

Coretrack Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Coretrack Limited
ABN:	80 112 379 503
Reporting period:	For the year ended 30 June 2014
Previous period:	For the year ended 30 June 2013

2. Results for announcement to the market

				\$
Loss from ordinary activities after tax attributable to the owners of Coretrack Limited	down	338.1%	to	(1,138,053)
Loss for the year attributable to the owners of Coretrack Limited	down	338.1%	to	(1,138,053)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,138,053 (30 June 2013: profit of \$477,987).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.48	0.82

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Coretrack Australia Pty Ltd was deregistered on 1 June 2014.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of Coretrack Limited for the year ended 30 June 2014 is attached.

12. Signed



Signed _____
Winton Willesee
(Non-Executive Chairman)

Date: 29 August 2014

Coretrack Limited

ABN 80 112 379 503

Annual Report - 30 June 2014

Coretrack Limited

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30 June 2014

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Coretrack Limited
Corporate directory
30 June 2014

Directors

Winton Willesee, Non-Executive Chairman
Siegfried Konig, Executive Director
Trevor Beazley, Non-Executive Director
Bernard Kelly, Non-Executive Director
David Henson, Non-Executive Director
Sean Corbin, Alternative Director for David Henson

Company secretaries

Winton Willesee
Erlyn Dale

Registered office

Suite 25, 145 Stirling Highway, Nedlands, WA, 6009

Share register

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St George's Terrace
Perth, Western Australia 6000

Auditor

Stantons International
Level 2, 1 Walker Avenue
West Perth, Western Australia 6005

Solicitors

Rockwell Olivier
Level 8 Wesfarmers House
40 The Esplanade
Perth, Western Australia 6000

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe, Western Australia 6011

Bankers

National Australia Bank Limited
1232 Hay Street
West Perth, Western Australia 6005

Stock exchange listing

Coretrack Limited shares are listed on the Australian Securities Exchange (ASX code: CKK) and the Frankfurt Stock Exchange (FWB Frankfurter Wertpapierbörse) in Germany.

Website

www.ckklimited.com

Coretrack Limited
Chairman's letter
30 June 2014

Dear Shareholder

The end of the 2014 financial year saw the announcement of the exciting transaction with Ecopropp Pty Ltd.

Ecopropp is developing proprietary technology for the manufacture of ceramic proppants. Ecopropp utilises Flyash (the mostly unwanted by-product of coal fired power plants) instead of traditional feedstocks of bauxite or kaolin clay, designed to produce proppants with materially superior properties at a low manufacturing cost. I encourage you to read the review of operations within this annual report for further details of the Ecopropp product and the transaction itself.

The earlier part of the year was spent reviewing prospective merger and acquisition projects, which ultimately identified the Ecopropp opportunity as the opportunity of choice, continuing the marketing and development of the Company's CLRS tool and progressing our legal case against Strange Investments for the alleged unlawful termination of our IP agreement relating to the GT3000 deep hole drilling rig.

In addition to the completion of agreements for the acquisition of Ecopropp, the Company was successful in identifying a suitable partner and agreeing advantageous terms for the development of its CLRS tool and also received a positive court ruling in its initial court action against Strange Investments.

The Company is now well positioned for a successful 2015 year and beyond.



Winton Willesee
Non-Executive Chairman

Ecopropp Pty Ltd Acquisition

In May 2014, Coretrack announced that it had executed an agreement to acquire unlisted oil and gas ceramic “proppant” developer, Ecopropp Pty Ltd (**Ecopropp**).

The transaction was subject to shareholder approval and the satisfaction of several conditions precedent. Shareholder approval was obtained at a general meeting of shareholders held on 25 June 2014 and the parties confirmed that all of the conditions precedent had been satisfied on 31 July 2014.

As at 30 June 2014, the acquisition of Ecopropp had not been fully completed and accordingly, the financial statements of Ecopropp have not been consolidated in this Annual Report.

About Proppants

“Proppants” are a sand like commodity that are often the single most expensive cost item in every oil and gas hydraulic fracturing program (fracking). Proppants are pumped into an oil and gas well under pressure to “prop” open the tiny fractures that are created in hydrocarbon bearing shale rocks during fracking.

Oil and gas is then able to flow from the ground fractures that are held open by the proppants.

The explosion in fracking to unlock previously unrecoverable oil and gas reserves has seen the worldwide ceramic proppant market demand increase to 8 billion pounds (about 3.6 billion kg) in 2013, up from just 1 billion pounds in 2003.⁽¹⁾

Traditional ceramic proppants are made from clay and bauxite or sometimes both. The Ecopropp ceramic proppant is majority manufactured from “flyash”, the mostly unwanted by-product of coal fired power stations.

The worldwide market for ceramic proppants was approximately USD\$2.5 billion annually in 2013.⁽²⁾

About The Hydraulic Fracturing Market

In 2011 the worldwide hydraulic fracturing market was worth circa \$20 billion, an increase of 4 times since 2003 when it was worth just \$5 billion.⁽³⁾

Horizontal oil and gas wells require between 3 million pounds (1.4m kg) and 10m pounds (4.5m kg) of ceramic proppants during fracking, costing anywhere from USD\$1 million to USD\$3 million per well.⁽⁴⁾

Horizontal wells require considerably more proppants than traditional vertical wells – in some cases up to 10 times more.

In 2013, 60% of all USA oil and gas drill rigs were engaged in horizontal drilling, compared to 2003 when just 10% were horizontal and 90% were vertical drilling.⁽⁵⁾

About Ecopropp

Queensland based Ecopropp, which has almost 50 shareholders, has spent the last 3 years and over \$3 million (including approximately \$400,000 of Federal Government grants) developing, and lodging patents to protect, a unique ceramic proppant that is manufactured largely from the unwanted bi-product of coal fired power stations known as “fly ash”.

The Ecopropp proppants are a significant improvement in the burgeoning fracking market because they are lightweight, able to withstand high pressures and cost less to produce than traditional ceramic proppants made from bauxite or kaolin clay.

Ecopropp proppants are able to be produced anywhere in the world where a coal fired power station and related resources exist, many of which are adjacent to oil and gas fields. This strategy dramatically lowers the logistics costs of transporting proppants manufactured in traditional clay/bauxite proppant plants. These plants are typically located alongside their feedstock resource, hundreds or even thousands of kilometres from oil and gas resources.

Third party independent experts have certified that Ecopropp proppants meet or exceed both the American Petroleum Institute and ISO standards.⁽⁶⁾

About The Acquisition

Coretrack will pay to the vendors of Ecopropp, three tranches of Coretrack shares upon Ecopropp achieving three pre-determined “milestones” as set out below.

Pursuant to the acquisition agreements, on achievement of the first milestone by Ecopropp Coretrack must exercise its option to own 100% of Ecopropp by way of payment in Coretrack Shares, however Coretrack may elect to exercise its option at any time leading up to the achievement of the first milestone despite Ecopropp not having achieved that first milestone. Coretrack also has the option to exit the deal if the first milestone is not achieved within 18 months. Coretrack and Ecopropp have agreed a budget of \$2.1 million (net of anticipated government grants) for which Coretrack, subject to certain conditions, will provide working capital to Ecopropp until October 2016. If Coretrack elects to exit due to Ecopropp not meeting any of the prescribed milestones by the agreed dates, then Ecopropp is obliged to issue Ecopropp shares to Coretrack in consideration of all monies advanced by Coretrack to Ecopropp.

1) Milestone 1

Ecopropp demonstrates its proppant product can be successfully scaled-up for production without material loss of key properties and obtains independent confirmation as to the cost of production in accordance with specified parameters.

Payment: 295 million shares in Coretrack Limited

2) Milestone 2

Ecopropp completes a successful down-hole trial utilising its proppants in accordance with specified parameters.

Payment 1: 220 million shares in Coretrack Limited plus

Payment 2: \$2.2 million worth of shares in Coretrack Limited at the 5 day VWAP price at the time

3) Milestone 3

A third party commits to build and operate a commercial scale proppant manufacturing facility having secured finance and having taken a final investment decision.

