideration receivable (£218K), was reclassified as an asset held-for-sale and presented separately in the balance sheet.

In exchange for release by Xtract of Santos from certain funding obligations under the Farm-in Subscription Agreement, Santos transferred to Xtract 140,000,000 shares in Caspian Oil and Gas Limited, an oil producer and explorer listed on the Australian Securities Exchange. At 31 December 2011 the 140,000,000 shares had a value of £553K and therefore the carrying value of £659K was been impaired by £106K.

18 Investments

	Group		Company	
Available-for-sale investments	**As at 31 December 2012 £'000**	As at 31 December 2011 £'000	**As at 31 December 2012 £'000**	As at 31 December 2011 £'000
Opening balance	-	497	-	497
Additions	**1,077**	-	**720**	-
Movement in fair value	**146**	(48)	-	(48)
Disposed of during the year	-	(449)	-	(449)
	1,223	-	**720**	-

18 Investments (continued)

On 3 May 2012 Xtract Energy Plc signed agreements in relation to the Farm-in Subscription Agreement executed amongst Santos International Holdings Pty Ltd ("Santos"), Xtract International Limited ("Xtract International") and Xtract Energy Plc on 17 November 2008 in relation to Zhibek which holds a majority interest in the Kyrgyz company KNG Hydrocarbons. The signing of these agreements provided the basis for Santos and Xtract to pursue an exit from their investment in Zhibek. In consideration for the release by Xtract of Santos from certain funding obligations under the Farm-in Subscription Agreement, Xtract International received 140,000,000 ordinary shares in Caspian Oil & Gas, an oil producer and explorer listed on the Australian Securities Exchange.

On 3 May 2012, the fair value of the 140,000,000 shares was AU$560K (£357K). Following the issue of the shares Caspian Oil & Gas Limited underwent a company reorganisation, the Company changed its name to Equus Mining Limited and consolidated its shares 1:10, resulting in a revised shareholding by the Group of 14,000,000 shares. The value of the shares at 31 December 2012 was AU$0.05 per share, giving them a value of AU$840K (£503K). The increase in value of these shares has been adjusted through the revaluation reserve account.

As part of the disposal of Xtract Oil and Xtract Morocco on 15 December 2012 the Group acquired 6 million shares in GOS. These shares have a fair value as at 31 December 2012 of £0.12 per share, giving a total asset value of £720K.

19 Other financial assets

	Group		Company	
Trade and other receivables	**As at 31 December 2012 £'000**	As at 31 December 2011 £'000	**As at 31 December 2012 £'000**	As at 31 December 2011 £'000
Other debtors	**140**	154	**81**	93
Prepayments	**41**	1,318	**7**	36
	181	1,472	**88**	129

20 Deferred tax

The following are the major categories of deferred tax liabilities recognised by the Group and movements thereon during the current year and prior reporting period.

Group	Intangible assets £'000	Total £'000
As at 31 December 2010	(471)	(471)
Exchange translation	(22)	(22)
As at 31 December 2011	(493)	(493)
Reversal of deferred tax	472	472
Exchange translation	21	21
As at 31 December 2012	-	-

20 Deferred tax (continued)

The tax credit to the income statement in the year relates to the reversal of the deferred tax liability recognised on the revaluation of the Danish asset at the point Xtract Energy Plc acquired control of Elko Energy Inc. The Danish assets have been fully impaired in the year and therefore the associated deferred tax liability has been reversed.

Deferred tax liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group		Company	
	As at 31 December 2012 £'000	As at 31 December 2011 £'000	**As at 31 December 2012 £'000**	As at 31 December 2011 £'000
Deferred tax liabilities	**-**	(493)	**-**	-
	-	(493)	**-**	-

At the balance sheet date, the Group has available unused UK tax losses of £4.6 million (2011: £3.8 million), available unused Canadian tax losses of £107K (2011: £nil) and available unused Denmark tax losses of £96K available for offset against future profits.