Payment 1: 350 million shares in Coretrack Limited plus

Payment 2: \$3.25million worth of shares in Coretrack Limited at the 5 day VWAP price at the time

The transaction received approval by shareholders of the consolidated entity on 25 June 2014. During the 2014 financial year, the Company did not issue any Milestone Shares pursuant to the Deed of Option. All Milestone Shares to be issued under the Deed of Options remain to be issued, subject to the achievement of the Milestones noted above. Specifically, the ASX Waiver confirmed that, subject to any earlier deadlines as imposed by the transaction agreements, the Milestone 1 Shares (as detailed above) and Milestone 1 Fee Shares (being 8,850,000 shares) must be issued no later than 24 months from the date of the Company's meeting to approve the issue of the Securities the Milestone 2 Shares (as detailed above) and Milestone 2 Fee Shares (being up to 8,400,000) must be issued no later than 54 months from the date of the Company's meeting to approve the issue of the Securities and the Milestone 3 Shares (as detailed above) and Milestone 3 Fee Shares (being up to 12,909,091 shares) must be issued no later than 60 months from the date of the Company's meeting to approve the issue of the Securities.

Immediate Activities

Ecopropp is currently building a small scale proppant manufacturing plant in Queensland to validate the “scale-ability” of the product. The plant will also allow Ecopropp to audit the manufacturing costs and provide an opportunity for potential licensees to observe the manufacturing process.

Business Model

Following successful scale-up and down-hole testing (if required), Coretrack's Business Plan is to sell technology licenses to third parties who will build proppant manufacturing plants using their own funding resources, expected to be located in close proximity to coal fired power stations and oil and gas resources.

Coretrack Limited
Review of operations
30 June 2014

Coretrack will derive revenue from the sale of licenses and from ongoing royalty payments for every pound of product produced. Coretrack may also elect to take equity in some plants in lieu of license fees. It is anticipated that the US market will initially be the major target market for the company.

Capital Raising

Subsequent to year end, Coretrack successfully completed a capital raising of \$2,000,000 (before costs) as part of the transaction. These funds will be used to build the plant in Queensland and to provide working capital for both Ecopropp and Coretrack.

Core Level Recorder System (“CLRS”)

The CLRS is a technology developed by Coretrack for use in the oil and gas services industry to provide real-time coring information to the rig floor during coring operations to address the problem of core samples jamming down hole during an oil and gas drilling/coring operation. The technology works by alerting the operator of the coring equipment of potential for a jam by displaying at surface the lack of down hole core intake. Knowledge of down hole core jamming has been an industry issue for many years and this technology is designed to save oil companies millions of dollars per annum in either lost time or re-coring operations.

In September 2012 the CLRS product line was restructured and a decision was taken to refocus on a commercialisation strategy by marketing the CLRS to the larger worldwide oilfield service companies, in preference to Coretrack directly trialling and marketing the CLRS to the Australian offshore rig market. For Coretrack this meant a reduction of the local operational workforce, management and substantial reduction of costs.

During the year, the Company focused its efforts on the marketing of its CLRS to suitable oilfield services companies with the objective of entering into an alliance or joint operational agreement to take advantage of its partner's established market position and client relationships to expedite the introduction of the CLRS to the wider oil and gas services community.

In March 2014 the Company announced that it had entered into a conditional Heads of Agreement with Aztech Well Construction Pty Ltd (**Aztech**) to partner with Coretrack and assist the Company to commercialise its CLRS technology.

Aztech is a privately held professional oil & gas consultancy company which offers well project management, engineering services and a complete coring optimisation service throughout Asia Pacific.

Aztech is regularly engaged by some of the largest oil and gas companies in Australasia to oversee offshore oil and gas coring and drilling operations

Subsequent to year end, Coretrack announced that it had executed the full form unconditional license agreement with an entity that is majority owned by Aztech and its associates, Specialised Oilfield Services Pty Ltd (**Specialised Oilfield Services**). Under the license agreement Coretrack granted Specialised Oilfield Services a worldwide exclusive license to develop, operate, manufacture and sub-license Coretrack's CLRS technology.

The key terms of the License Agreement are:

- 1) Coretrack grants Specialised Oilfield Services a worldwide exclusive license to further develop, operate, manufacture and sub-license Coretrack's CLRS technology.
- 2) Specialised Oilfield Services will undertake and fund all developmental and commercial operational activities for the CLRS and Coretrack will be free carried in this regard. This also includes the building of new units.
- 3) Specialised Oilfield Services will pay Coretrack a royalty for all commercial operations involving the use of the CLRS technology based on a percentage of gross revenue achieved.
- 4) Specialised Oilfield Services can earn up to 70% of the CLRS IP by meeting certain expenditure hurdles.
- 5) Specialised Oilfield Services will have the ability to sub-license the technology in different international jurisdictions with all sub-license fees and royalties split between Coretrack and Specialised Oilfield Services according to their respective ownership of the CLRS IP at the time.

The Company believes it has achieved both the right strategy and partner for this project and is looking forward to benefiting from the input and experience of Aztech and Specialised Oilfield Services.

GT3000

During the 2014 Financial Year the Company continued to progress its legal case against Strange Investments (WA) Pty Ltd (**Strange Investments**). The parties have been in a legal dispute relating to the purported cancellation by Strange Investments of Coretrack's IP Licence to build and operate the GT3000 range of deep hole drilling rigs.

Coretrack's case against Strange Investments addresses the following two matters:

- 1) **Ownership of the GT3000 drill rig:** Under the terms of the IP License, Coretrack is required to "deliver" the rig to Strange Investments if the IP Licence Agreement is terminated for any reason. Strange Investments claimed that "delivery" of the rig denoted a change of ownership and that upon termination Strange Investment was then entitled to ownership of the rig and to operate the rig commercially.

The Company disputed this interpretation by Strange Investments and sought confirmation from the Supreme Court that Globe Drill Pty Ltd, Coretrack's wholly owned subsidiary, was in fact the owner of the GT3000 drill rig and that Strange Investments has no entitlement to ownership or entitled to operate the rig commercially.

- 2) **Unlawful termination of the IP Agreement:** The parties are taking reciprocal legal action over the purported cancellation of the GT3000 IP License by Strange Investments.

Subsequent to year end, the Company announced that it was successful in defeating the first component of the case against Strange Investments to claim ownership of the GT3000.

The Supreme Court rejected Strange Investments' claim to ownership of the rig and supported Coretrack's view that Strange Investments was entitled to act only as bailee for the rig to protect its IP. The parties have been directed by the Court to draft appropriate orders to give effect to the judgment.

On 26 August Coretrack was served with a Notice of Appeal lodged by Strange Investments. No grounds of appeal have been provided at this stage of the appeal process.

Coretrack's case against Strange Investments for the alleged unlawful termination of that IP Licence is still ongoing.

References:

- (1) *"2013 Proppant Market Report" – PropTester & Kelrick LLC*
- (2) *"2013 Proppant Market Report" – PropTester & Kelrick LLC (7.9b pounds per annum at assumed price of .32c per pound)*
- (3) *Dr Michael Economides 2011*
- (4) *2013 Proppant Market Report" – PropTester Inc & Kelrick LLC (3m – 10m pounds per well at assumed price .32c per pound)*
- (5) *2013 Proppant Market Report" – PropTester & Kelrick LLC*
- (6) *As per "Stimlab" report file number SL10621*

Coretrack Limited
Directors' report
30 June 2014

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Coretrack Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Directors

The following persons were directors of Coretrack Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Winton Willesee, Non-Executive Director (subsequently appointed Chairman on 18 August 2014)
Siegfried Konig, Executive Director (appointed 18 August 2014)
Trevor Beazley, Non-Executive Director
Bernard Kelly, Non-Executive Director
David Henson, Non-Executive Director (appointed 18 August 2014)
Sean Corbin, Alternate Director for David Henson (appointed 18 August 2014)
Matthew Birney, Non-Executive Chairman (resigned 18 August 2014)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- The acquisition of oil and gas ceramic proppant developer, Ecopropp Pty Ltd; and
- Negotiations with major players in the oil and gas industry and oil and gas service industry for the use, licensing and sale of the CLRS; and The resolution of the dispute between the Company and Strange investments.
- The resolution of the dispute between the Company and Strange investments.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,138,053 (30 June 2013: profit of \$477,987).

Refer to the review of operations for the financial year preceding this report for further information on the consolidated entity's activities.

Significant changes in the state of affairs

On 12 May 2014 the consolidated entity announced that pursuant to the acquisition agreements, on achievement of the first milestone by Ecoprop Coretrack must exercise its option to own 100% of Ecoprop by way of payment in Coretrack Shares, however Coretrack may elect to exercise its option at any time leading up to the achievement of the first milestone despite Ecoprop not having achieved that first milestone. Coretrack also has the option to exit the deal if the first milestone is not achieved within 18 months. Coretrack and Ecoprop have agreed a budget of \$2.1 million (net of anticipated government grants) for which Coretrack, subject to certain conditions, will provide working capital to Ecoprop until October 2016. If Coretrack elects to exit due to Ecoprop not meeting any of the prescribed milestones by the agreed dates, then Ecoprop is obliged to issue Ecoprop shares to Coretrack in consideration of all monies advanced by Coretrack to Ecoprop.

The milestones for the transaction are as follows:

1) Milestone 1

Ecoprop demonstrates its proppant product can be successfully scaled-up for production without material loss of key properties and obtains independent confirmation as to the cost of production in accordance with specified parameters.

Payment: 295 million shares in Coretrack Limited

2) Milestone 2

Ecoprop completes a successful down-hole trial utilising its proppants in accordance with specified parameters.

Payment 1: 220 million shares in Coretrack Limited

Payment 2: \$2.2 million worth of shares in Coretrack Limited at the 5 day VWAP price at the time

3) Milestone 3

A third part commits to build and operate a commercial scale proppant manufacturing facility with secured finance and a final investment decision.

Payment 1: 350 million shares in Coretrack Limited plus

Payment 2: \$3.5 million worth of shares in Coretrack Limited at the 5 day VWAP at the time

The transaction received approval by shareholders of the consolidated entity on 25 June 2014. During the 2014 financial year, the Company did not issue any Milestone Shares pursuant to the Deed of Option. All Milestone Shares to be issued under the Deed of Options remain to be issued, subject to the achievement of the Milestones noted above. Specifically, the ASX Waiver confirmed that, subject to any earlier deadlines as imposed by the transaction agreements, the Milestone 1 Shares (as detailed above) and Milestone 1 Fee Shares (being 8,850,000 shares) must be issued no later than 24 months from the date of the Company's meeting to approve the issue of the Securities the Milestone 2 Shares (as detailed above) and Milestone 2 Fee Shares (being up to 8,400,000) must be issued no later than 54 months from the date of the Company's meeting to approve the issue of the Securities and the Milestone 3 Shares (as detailed above) and Milestone 3 Fee Shares (being up to 12,909,091 shares) must be issued no later than 60 months from the date of the Company's meeting to approve the issue of the Securities.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 16 July 2014 the consolidated entity announced that it has received commitments from investors to raise \$2 million, through the issue of 250 million fully paid ordinary shares at an issue price of \$0.008 per share, before costs. Cygnet Capital Pty Ltd acted as manager to the Placement and the agreed fees for their services are 40 million options exercisable at \$0.01 (1 cent) per option, on or before August 2016. The consolidated entity successfully completed the placement and issued the 250 million fully paid ordinary shares on 31 July 2014.

On 24 July 2014 and following shareholder approval received at a general meeting of shareholders held on 25 June 2014, the consolidated entity issued 8,092,500 Tranche 1 Performance Rights and 13,280,000 Performance Rights to directors.

Each Tranche 1 Performance Right gives the holder the right to be issued 1 Share for nil consideration if the volume weighted average price of the Company's shares is above 2.2 cents for 5 consecutive trading days.

Each Tranche 2 Performance Right gives the holder the right to be issued 1 Share for nil consideration if the volume weighted average price of the Company's shares is above 3.3 cents for 5 consecutive trading days.

On 7 August 2014 the consolidated entity announced that it has been successful in defeating a bid by former IP Licensor, Strange Investments (WA) Pty Ltd to claim ownership of the GT3000 deep hole drilling rig owned by Coretrack's wholly owned subsidiary, Globe Drill Pty Ltd.

The Supreme Court rejected Strange Investments' claim to ownership of the rig and supported Coretrack's view that Strange Investments was entitled to act only as bailee for the rig to protect its IP. The parties have been directed by the Court to draft appropriate orders to give effect to the judgment. Coretrack's lawyers will be asking the Court to address the issue of costs.

On 26 August 2014 Coretrack was served with a Notice of Appeal lodged by Strange Investments. No grounds of appeal have been provided at this stage of the appeal process.

On 13 August 2014 the consolidated entity announced that its agreement to license its Core Level Recorder System Technology (CLRS) became unconditional. The full form license documents have now been signed by both parties.

The counterparty that now has a worldwide exclusive license to develop, operate, manufacture and sub-license Coretrack's CLRS technology is "Specialised Oilfield Services Pty Ltd" which is majority owned by Aztech Well Construction Pty Ltd and its associates.

The CLRS was developed by Coretrack to address the problem of core samples jamming down hole during an oil and gas drilling/coring operation.

On 22 August 2014 the Company redeemed the last remaining convertible note with a face value of \$50,000 ahead of its maturity date of 28 August 2014.

Subsequent to the balance date a further \$997,807 has been advanced to Ecopropp to provide working capital under the funding arrangements related to the option to acquire Ecopropp, as announced to the market on 12 May 2014.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Company's focus for the 2015 Financial Year will be to facilitate the development of the small scale proppant manufacturing plant by Ecopropp for the purposes of validating the "scale-ability" of the product and satisfying the first milestone under the Ecopropp acquisition transaction. The Company will also continue to progress the development of its CLRS technology via its license agreement with Specialised Oilfield Services.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Coretrack Limited
Directors' report
30 June 2014

Information on directors

Name:	Winton Willesee
Title:	Non-Executive Director and Joint Company Secretary (subsequently appointed Chairman on 18 August 2014)
Qualifications:	BBus., DipEd., PGDipBus., MCom., FFin, CPA, MAICD, ACIS/ACSA
Experience and expertise:	Mr Willesee is an experienced company director and company secretary. Mr Willesee brings a broad range of skills and experience in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance. Mr Willesee holds a Master of Commerce, Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Member of the Australian Institute of Company Directors a Member of CPA Australia and a Chartered Secretary.
Other current directorships:	Chairman of Birimian Group (appointed 31 January 2013), Cove Resources Limited (appointed 4 June 2008) and Metallum Limited (appointed 14 March 2011) and is also a director of Otis Energy Limited (appointed 18 January 2008).
Former directorships (last 3 years):	Bioprospect Limited (retired 15 September 2013), Base Resources Limited (retired 26 November 2013), Torrens Energy Limited (retired 2 May 2014) and Newera Resources Limited (resigned 31 July 2014).
Interests in shares:	12,825,079 fully paid ordinary shares
Interests in options:	300,000 options exercisable at \$0.50 (50 cents) per option on or before 28 November 2016
Interests in rights:	2,242,500 Tranche 1 Performance Rights and 3,680,000 Tranche 2 Performance Rights
Name:	Siegfried Konig
Title:	Executive Director
Experience and expertise:	Mr Konig is a businessman and entrepreneur with 30 years' experience in business development and management with relationships in the international capital markets and public company sector. Mr Konig founded Telco Australia Limited in 1992 and expanded the Company to over 1,000 employees and agents nationally before successfully completing the Company's IPO in 1998.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	Nil
Interests in rights:	Entities related to Mr Konig are the registered holders of 32.09% of the current issued capital of Ecopropp Pty Ltd. Under the Deed of Option, entities related to Mr Konig may be entitled to a percentage of any securities issued to the vendors of Ecopropp Pty Ltd upon the satisfaction of certain milestones as set out in the Deed of Option and summarised within the Directors' Report.

Coretrack Limited
Directors' report
30 June 2014

Name: Trevor Beazley
Title: Non-Executive Director
Qualifications: B.Bus.
Experience and expertise: Mr Beazley is the founder and Managing Director of Perth-based corporate advisory firm Maiden Capital, which specialises in ASX listings and capital raisings. Mr Beazley holds a Bachelor of Business degree in Accounting and has over 15 years of public company and capital markets experience. Mr Beazley's experience and skills are complementary to, and a strategic fit with, the skill sets of the current directors of Coretrack. Mr Beazley was a non-executive director on the Board of Vmoto Limited from 29 October 2006 to 18 January 2012, a non-executive director of Pulse Health Limited from 1 March 2006 to 29 August 2009.