No related deferred tax asset is recognised on the UK, Canadian or Denmark losses due to the unpredictability of future profit streams. UK and Denmark losses may be carried forward indefinitely and may be recoverable if suitable taxable profits arise in future periods. If unutilised, the Canadian losses will expire between 2014 and 2030.

21 Other financial liabilities

	Group		Company	
Trade and other payables	**As at 31 December 2012 £'000**	As at 31 December 2011 £'000	**As at 31 December 2012 £'000**	As at 31 December 2011 £'000
Trade creditors and accruals	**247**	395	**149**	197
Current tax payable *	**-**	68	**-**	-
Amounts due to subsidiaries	**-**	-	**10,431**	9,870
	247	463	**10,580**	10,067

Trade creditors and accruals principally comprise amounts outstanding for trade payables and ongoing costs. The average credit period taken for trade purchases is 31 days (2011: 24 days). For most suppliers no interest is charged on outstanding balances however the Group has policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates their fair value.

**Current tax payable comprises capital gains tax liabilities in Australia and the United Kingdom, and interest thereon. The liability arose on the disposal of listed investments during the years ended 30 June 2007, 2008, 2009, 2010 and was settled in full in 2011.*

22 Share capital

The numbers below comprise issued and fully paid ordinary shares of 0.01pence each (2011: 0.1pence).

	2012		2011	
	Number of shares	£'000	Number of shares	£'000
At 1 January	**1,532,857,428**	**1,532,857**	854,965,026	854,965
Shares issued in the year	**773,247,701**	**90,489**	677,892,402	677,892
At 31 December	**2,306,105,129**	**1,623,346**	1,532,857,428	1,532,857

Share issues

On 24 August 2012 Tiger Resource Finance Plc (Tiger) and individual board members of Tiger subscribed for a total of 689,655,173 new ordinary shares in Xtract at a price of 0.0435 pence per share. Tiger now holds 344,827,585 new ordinary shares with the four Tiger Board members holding 86,206,897 shares each (representing in aggregate, approximately 29.9 percent of the enlarged share capital of the Company).

In addition an independent investor agreed to subscribe for a total of 68,965,517 new ordinary shares at a price of 0.0435 pence per share (representing 2.99 percent of the enlarged ordinary share capital of the Company).

A Resolution to approve a capital reorganisation was proposed at a General Meeting held on 10 September 2012. The reorganisation involved each existing ordinary share of 0.1 pence being divided into 1 new ordinary share of 0.01 pence and 1 new deferred share of 0.09 pence; 1,547,484,439 deferred shares were issued. There are very limited rights attributable to the deferred shares which are non-transferrable and effectively have a nil value.

The Company has one class of ordinary shares which carry no right to fixed income.

Warrants and Options

The following warrants were issued during the year:

- Issued 12 September 2012 – 172,957,884 exercisable at 0.045p per share

The following share options expired during the year:

- Issued 9 July 2007 – 1,000,000 exercisable at 12p per share
- Issued 15 January 2008 – 250,000 exercisable at 10p per share
- Issued 21 January 2008 – 150,000 exercisable at 8p per share
- Issued 14 August 2009 – 11,100,000 exercisable at 5p per share
- Issued 15 May 2007 – 1,400,000 exercisable at 4.6p per share
- Issued 12 June 2007 – 2,100,000 exercisable at 4.6p per share
- Issued 12 November 2007 – 840,000 exercisable at 4.6p per share
- Issued 21 December 2007 – 4,025,000 exercisable at 4.6p per share
- Issued 13 December 2011 – 9,750,000 exercisable at 2.2p per share
- Issued 13 December 2011 – 9,750,000 exercisable at 3.0p per share

22 Share capital (continued)

The following share options remain outstanding at 31 December 2012:

- Issued 1 July 2009 – 5,880,000 exercisable at 4.6p per share
- Issued 1 July 2009 – 4,200,000 exercisable at 2.3p per share
- Issued 1 July 2009 – 9,800,000 exercisable at 2.3p per share
- Issued 1 July 2009 – 26,400,000 exercisable at 2.5p per share
- Issued 15 July 2010 – 21,700,000 exercisable at 1.8p per share
- Issued 15 July 2010 – 6,160,000 exercisable at 3.7p per share
- Issued 15 July 2010 – 1,312,500 exercisable at 3.7p per share
- Issued 12 September 2012 – 172,957,884 exercisable at 0.045p per share

All of the above share options entitle the holder to one fully paid share in the Company upon payment of the share option exercise price per share. All share options vest either immediately or within three years of issue and expire within three years of vesting.