Other current directorships: Nil
Former directorships (last 3 years): Vmoto Limited (resigned 18 January 2012)
Interests in shares: 541,137 fully paid ordinary shares
Interests in options: 300,000 options exercisable at \$0.50 (50 cents) per option on or before 28 November 2016
Interests in rights: 1,950,000 Tranche 1 Performance Rights and 3,200,000 Tranche 2 Performance Rights

Name: Bernard Kelly
Title: Non-Executive Director
Qualifications: BSc. Hons.
Experience and expertise: Mr Kelly is an experienced General Manager with +15 years national and international, business development and operational experience in the oil and gas, mining and financial services sector. He has worked with super- major and major oil companies XOM, Chevron, Shell, Woodside, Apache, Hess, across Europe, Africa, the Middle East and Asia. During the past three years, Coretrack, is the only ASX listed company for which Mr Kelly has served as a director.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Interests in shares: Nil
Interests in options: 1,000,000 options exercisable at \$0.50 (50 cents) per option on or before 3 October 2016
Interests in rights: 1,950,000 Tranche 1 Performance Rights and 3,200,000 Tranche 2 Performance Rights

Name: David Henson
Title: Non-Executive Director (appointed 18 August 2014)
Qualifications: PHD. BCHE
Experience and expertise: Mr Henson has more than 15 years' experience in process engineering, project management, business development and commercial experience with international companies in both client and contractor roles. Mr Henson is currently the CEO of Siemens conceptual engineering services of emerging technologies for Siemens Oil and Gas with responsibility for further developing Siemens Solutions based businesses. Siemens Oil & Gas provide a portfolio of field-proven compressors, gas and steam turbines, electric drives and motors and associated control systems including instrumentation for virtually all production, transport and process applications in the oil and gas industry. The Oil and Gas division has approximately 16,000 employees worldwide.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Interests in shares: Nil
Interests in options: Nil
Interests in rights: An entity related to Mr Henson is the registered holder of 5.7% of the current issued capital of Ecopropp Pty Ltd. Under the Deed of Option, Mr Henson may be entitled to a percentage of any securities issued to the vendors of Ecopropp Pty Ltd upon the satisfaction of certain milestones as set out in the Deed of Option and summarised within the Directors' Report.

Coretrack Limited
Directors' report
30 June 2014

Name: Matthew Birney
Title: Non-Executive Chairman (resigned on 18 August 2014)
Experience and expertise: Matt Birney is the former W.A State Opposition Leader and Leader of the West Australian Liberal Party. He is an experienced public company director & Chairman and a former General Manager of the AHG Group of companies responsible for approximately 400 staff operating across 27 locations. During his Parliamentary career Matt also held the roles of Shadow State Treasurer for Western Australia, Shadow Minister for Police and Shadow Minister for Commerce & International Trade. Prior to being elected to Parliament, Matt founded, built and eventually sold his own company in the area of automotive, industrial and mining supplies. Matt Birney is the former Deputy Chairman of the Corruption and Crime Commission (JSC) and he remains the only Liberal member in history ever to win the State seat of Kalgoorlie. He was also the founding non-executive chairman of Carbon Conscious Limited at the time it listed on 16 May 2008 and held that role until the 15th March 2010.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Interests in shares: 160,000 fully paid ordinary shares
Interests in options: 400,000 options exercisable at \$0.50 (50 cents) per option on or before 28 November 2016
Interests in rights: 1,950,000 Tranche 1 Performance Rights and 3,200,000 Tranche 2 Performance Rights

Name: Sean Corbin
Title: Alternate Director for David Henson (appointed on 18 August 2014)
Qualifications: B.Bus(acc) D.Dip(man) CPA
Experience and expertise: Mr Corbin has experience at board and senior management level in several public companies over the last two decades, including Allied Brands Limited, RP Data Limited and Adelaide Brighton Limited.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Interests in shares: Nil
Interests in options: Nil
Interests in rights: Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretaries

Mr Winton Willesee is joint Company Secretary and the Non-Executive Chairman of the Company.

Miss Erlyn Dale was appointed as joint Company Secretary on 18 August 2014. Miss Dale has a broad range of experience in company administration and corporate governance having been involved with several listed and unlisted public and other companies. Miss Dale holds a Bachelor of Commerce (Accounting and Finance) and is currently undertaking a Graduate Diploma in Applied Corporate Governance with the Governance Institute of Australia.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Matthew Birney	7	7
Trevor Beazley	7	7
Winton Willesee	7	7
Bernard Kelly	7	7

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The performance of the Group depends upon the quality of its directors, executives, and senior management. The principles used to determine the nature and amount of remuneration are set out below:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, and demanding performance hurdles for variable executive remuneration.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, these directors.

ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. The most recent determination was at the 2007 Annual General Meeting, where the shareholders approved an aggregate remuneration of \$300,000.

Executive remuneration

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

Details of equity-based payment arrangements are outlined in Note 28 to the Financial Report.

Voting and comments made at the company's 2013 Annual General Meeting ('AGM')

At the 2013 AGM, 95.16% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2013. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
2014	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Winton Willesee*	40,000	-	-	-	-	-	40,000
Trevor Beazley	36,613	-	-	3,387	-	-	40,000
Bernard Kelly	40,000	-	-	-	-	-	40,000
Matthew Birney	60,000	-	-	-	-	-	60,000
	<u>176,613</u>	<u>-</u>	<u>-</u>	<u>3,387</u>	<u>-</u>	<u>-</u>	<u>180,000</u>

* Payments exclude amounts paid for Company Secretarial services provided which amounted to \$60,000 for the year, as disclosed in note 22 of the financial report.

Coretrack Limited
Directors' report
30 June 2014

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
2013	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Winton Willesee*	41,333	-	-	-	-	-	41,333
Trevor Beazley	38,196	-	-	3,445	-	-	41,641
Bernard Kelly	23,333	-	-	-	-	-	23,333
Matthew Birney	62,000	-	-	-	-	410	62,410
<i>Other Key Management Personnel:</i>							
Bernard Kelly**	171,941	-	-	12,463	-	4,721	189,125
	336,803	-	-	15,908	-	5,131	357,842

* Payments exclude amounts paid for Company Secretarial services provided which amounted to \$60,000 for the year, as disclosed in note 22 of the financial report.

** Mr Bernard Kelly resigned from his position as CEO on 30 November 2012 and was appointed as a non-executive director on 30 November 2012.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2014	2013	2014	2013	2014	2013
<i>Non-Executive Directors:</i>						
Winton Willesee	100%	100%	-%	-%	-%	-%
Trevor Beazley	100%	100%	-%	-%	-%	-%
Bernard Kelly	100%	100%	-%	-%	-%	-%
Matthew Birney	100%	99%	-%	-%	-%	1%
<i>Other Key Management Personnel:</i>						
Bernard Kelly	-%	98%	-%	-%	-%	2%

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2014.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Trevor Beazley	541,137	-	-	-	541,137
Matthew Birney	160,000	-	-	-	160,000
Winton Willesee	12,825,079	-	-	-	12,825,079
	<u>13,526,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,526,216</u>

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Trevor Beazley	600,000	-	-	(300,000)	300,000
Matthew Birney	1,000,000	-	-	(600,000)	400,000
Winton Willesee	900,000	-	-	(600,000)	300,000
Bernard Kelly	1,000,000	-	-	-	1,000,000
	<u>3,500,000</u>	<u>-</u>	<u>-</u>	<u>(1,500,000)</u>	<u>2,000,000</u>

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
<i>Options over ordinary shares</i>			
Trevor Beazley	300,000	-	300,000
Matthew Birney	400,000	-	400,000
Winton Willesee	300,000	-	300,000
Bernard Kelly	1,000,000	-	1,000,000
	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Coretrack Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
Various	3 October 2016	\$0.500	1,000,000
Various	28 November 2016	\$0.500	<u>1,000,000</u>
			<u><u>2,000,000</u></u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Coretrack Limited issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 19 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 19 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of Stantons International

There are no officers of the company who are former audit partners of Stantons International.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 23.