Standby Equity Distribution Agreement arrangement fee (SEDA)

On 12 September 2011 the Xtract shareholders approved an agreement with YA Global Master SPV Limited to provide potential future funding of up to £12.5 million in the form of an Equity Line Facility. Fund drawdowns 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 YA Global Master SPV Limited 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 cost of setting up the SEDA was £0.25 million; this amount was recognised in the 2011 income statement as finance costs.

On 1 March 2012, the Company announced that it had drawn down £300K on its Standby Equity Distribution Agreement ("SEDA") with YA Global Master SPV Limited. This draw down was undertaken at a price of 2.051 pence per share and resulted in the issue of 14,627,011 ordinary shares of 0.1 pence each in the Company (the "SEDA Ordinary Shares"). This funding is to be used as future working capital for the Company.

23 Reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the equity component of share-based payments.

Available-for-sale reserve

The available -for-sale reserve is used to recognise fair value movements on available-for-sale investments until they are disposed of, or become impaired.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries, joint ventures and associates.

24 Notes to the cash flow statement

	Group		Company	
	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000	**Year ended 31 December 2012 £'000**	Year ended 31 December 2011 £'000
Loss for the year	**(7,592)**	(4,314)	**(18,473)**	(5,478)
Adjustments for:				
Discontinued/Discontinuing Operations				
Impairment of investment in subsidiary	**-**	-	**17,521**	1,900
Impairment of intangibles	**7,120**	1	**-**	-
Deferred tax movement	**(472)**	-	**-**	-
Share of results of associates	**-**	12	**-**	-
Decrease in amounts due from subsidiaries	**-**	-	**562**	84
Impairment of joint venture	**-**	(324)	**-**	-
Continuing Operations				
Investment revenue	**-**	(38)	**-**	(9)
Finance costs	**78**	250	**78**	250
Impairment of held-for-sale asset	**197**	106	**-**	-
Other losses / (gains)	**(46)**	83	**-**	188
Income tax credit	**-**	(105)	**-**	(30)
Interest expense	**-**	-	**-**	254
Gain on disposal of investment	**(782)**	-	**(773)**	-
Depreciation of property, plant and equipment	**3**	4	**-**	3
Share-based payments expenses	**163**	12	**163**	12
Operating cash flows before movements in working capital	**(1,331)**	(4,313)	**(922)**	(2,826)
Decrease / (increase) in receivables	**1,281**	35	**41**	(10)
Increase in payables	**(237)**	(159)	**(48)**	(106)
Cash used in operations	**(287)**	(4,437)	**(929)**	(2,942)
Income tax paid	**-**	(2,783)	**-**	(2,108)
Foreign currency exchange differences	**(253)**	129	**-**	(20)
Net cash used in operating activities	**(540)**	(7,091)	**(929)**	(5,070)

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with a maturity of three months or less. The carrying amount of these assets approximates to their fair value.

25 Expenditure commitments

At the balance sheet date the Group and Company have outstanding capital expenditure commitments which fall due as follows:

	Group		Company	
Capital expenditures	**As at 31 December 2012 £'000**	As at 31 December 2011 £'000	**As at 31 December 2012 £'000**	As at 31 December 2011 £'000
Within one year	**-**	3,115	**-**	-
Within the second to fifth years inclusive	**-**	-	**-**	-
	-	3,115	**-**	-

26 Share-based payments

The Company has issued share options and warrants to certain employees and officers of the Group, along with external third parties. All share options/warrants vest immediately or within three years of the issue date. If the share options/warrants remain unexercised after the relevant time period from the date of grant the share options/warrants expire.

Details of the Company's share options/warrants outstanding during the year are as follows.

	Year ended 31 December 2012		Year ended 31 December 2011	
	Number of share options/ warrants	**Weighted average exercise price £**	Number of share options/ warrants	Weighted average exercise price £
Outstanding at beginning of year	**116,067,500**	**0.0310**	100,750,000	0.0300
Granted during the year	**172,957,884**	**0.0004**	76,917,500	0.0280
Exercised during the year	**-**	**-**	(60,000,000)	0.0250
Expired during the year	**(40,365,000)**	**0.0617**	(1,600,000)	0.0930
Outstanding at the end of the year	**248,660,384**	**0.0047**	116,067,500	0.0310
Exercisable at the end of the year	**248,660,384**	**0.0047**	96,567,500	0.038

The weighted average share price at the date of exercise for share options exercised during the year was £nil (2011: £0.0250). The share options outstanding at 31 December 2012 had a weighted average exercise price of £0.0047 (2011: £0.0310), a weighted average remaining contractual life of 4.16 years (2011: 2.34 years). All share options issued to Directors and employees are recognised as an expense in the income statement over the vesting period of the options.

On 12 September 2012 173 million warrants were issued to Cenkos Securities Limited in part settlement of professional fees incurred assisting in the Tiger Resource Finance Plc share placing. These warrants can be exercised immediately; therefore the estimated fair value of these warrants, which is £78K, has been recognised in the income statement for the year.

26. Share-based payments (continued)

In September 2011 the Group acquired all outstanding share capital in Elko Energy Inc not already owned. All existing share option holders in Elko Energy Inc received replacement share options in Xtract Energy Plc on the basis of seven Xtract options for each Elko option held . These replacement options were issued with the sole intention of preserving the existing rights of the option holders.

All terms and conditions relating to the original share options remain the same. The new exercise prices were calculated as the exercise prices payable under the Elko options converted to Pounds Sterling at the rate of exchange quoted by the Bank of Canada at noon on the 13 September 2011, divided by seven. The aggregate estimated fair value of the replacement options was £795K, of which £270K had already been recognised in the Group share based payment reserve in 2010.

19.5 million share options were granted on 13 December 2011. The aggregate estimated fair value of the options granted on that date was £177K.

During the year 172,957,884 warrants were issued with an exercise price of £0.0015 per warrant in exchange for services received from Cenkos Securities Limited ("Cenkos") in exchange for professional services received surrounding the issue of shares to Tiger Resource Finance Plc (see note 22). The share based payment expense associated with the issues of warrants has been measured directly by reference to the professional fees which were waived by Cenkos. The resulting share-based payment expense recognised was £78,000 (2011: £nil).

Share-options have been valued using the Black-Scholes model, or where indicated the 'direct' method as follows:

Date of issue	*13/12/11*	*13/12/11*	*30/09/10*	*15/07/10*	*15/07/10*	*07/12/10*
No. share options /warrants issued (000s)	9,750	9,750	1,312	6,160	21,700	26,400
Share price	£0.0188	£0.0188	£0.0135*	£0.0138*	£0.0138*	£0.0165
Strike price	£0.022	£0.03	£0.037	£0.037	£0.018	£0.025
Expected volatility	97.47%	97.47%	100%	100%	100%	87.06%
Expected life	5.5 years	6 years	5 years	5 years	5 years	3 years
Risk free rate	1.38%	1.38%	1.99%	2.57%	2.57%	1.04%
Expected dividends yield	0%	0%	0%	0%	0%	0%

Date of issue	*01/07/09*	*01/07/09*	*21/12/07*	*12/11/07*	*12/06/07*	*15/05/07*
No.share options/warrants issued (000s)	5,880	14,000	4,025	840	2,100	1,400
Share price	£0.046*	£0.023*	£0.046*	£0.046*	£0.046*	£0.046*
Strike price	£0.046	£0.023	£0.046	£0.046	£0.046	£0.046
Expected volatility	100%	100%	95%	95%	95%	95%
Expected life	5 years	5 years	5 years	5 years	5 years	5 years
Risk free rate	2.53%	2.53%	3.93%	4.07%	4.69%	4.69%
Expected dividends yield	0%	0%	0%	0%	0%	0%