Auditor

Stantons International continues in office in accordance with section 327 of the Corporations Act 2001.

Coretrack Limited
Directors' report
30 June 2014

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Winton Willesee
Non-Executive Chairman

29 August 2014

Coretrack Limited
Corporate governance statement
30 June 2014

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines.

Unless disclosed below, all the best practice recommendations of the 2nd edition of ASX Corporate Governance Council have been applied for the financial year ended 30 June 2014.

The Company is currently undertaking a review of its corporate governance policies with the view to adopting the 3rd edition of ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations within the coming months.

RECOMMENDATION		CORETRACK LIMITED CURRENT PRACTICE
1.1	Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions.	Satisfied. Board Charter is available at www.ckklimited.com in the Corporate Governance Statement.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. Board Performance Evaluation Policy is available at www.ckklimited.com in the Corporate Governance Statement.
1.3	Companies should provide the information indicated in the Guide for reporting on Principle 1.	Satisfied. The Board Charter is available at www.ckklimited.com in the Corporate Governance Statement. During the year the Company did not employ a dedicated senior executive. The Board members assumed executive duties as required.
2.1	A majority of the board should be independent directors.	Satisfied. During the 2014 financial year Mr Birney, Beazley and Willesee represented the majority of the Board and were independent directors. Prior to joining the Board in November 2013, Mr Kelly held an executive appointment with the Company and accordingly does not meet the independence guidelines prescribed by the ASX. Subsequent to the end of the financial year, Mr Birney resigned as Chairman of the Company and consequently Mr Willesee and Mr Beazley are the only independent directors of the Board. For the time being, the Company no longer has a majority of independent board members and does not satisfy the recommendation 2.1. Concurrent to the resignation of Mr Birney was the appointment of Mr Konig and Mr Henson who are not independent directors of the company by virtue of their relationship with Ecoprop Pty Ltd, being substantial shareholders of that company and the nominees of that company to the Board of Coretrack. Consequently Mr Konig and Mr Henson are not considered independent under ASX guidelines.
2.2	The chair should be an independent director.	Satisfied. During the 2014 financial year Mr Birney, held the role of independent Chairman. Subsequent to the end of the 2014 financial year, Mr Willesee was appointed as Chairman and is independent.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Satisfied. During the 2014 financial year, the Company did not employ a chief executive officer and the ordinary duties of a chief executive officer were undertaken by all Board members.
2.4	The board should establish a Nomination Committee.	Not Satisfied. The Board consider that this function is efficiently achieved with full board participation, given the current size of the board. Accordingly, the Board has not established a formal

RECOMMENDATION		CORETRACK LIMITED CURRENT PRACTICE
		nomination committee. The Company may elect to establish a nomination committee upon its review of its corporate governance policies in the coming year. In the meantime, the charter for the nomination processes is available at www.ckklimited.com in the Corporate Governance Statement.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Satisfied. Board Performance Evaluation Policy is available at www.ckklimited.com in the Corporate Governance Statement.
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2.	Satisfied. The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report. The names of the independent directors of the Company are noted at 2.1 above. Directors have the right to seek independent professional advice, at the Company's expense, in the furtherance of their duties as directors. The Company is supportive of the objectives of diversity and will develop a formal policy in due course. The Board continually reviews its performance however, no formal evaluation of the Board was undertaken during the period.
3.1	Companies should disclose a code of conduct and disclose the code or a summary of the code as to: • The practices necessary to maintain confidence in the Company's integrity; • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied. The Code of conduct is available at www.ckklimited.com in the Corporate Governance Statement.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Not Satisfied. The Board will develop a diversity policy for adoption in due course.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Not Satisfied. The Board will develop a diversity policy for adoption in due course. Once adopted the Company will be in a position to disclose the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation,	Satisfied. During the financial year, the Company did not have any employees aside from its Board, which was composed for four members who were all male.

RECOMMENDATION		CORETRACK LIMITED CURRENT PRACTICE
	women in senior executive positions and women on the board.	Following several changes to the composition of the Company's Board in August 2014, the Board is now composed of five board members who are all male, and the Company Secretary who is female. The company has no other employees.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Not Satisfied. Whilst the Code of Conduct is available at www.ckklimited.com in the Corporate Governance Statement, the Company had yet to establish a Diversity Policy but is committed to do so in the coming months.
4.1	The board should establish an Audit Committee.	Not satisfied. The Board consider that this function is efficiently achieved with full board participation, given the current size of the board. Accordingly, the Board has not established a formal audit committee. The Company may elect to establish an audit committee upon its review of its corporate governance policies in the coming year.
4.2	The Audit Committee should be structured so that it: • Consists only of non-executive directors; • Consists of a majority of independent directors; • Is chaired by an independent chair, who is not chair of the board; and • Has at least three members.	N/A
4.3	The Audit Committee should have a formal charter.	Satisfied. The Audit Committee charter is available at www.ckklimited.com in the Corporate Governance statement.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	N/A
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Satisfied. The Continuous disclosure policy is available at www.ckklimited.com in the Corporate Governance statement.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Satisfied.
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of their policy.	Satisfied. The shareholders communication policy is available at www.ckklimited.com in the Corporate Governance statement.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Satisfied.
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. The risk management program is available at www.ckklimited.com in the Corporate Governance statement. The full Board acts as the Risk Committee. Risk monitoring is an ongoing process.
7.2	The board should require management to design and implement the risk management and internal control system	Satisfied. As the Company did not employ a dedicated executive during the period, the full Board assumed the risk management function of the Company and routinely considered risk

RECOMMENDATION		CORETRACK LIMITED CURRENT PRACTICE
	to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	management matters, including the effectiveness of the Company's management of its material business risks.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied. The Board has received a section 295A declaration pursuant to the 2014 financial year.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Satisfied.
8.1	The board should establish a Remuneration Committee.	Not Satisfied. During the financial year, the Board considered that this function was efficiently achieved with full board participation, given that the Company did not employ any executives. Accordingly, the Board has not established a formal remuneration committee. Given recent changes in the structure of the Board, the Company is likely to establish a remuneration committee upon its review of its corporate governance policies in the coming year.
8.2	The remuneration committee should be structured so that it: • Consists of a majority of independent directors; • Is chaired by an independent chair; and • Has at least three members.	N/A
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Satisfied. The structure of directors remuneration is disclosed in the remuneration report of the annual report.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Remuneration Committee charter is available at www.ckklimited.com in the Corporate Governance statement.

29 August 2014

Board of Directors
Coretrack Limited
Suite 25
145 Stirling Highway
Nedlands, WA 6009

Dear Sirs

RE: CORETRACK LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Coretrack Limited.

As Audit Director for the audit of the financial statements of Coretrack Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

Coretrack Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

	Note	Consolidated 2014 \$	2013 \$
Revenue			
Other income	5	196,047	2,552,897
Expenses			
Cost of sales		-	(80,450)
Audit fees		(32,063)	(50,907)
Communications and marketing		(8,424)	(9,685)
Corporate and administrative expenses		(555,779)	(594,048)
Depreciation		(50,098)	(204,462)
Employee benefits expense		(199,345)	(688,118)
Finance charges		(6,134)	(85,717)
Foreign currency gain/(loss)		8,506	(32,967)
Insurance		(18,723)	(48,588)
Gain/(loss) on disposal of assets		6,950	320,514
Occupancy expenses		(19,513)	(76,714)
Professional fees		(209,435)	(337,402)
Research and development		(3,763)	(452)
Share based payments	28	(37,168)	(84,615)
Travel		(42,536)	(27,250)
Workshop expenses		-	(4,808)
Write down of asset		-	(69,241)
Impairment of receivables	10	(166,575)	-
Profit/(loss) before income tax expense		(1,138,053)	477,987
Income tax expense	6	-	-
Profit/(loss) after income tax expense for the year attributable to the owners of Coretrack Limited		(1,138,053)	477,987
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year attributable to the owners of Coretrack Limited		<u>(1,138,053)</u>	<u>477,987</u>
		Cents	Cents
Basic earnings per share	27	(0.36)	0.18
Diluted earnings per share	27	(0.36)	0.18