**Being the replacement share options issued as part of the Elko transaction. The original CAD $ share price used has been translated at the same exchange rate as the strike price for comparison.*

26 Share-based payments (continued)

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The total charge in the year to the income statement was £163K (2011: £12K). The total amount recognised in equity by the Group relating to share-based payments at the Balance Sheet date is £871K in the share based payments reserve after the reversal of expired and lapsed share options, and £78K in the warrants reserve. The total amount recognised in equity at 31 December 2011 was £1,202K in the share based payments reserve and £nil in the warrants reserve.

27 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns. The Group is not subject to externally imposed capital requirements. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group manages its liquidity through orderly and planned realisation of existing investments in order to fund investment in new opportunities and provide working capital for operating costs and overheads.

The Group currently has no debt and as such does not review its gearing ratio at present.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Categories of financial instruments

The Group calculates the fair value of assets and liabilities by reference to amounts considered to be receivable or payable at the balance sheet date.

The Group's financial assets and liabilities, together with their fair values are as follows:

	Book value		Fair value	
Group	**December 2012 £'000**	December 2011 £'000	**December 2012 £'000**	December 2011 £'000
Financial assets				
Cash and cash equivalents	**215**	4,488	**215**	4,488
Available-for-sale financial assets	**1,223**	-	**1,223**	-
Loans and receivables	**181**	1,472	**181**	1,472
	1,619	5,960	**1,619**	5,960
Financial liabilities				
Other	**247**	395	**247**	395

27 Financial instruments (continued)

The Company's financial assets and liabilities, other than trade receivables and payables, together with their fair values are as follows:

Company	Book value December 2012 £'000	Book value December 2011 £'000	Fair value December 2012 £'000	Fair value December 2011 £'000
Financial assets				
Cash and cash equivalents	**170**	425	**170**	425
Available-for-sale financial assets	**720**	-	**720**	-
Loans and receivables	**88**	129	**88**	129
	978	554	**978**	554
Financial liabilities				
Other	**149**	197	**149**	197
Intercompany loans	**10,431**	9,870	**10,431**	9,870
	10,580	10,067	**10,580**	10,067

Market risk

The Group's activities expose it primarily to the financial risks of changes in the market prices of equities and changes in foreign currency exchange rates. The Group applies a continuous review process to manage its exposure to foreign currency and equity price risk:

- equity prices of the Group's holdings are monitored by senior management on a daily basis;
- the Board has established strategies for each of the respective holdings based on their expectations of likely movements in equity prices and the desired balance of the Group's investment portfolio;
- these strategies are updated on a regular basis to reflect actual market data and the changing needs of the business;
- the respective exchange rates of the currencies for which the Group holds significant balances are monitored on a daily basis; and
- known cash requirements in the respective currencies in which the Group transacts are matched against cash reserves and any shortfalls are addressed through transfers throughout the longest practical timeframes in order to minimise as best as possible foreign currency risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

BUSINESS REVIEW GOVERNANCE ACCOUNTS

27 Financial instruments (continued)

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies and consequently exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including tax liabilities) at the reporting date are as follows:

	Liabilities		Assets	
	31 December 2012 £'000	31 December 2011 £'000	**31 December 2012 £'000**	31 December 2011 £'000
Australian dollar	**1**	31	**504**	63
US dollar	**-**	-	**24**	3,836
Danish Krone	**68**	146	**7**	31
Euro	**58**	15	**103**	82
Mexican peso	**2**	2	**6**	6
Moroccan dirham	**-**	-	**-**	23
Canadian dollar	**4**	1	**-**	40

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro and US Dollar currency risk. (2011: US Dollar currency risk exposure).

The following table details the Group's sensitivity to a 10% increase and decrease in Sterling against the Euro and US dollar. 10% represents management's assessment of a realistic potential increase or decrease in both exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in the profit and other equity where the Sterling strengthens against the relevant currency. For a 10% weakening there would be an equal and opposite impact on the profit and other equity.

	US Dollar impact		Euro impact	
	31 December 2012 £'000	31 December 2011 £'000	**31 December 2012 £'000**	31 December 2011 £'000
Loss	**(2)**	(384)*	**(4)**	-

**This is mainly attributable to the cash reserves being held predominately in United States Dollars and the reporting currency being Pounds Sterling.*

Interest rate risk management

The Group's exposure to interest rate risk is limited to its cash and cash equivalents held and is immaterial.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's principal financial assets are cash deposits and the credit risk on these liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

An allowance for impairment is made where there is an identified loss event, which is evidence of a reduction in the recoverable cash flows.

28 Related party transactions

Group

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Director Transactions

Lion Mining Finance Limited, a company in which Colin Bird is a Director and shareholder has provided administrative and technical services to the Company amounting to £14K plus VAT in the year. This amount was no longer outstanding as at 31 December 2012 (2011: None)

The emoluments of the Directors are disclosed in the Directors Report.

The Directors' shareholding and options are disclosed in the Report of the Directors.

Remuneration of key management personnel

The remuneration of the Directors and other staff members, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 ***Related Party Disclosures***. Further information about the remuneration of individual Directors is provided in the Directors' Remuneration section of the Directors' Report on page 11.

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Salaries and other short-term employee benefits	**468**	831
Post-employment benefits	**7**	11
Termination payments	**47**	22
Share-based payments	**164**	12
	686	876

Company

The Company extends and receives intra-group balances in line with its central treasury management policies. The aggregate amount payable to subsidiary undertakings is disclosed in note 21. The largest three balance arising under these arrangements were as follows:

Company	**Year ended 31 December 2012 £'000**	Year ended 31 December 2011 £'000
Xtract Energy Holding Limited	**117**	108
Xtract International Limited	**(9,896)**	(9,833)
Elko Energy Inc	**(543)**	67

29 Events after the balance sheet date

On the 6 February 2013, Xtract Energy Plc announced its intention to relinquish Danish Licences 01/11 and 02/05 and having concluded the recent agreements with Global Oil Shale Limited which were announced to shareholders on 17th December 2012, to seek appropriate new opportunities in the conventional oil and gas energy sector from which to develop the Company. The current geographical focus is Sub-Saharan Africa.

Xtract Energy Plc originally received 140 million shares in Caspian Oil & Gas Limited, an Australian listed company which has since changed its name to Equus Mining Limited ("Equus") following a 10 to 1 share consolidation. The shares in Equus were classified by the Company as an asset held-for-sale and were originally acquired on 3 May 2012 when an agreement was signed with Santos International Holdings Limited ("Santos") releasing Santos from certain funding obligations which formed part of the original Farm-in Subscription Agreements executed between Santos and Xtract.

On 14 February 2013 the Company disposed of its entire holding in Equus. The Company's 14 million shares in Equus were sold at a price of 7 Australian cents per share, resulting in a gross consideration of AU$980K (£650K) before dealing costs.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2013 Annual General Meeting of Xtract Energy Plc will be held at The Pelham Hotel, 15 Cromwell Place, London, SW7 2LA on Monday 24 June 2013 at 10:00 am for the purpose of considering, and if thought fit, passing the following resolutions of which resolutions 1 to 6 will be proposed as ordinary resolutions and resolutions 7 and 8 will be proposed as special resolutions:

ORDINARY BUSINESS

Resolution 1

To receive and adopt the reports of the Directors, report of the Auditors and the audited accounts of the Company for the year ended 31 December 2012.

Resolution 2

That Rees Pollock Chartered Accountants be appointed as the auditors of the Company until the conclusion of the next General Meeting of the Company and the Directors be authorised to fix the remuneration of Rees Pollock Chartered Accountants as the auditor of the Company.