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Coretrack Limited
Statement of financial position
As at 30 June 2014

	Note	Consolidated 2014 \$	2013 \$
Assets			
Current assets			
Cash and cash equivalents	7	812,700	2,084,306
Trade and other receivables	8	56,803	71,759
Other assets	9	10,654	21,160
Total current assets		<u>880,157</u>	<u>2,177,225</u>
Non-current assets			
Receivables	10	100,000	-
Property, plant and equipment	11	1,016,658	1,050,098
Total non-current assets		<u>1,116,658</u>	<u>1,050,098</u>
Total assets		<u>1,996,815</u>	<u>3,227,323</u>
Liabilities			
Current liabilities			
Trade and other payables	12	439,650	520,666
Borrowings	13	50,000	98,607
Total current liabilities		<u>489,650</u>	<u>619,273</u>
Total liabilities		<u>489,650</u>	<u>619,273</u>
Net assets		<u>1,507,165</u>	<u>2,608,050</u>
Equity			
Issued capital	14	32,669,094	32,669,094
Reserves	15	1,191,427	1,154,259
Accumulated losses		<u>(32,353,356)</u>	<u>(31,215,303)</u>
Total equity		<u>1,507,165</u>	<u>2,608,050</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Coretrack Limited
Statement of changes in equity
For the year ended 30 June 2014

Consolidated	Issued capital \$	Options reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2012	32,320,594	1,069,644	(31,693,290)	1,696,948
Profit after income tax expense for the year	-	-	477,987	477,987
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	477,987	477,987
<i>Transactions with owners in their capacity as owners:</i>				
Issue of ordinary shares on conversion of convertible notes	350,000	-	-	350,000
Share issue costs	(1,500)	-	-	(1,500)
Share-based payments	-	84,615	-	84,615
Balance at 30 June 2013	<u>32,669,094</u>	<u>1,154,259</u>	<u>(31,215,303)</u>	<u>2,608,050</u>
Consolidated	Issued capital \$	Options reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2013	32,669,094	1,154,259	(31,215,303)	2,608,050
Loss after income tax expense for the year	-	-	(1,138,053)	(1,138,053)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,138,053)	(1,138,053)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 28)	-	37,168	-	37,168
Balance at 30 June 2014	<u>32,669,094</u>	<u>1,191,427</u>	<u>(32,353,356)</u>	<u>1,507,165</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Coretrack Limited
Statement of cash flows
For the year ended 30 June 2014

	Note	Consolidated 2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		33,962	57,975
Payments to suppliers and employees		(1,160,246)	(1,991,072)
Interest received		76,019	86,390
Interest and other finance costs paid		(4,197)	(80,797)
Research and development tax rebate		108,303	2,371,807
Net cash from/(used in) operating activities	26	(946,159)	444,303
Cash flows from investing activities			
Payments for property, plant and equipment	11	(16,658)	-
Payments for intangibles		-	(11,350)
Loan funding advanced		(266,575)	-
Proceeds from sale of property, plant and equipment		6,950	320,514
Net cash from/(used in) investing activities		(276,283)	309,164
Cash flows from financing activities			
Share issue transaction costs		-	(1,500)
Repayment of borrowings		(49,164)	(1,686,635)
Net cash used in financing activities		(49,164)	(1,688,135)
Net decrease in cash and cash equivalents		(1,271,606)	(934,668)
Cash and cash equivalents at the beginning of the financial year		2,084,306	3,018,974
Cash and cash equivalents at the end of the financial year	7	<u>812,700</u>	<u>2,084,306</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Coretrack Limited as a consolidated entity consisting of Coretrack Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Coretrack Limited's functional and presentation currency.

Coretrack Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 25, 145 Stirling Highway, Nedlands, WA, 6009

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2014. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. Application of AASB 10 did not result in any changes in the Group composition in the current or prior period.

AASB 11 Joint Arrangements

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications. The consolidated entity has no joint arrangements as classified by AASB 11.

AASB 12 Disclosure of Interests in Other Entities

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

Note 2. Significant accounting policies (continued)

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2014 the consolidated entity incurred a loss of \$1,138,053 (30 June 2013: gain of \$477,987), had net cash outflows of \$1,271,606 (30 June 2013: \$934,668) and had net current liabilities of \$489,650 as at 30 June 2014 (30 June 2013: \$619,273).

These factors indicate uncertainty as to whether the company and the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the company and consolidated entity will be able to continue as a going concern after consideration of the following factors:

- The ability to issue additional shares or quasi debt instruments under the Corporations Act 2001 to raise further working capital, as evidenced by the successful shares issue following the completion of the 2014 financial year;
- The prospects of liquidating remaining assets associated with the now dormant drilling activities;
- The possibility of a successful outcome in its legal action against Strange Investments;
- Directors and other key management personnel agreeing to accept equity in lieu of cash fees;
- The consolidated entity having the ability to scale down its operations in order to curtail expenditure, in the event capital raisings are delayed or insufficient cash is available to meet projected expenditure

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The directors have prepared a cash flow forecast, which indicates that the company and the consolidated entity will have sufficient cash flows to meet commitments and working capital requirements for the 12 month period from the date of signing this financial report if they are successful in relation to matters referred to above. Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the company's history of raising capital to date, the directors are confident of the company's ability to raise additional funds as and when they are required.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might be necessary should the company and the consolidated entity not continue as a going concern. The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Coretrack Limited ('company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Coretrack Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Note 2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

The consolidated entity determines and presents operating segments based on the information that internally is provided to the CEO, who is the consolidated entity's chief operating decision maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established. Revenue from government grants is recognised at fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants relating to costs are deferred or accrued such that they are recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 2. Significant accounting policies (continued)

Property, plant and equipment

i) Recognition and measurement

Each class of property, plant, and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss. When re-valued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

ii) Subsequent costs Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment from the time the asset is held ready for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Property, Plant and equipment	2-20 years
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Assets under construction are not depreciated until they reach service delivery capacity.
Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset of a cash-generating unit exceeds its recoverable amount, the asset or cash generating unit is impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on short-term and long-term borrowings

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term obligations

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Coretrack Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 2. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Business combinations

As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into 2 operating segments: Coretrack Limited and Globe Drill Pty Ltd. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Types of operations

The principal operations of each of these operating segments are as follows:

Coretrack Limited	the research, development and commercialisation of the Core Level Recorder System and the corporate head office of the Group;
Globe Drill Pty Ltd	the manufacture of the GT3000 and associated drilling services

Intersegment transactions

Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received are eliminated on consolidation.

Coretrack Limited
Notes to the financial statements
30 June 2014

Note 4. Operating segments (continued)

Operating segment information

	Coretrack Limited \$	Globe Drill Pty Ltd \$	Intersegment eliminations/ unallocated \$	Total \$
Consolidated - 2014				
Income	50,625	37,119	-	87,744
R&D tax incentive	108,303	-	-	108,303
Operating expenses	(1,273,194)	(62,386)	1,480	(1,334,100)
Profit/(loss) before income tax expense	<u>(1,114,266)</u>	<u>(25,267)</u>	<u>1,480</u>	<u>(1,138,053)</u>
Income tax expense				-
Loss after income tax expense				<u>(1,138,053)</u>
Assets				
Segment assets	922,565	1,074,250	-	1,996,815
Total assets				<u>1,996,815</u>
Liabilities				
Segment liabilities	202,569	287,081	-	489,650
Total liabilities				<u>489,650</u>
Consolidated - 2013				
Income	(107,122)	288,212	-	181,090
R&D tax incentive	2,371,807	-	-	2,371,807
Operating expenses	(1,819,040)	662	-	(1,818,378)
Inter-segment write-off	(256,532)	-	-	(256,532)
Profit before income tax expense	<u>189,113</u>	<u>288,874</u>	<u>-</u>	<u>477,987</u>
Income tax expense				-
Profit after income tax expense				<u>477,987</u>
Assets				
Segment assets	2,072,174	1,155,593	(444)	3,227,323
Total assets				<u>3,227,323</u>
Liabilities				
Segment liabilities	275,078	344,195	-	619,273
Total liabilities				<u>619,273</u>

Note 5. Other income

	Consolidated	
	2014	2013
	\$	\$
Government grants	108,303	2,371,807
Interest	53,781	117,890
Equipment rental	33,963	62,700
Other income	-	500
	<u>196,047</u>	<u>2,552,897</u>

Government grant income relates to Research & Development 45% refundable tax offset received during the year. In the previous year this was disclosed as part of income tax. In accordance with AASB 120 'Accounting for Government Grants and Disclosure of Government Assistance' the amounts are now disclosed as pre-tax income.