Resolution 3

To elect Colin Bird as a Director of the Company, who was appointed during the period and retires in accordance with the Company's Articles of Association and being eligible, offers himself for re-election.

Resolution 4

To elect Jan Nelson as a Director of the Company, who was appointed post 31 December 2012 and retires in accordance with the Company's Articles of Association and being eligible, offers himself for re-election.

Resolution 5

To re-elect Peter Moir as a Director of the Company who retires by rotation and offers himself for re-election.

Resolution 6

That for the purposes of section 551 of the Act, the Directors of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of section 560 of the Act) up to an aggregate nominal amount of GBP230,000 provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in General Meeting) at the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors of the Company may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. This authority is in substitution for any and all authorities previously conferred upon the Directors for the purposes of section 551 of the Act, without prejudice to any allotments made pursuant to the terms of such authorities.

SPECIAL BUSINESS

Resolution 7

That, subject to the passing of resolution 6 above, the Directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) pursuant to the authority conferred by resolution 6 as if section 561 of the Act did not apply to any such allotment PROVIDED THAT the power conferred by this resolution shall be limited to:

7.1 the allotment of equity securities for cash in connection with an issue or offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement) to holders of equity securities in proportion (as nearly as may be practicable) to their respective holdings of equity securities subject only to such exclusions or other arrangements as the Directors of the Company may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under laws of any territory, or the requirements of any regulatory body or stock exchange in any territory; and

7.2 the allotment (otherwise than pursuant to paragraph 7.1 above) of equity securities for cash up to an aggregate nominal value of GBP230,000.

The power conferred by this resolution 7 shall expire (unless previously renewed, revoked or varied by the Company in General Meeting), at such time as the general authority conferred on the Directors of the

Company by resolution 6 above expires, except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Resolution 8

That the Company's name be changed to Xtract Resources Plc.

Date 28 May 2013

By order of the Board

4th Floor
2 Cromwell Place
South Kensington
SW7 2JE

NOTES

1. A member of the Company entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy (or proxies) to attend, speak and vote instead of him or her. A proxy need not be a member of the Company. A Form of Proxy is enclosed with this notice and instructions for its use are shown on the form. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedures set out in these notes and the notes of the Form of Proxy.
2. Lodging a Form of Proxy will not prevent the shareholder from attending and voting in person.
3. To be valid, the instrument appointing a proxy, together with any power of attorney under which it is signed, or a duly certified copy, must be received at the offices of Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL not less than 48 hours excluding non-business days before the time of the meeting or the adjourned meeting. Proxy forms may be received by facsimile, at +44 (0)1252 719 232.
4. To change your proxy instructions simply submit a new proxy appointment using the methods set out above and in the notes to the Form of Proxy. To revoke your proxy you will need to inform the Company in writing by sending a hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrars, Share Registrars Limited, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL. Note that the cut off time for receipt of proxy appointments or revocation of proxy received after the relevant cut off time will be disregarded.

   Where you have appointed a proxy and would like to change the instructions, please contact the Company's Registrars, Share Registrars Limited, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL (Tel: +44 (0) 1252 821 390 (calls costs are charged at the standard national rates)).
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual (available

from https://www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent ID 7RA36 10.00 am on 20 June 2013. For the purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider(s) are referred, in particular, to these sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35 (5)(a) of the Uncertificated Securities Regulations 2001.

6. The Company, specifies that entitlement to attend and vote at the Annual General Meeting, and the number of votes which may be cast thereat, will be determined by reference to the register of members of the Company at 10.00 am on 20 June 2013 and, in the case of an adjourned meeting, two days before such adjourned meeting excluding non-business days. Changes to the register of members after 10.00 am on 20 June 2013 or, if the Annual General Meeting is adjourned, after 6:00 pm on the day, two days before the adjourned meeting excluding business days, will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
7. Any corporation which is a member of the Company can appoint on or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
8. A member of the Company may not use any electronic address provided either in this Notice or any related documents (including the proxy form), to communicate with the Company for any purpose other than those expressly stated.

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