Note 6. Income tax expense

	Consolidated	
	2014	2013
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	(1,138,053)	477,987
Tax at the statutory tax rate of 30%	(341,416)	143,396
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	11,150	25,385
Research and development tax rebate not assessable	(32,112)	(711,542)
	(362,378)	(542,761)
Current year tax losses not recognised	277,129	511,910
Current year temporary differences not recognised	85,249	30,851
Income tax expense	<u>-</u>	<u>-</u>

	Consolidated	
	2014	2013
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	28,287,936	27,364,176
Potential tax benefit @ 30%	8,486,381	8,209,253

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

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Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2014	2013
	\$	\$
Cash at bank	42,086	216,296
Cash on deposit	770,614	1,868,010
	<u>812,700</u>	<u>2,084,306</u>

Note 8. Current assets - trade and other receivables

	Consolidated	
	2014	2013
	\$	\$
Trade receivables	-	5,748
Other receivables	20,000	20,000
Interest receivables	9,262	31,500
GST receivables	27,541	14,511
	<u>56,803</u>	<u>71,759</u>

Note 9. Current assets - other assets

	Consolidated	
	2014	2013
	\$	\$
Prepayments	10,654	4,000
Other deposits	-	17,160
	<u>10,654</u>	<u>21,160</u>

Note 10. Non-current assets - receivables

	Consolidated	
	2014	2013
	\$	\$
Patent cost refundable	97,048	97,048
Less: Provision for impairment of receivables	(97,048)	(97,048)
	<u>-</u>	<u>-</u>
Loan to Ecopropp	100,000	-
Ecopropp Working Capital Funding	166,575	-
Less: Provision for impairment of receivables	(166,575)	-
	<u>100,000</u>	<u>-</u>
	<u>100,000</u>	<u>-</u>

Patent Costs Refundable

The consolidated entity has met patent costs to date in relation to the IP licenced from Strange Investments (WA) Pty Ltd. Under the IP Licence Agreement with Strange Investments, these costs are to be repaid by Strange Investments over a period of 5 years from the costs being incurred by way of proportionate deductions from the royalties to be paid to Strange Investments over that 5 year period. Provision for impairment is made in full on patent costs as at 30 June 2014 and 30 June 2013.

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Note 10. Non-current assets - receivables (continued)

Loan to Ecopropp

During the year the Company entered into a Deed of Option to acquire the share capital of Ecopropp Pty Ltd ("Ecopropp"). Ecopropp is an oil and gas ceramic "proppant" developer, that over the last 3 years has spent over \$3 million (including \$400,000 of Federal Government funding grants) developing and lodging patents to create a unique ceramic proppant that is manufactured largely from the unwanted bi-product of coal fired power stations known as "fly ash".

Under the Loan Agreement, Coretrack agreed to loan \$100,000 to Ecopropp in exchange for an extended exclusivity period while the Company undertook due diligence on Ecopropp to underpin its subsequent decision to enter into a Deed of Option to acquire Ecopropp. The Loan Agreement requires the repayment of the loan in cash or shares in Ecopropp by June 2015 unless otherwise agreed by the parties. The loan is unsecured and no interest is payable on the outstanding amounts due by Ecopropp.

Ecopropp Funding

Following the execution of the Deed of Option and the completion of the Conditions Precedent, the Company agreed to advance funding to Ecopropp for project expenditure and working capital until October 2016. The funds are paid in instalments in accordance with an agreed budget of up to \$2.1 million (net of anticipated government grants and rebates).

Until the milestones stipulated in the Deed of Option are met, and the Company takes up its option to issue shares to acquire the share capital of Ecopropp, the funding is being treated as a loan. The Company has fully provided for the amount of the funds advanced at 30 June 2014. The consolidated entity funded working capital amount to \$166,575 for the financial year in addition to the funds advanced under the Loan Agreement.

Note 11. Non-current assets - property, plant and equipment

	Consolidated	
	2014	2013
	\$	\$
Plant and equipment - at cost	5,611,751	5,595,093
Less: Accumulated depreciation	(569,780)	(519,682)
Less: Provision for impairment	(4,025,313)	(4,025,313)
	<u>1,016,658</u>	<u>1,050,098</u>
Motor vehicles - at cost	21,759	21,759
Less: Accumulated depreciation	(21,759)	(21,759)
	<u>-</u>	<u>-</u>
	<u><u>1,016,658</u></u>	<u><u>1,050,098</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant & equipment \$	Motor Vehicles \$	Assets under construction \$	Total \$
Balance at 1 July 2012	254,560	-	1,000,000	1,254,560
Depreciation expense	(204,462)	-	-	(204,462)
Balance at 30 June 2013	50,098	-	1,000,000	1,050,098
Additions	16,658	-	-	16,658
Depreciation expense	(50,098)	-	-	(50,098)
Balance at 30 June 2014	<u><u>16,658</u></u>	<u><u>-</u></u>	<u><u>1,000,000</u></u>	<u><u>1,016,658</u></u>

Note 11. Non-current assets - property, plant and equipment (continued)

Assets under construction

Plant and equipment under construction relates to the GT3000 and GT5000 drill rigs, and associated auxiliary and field equipment. In April 2012, the majority of auxiliary and field equipment were auctioned. The only drilling assets on hand as at 30 June 2014 are the GT3000 drilling rig valued at \$1,000,000 and a mudtank and partially completed blow out preventer (BOP), both of which have been fully provided for. An impairment of \$4,025,313 has been recorded against this asset in prior periods.

Note 12. Current liabilities - trade and other payables

	Consolidated	
	2014	2013
	\$	\$
Trade payables	106,141	171,287
Amount outstanding on partially completed BOP	287,081	295,587
Other payables	46,428	53,792
	<u>439,650</u>	<u>520,666</u>

Amount outstanding on partially completed BOP

Prior to the withdrawal of its licence by Strange Investments, the Company engaged a manufacturer to manufacture a blow-out-preventer (BOP) for use with the GT3000. On withdrawal of the licence the manufacturer was instructed to cease work on the BOP which remains partially complete and currently located with the manufacturer. The Company is considering the most appropriate way to maximise the value of its investment to date which may result in, amongst other possibilities, a simple sale of the partially complete BOP, releasing the BOP to the manufacturer in its current form or making further funding available to the manufacturer to finalise the manufacture and release the BOP to the Company. This amount remains included within the trade creditors on the balance sheet

Refer to note 17 for further information on financial instruments.

Note 13. Current liabilities - borrowings

	Consolidated	
	2014	2013
	\$	\$
Secured finance lease liabilities	-	48,607
Convertible notes	50,000	50,000
	<u>50,000</u>	<u>98,607</u>

Refer to note 17 for further information on financial instruments.

As at 30 June 2014 there was one convertible note outstanding, at an applicable interest rate of 11% and valued at \$50,000. On 21 August 2014 this convertible note was redeemed by the Company ahead of its maturity date of 28 August 2014. The beneficial holder of this convertible note was an entity related to Winton Willesee (Director & Company Secretary).

Note 14. Equity - issued capital

	Consolidated			
	2014	2013	2014	2013
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>316,317,262</u>	<u>316,317,262</u>	<u>32,669,094</u>	<u>32,669,094</u>

Note 14. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2012	228,513,827		32,320,594
Convertible notes converted to shares	5 December 2012	25,291,106	\$0.004	100,000
Convertible notes converted to shares	8 March 2013	50,000,000	\$0.004	200,000
Convertible notes converted to shares	8 March 2013	12,512,329	\$0.004	50,000
Share issue costs		-		(1,500)
Balance	30 June 2013	<u>316,317,262</u>		<u>32,669,094</u>
Balance	30 June 2014	<u><u>316,317,262</u></u>		<u><u>32,669,094</u></u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Note 15. Equity - reserves

	Consolidated	
	2014	2013
	\$	\$
Options reserve	<u>1,191,427</u>	<u>1,154,259</u>

Options reserve

The reserve is used to recognise the value of equity benefits provided to suppliers, employees and directors as part of their remuneration, and other parties as part of their compensation for services.

As at 30 June 2014, the consolidated entity has no unissued ordinary shares under option that are quoted on ASX.

Note 15. Equity - reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Options reserve \$	Total \$
Balance at 1 July 2012	1,069,644	1,069,644
Supplier share-based payment	79,366	79,366
Employee share-based payment	5,249	5,249
Balance at 30 June 2013	1,154,259	1,154,259
Supplier share-based payment	37,168	37,168
Balance at 30 June 2014	<u>1,191,427</u>	<u>1,191,427</u>

Note 16. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 17. Financial instruments

Financial risk management objectives

The Group's activities are exposed to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. This note presents qualitative and quantitative information about the Group's exposure to each of the above risks, their objectives, policies and procedures for managing risk, and the management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the financial performance of the Group. The Group does not currently use derivative financial instruments to hedge financial risk exposures and therefore it is exposed to daily movements in interest rates and foreign currency exchange rates.

The Group uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risk and ageing analysis for credit risk.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Given the stage of the Group's development there are no formal targets set for return on capital. There were no changes to the Group's approach to capital management during the year. Neither the Company nor its controlled entity are subject to externally imposed capital requirements.

No sensitivity analysis has been prepared by management as the impact is not material.

Market risk

Foreign currency risk

The Group has transactional foreign currency exposures. Such exposure arises from purchases in currencies other than Australian dollars and invoice to companies whose currency is not Australian dollars.

The Group does not currently hedge its foreign currency risk through the use of forward currency contracts as the cost to do so would outweigh the risk of the currency fluctuation. However, the Group will review the requirement to manage the risk as the requirement arises. The Group does not have any significant foreign currency risk at balance date.

At 30 June 2014 the Group had payables denominated in US Dollars amounting to AUD \$287,081 (2013: \$295,587). Any movement in the US Dollar exchange rate will impact the amount payable to the counterparty. A 10% variation in the rate would impact the balance by \$28,708 (2013: \$29,559, impacting loss for the year, equity and net assets by the same amount).

Note 17. Financial instruments (continued)

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The Group's exposure to interest rate risk and the effective weighted interest rate by maturity periods is set out in the following table:

	2014		2013	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Consolidated				
Cash and cash equivalents	2.00%	812,700	1.90%	2,084,306
Net exposure to cash flow interest rate risk		<u>812,700</u>		<u>2,084,306</u>

	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Consolidated - 2014						
Cash at bank	100	420	420	(100)	(420)	(420)
Cash on deposit	100	<u>7,706</u>	<u>7,706</u>	(100)	<u>(7,706)</u>	<u>(7,706)</u>
		<u>8,126</u>	<u>8,126</u>		<u>(8,126)</u>	<u>(8,126)</u>

	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Consolidated - 2013						
Cash at bank	100	2,162	2,162	(100)	(2,162)	(2,162)
Cash on deposit	100	<u>18,680</u>	<u>18,680</u>	(100)	<u>(18,680)</u>	<u>(18,680)</u>
		<u>20,842</u>	<u>20,842</u>		<u>(20,842)</u>	<u>(20,842)</u>

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Group, and arises principally from the Group's receivables from customers and cash deposits.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under a range of financial conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses by keeping significant cash reserves. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Note 18. Key management personnel disclosures

Directors

The following persons were directors of Coretrack Limited during the financial year:

Winton Willesee	Non-Executive Director and Company Secretary (subsequently appointed Chairman on 18 August 2014)
Trevor Beazley	Non-Executive Director
Bernard Kelly	Non-Executive Director
Matthew Birney	Non-Executive Director (resigned 18 August 2014)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2014	2013
	\$	\$
Short-term employee benefits	176,613	336,803
Post-employment benefits	3,387	15,908
Share-based payments	-	5,131
	<u>180,000</u>	<u>357,842</u>

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Stantons International, the auditor of the company:

	Consolidated	
	2014	2013
	\$	\$
<i>Audit services - Stantons International</i>		
Audit or review of the financial statements	<u>32,063</u>	<u>50,907</u>
<i>Other services</i>		
Advice on taxation and valuation of share options	<u>3,650</u>	<u>-</u>
	<u>35,713</u>	<u>50,907</u>

Note 20. Contingent liabilities

As at 30 June 2014 the Company was engaged in legal dispute with Strange Investments (WA) Pty Ltd in relation to ownership of GT3000 deep hole drilling rig owned by Coretrack's wholly owned subsidiary, Globe Drill Pty Ltd. The Supreme Court rejected Strange Investments' claim to ownership of the rig and supported Coretrack's view that Strange Investments was entitled to act only as bailee for the rig to protect its IP. The parties have been directed by the Court to draft appropriate orders to give effect to the judgment. Coretrack's lawyers will be asking the Court to address the issue of costs. On 26 August 2013 Coretrack was served with a Notice of Appeal lodged by Strange Investments. No provision has been made in relation to potential costs arising from any action brought successfully by Strange Investments in relation to this matter.

A contingent liability exists should the Company be unsuccessful in its prosecution of legal action against Strange Investments and its defence of legal action commenced by Strange Investments, based upon unlawful termination of the Company's IP Licence. This contingent liability encompasses the GT3000 drill rig and damages, if payable, to Strange Investments. The outcome of the legal action and the level of possible damages is unknown at the date of this report.

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Note 21. Commitments

a) Capital expenditure commitments

Under the terms of the Deed of the Option between Coretrack Limited and Ecopropp Pty Ltd, Coretrack has an obligation to fund an agreed budget of \$2.1 million (net of anticipated government grants) to meet the project expenditure and working capital requirements of Ecopropp until October 2016. (2013: nil).

b) Lease commitments

As at 30 June 2014, there are no operating lease commitments (2013: nil).

Note 22. Related party transactions

Parent entity

Coretrack Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 24.

Key management personnel

Disclosures relating to key management personnel are set out in note 18 and the remuneration report in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2014	2013
	\$	\$
Payment for other expenses:		
Corporate advisory costs – Maiden Capital Pty Ltd	5,188	18,500
Accounting services and front and registered office services – Azalea Consulting	21,167	7,000
Corporate advisory costs – Bernard Kelly	-	5,000
Company secretary fees – Azalea Consulting	60,000	60,000

Azalea Consulting is an entity related to Winton Willesee which provides company secretarial and accounting services along with front and registered office services to the Company.

Maiden Capital Pty Ltd is an entity related to Trevor Beazley and was engaged to undertake duties outside those normally associated with the role of a non-executive director.

During the previous financial year Bernard Kelly was engaged to undertake duties outside those normally associated with the role of a non-executive director.

Receivable from and payable to related parties

There were no receivables from related parties at the current and previous reporting date.

As at 30 June 2014 \$31,229 was payable to Azalea Consulting, \$5,000 was payable to Mattellee Trust (an entity associated with Mr Matthew Birney) and \$3,333 was payable to Mr B Kelly in relation to invoices for services provided as outlined above.

Note 22. Related party transactions (continued)

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2014	2013
	\$	\$
Current borrowings:		
Convertible note ultimately held by Silverinch Super Fund	50,000	50,000

Silverinch Super Fund is a related party of Winton Willesee.

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2014	2013
	\$	\$
Profit/(loss) after income tax	(1,114,266)	445,646
Total comprehensive income	(1,114,266)	445,646

Statement of financial position

	Parent	
	2014	2013
	\$	\$
Total current assets	805,909	2,072,174
Total assets	922,568	2,072,174
Total current liabilities	202,571	275,078
Total liabilities	202,571	275,078
Net assets	719,997	1,797,096
Equity		
Issued capital	32,669,094	32,669,094
Options reserve	1,191,427	1,154,259
Accumulated losses	(33,140,524)	(32,026,257)
Total equity	719,997	1,797,096

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2014 and 30 June 2013.

Contingent liabilities

A contingent liability exists should the Company be unsuccessful in its prosecution of legal action against Strange Investments and its defence of legal action commenced by Strange Investments, based upon unlawful termination of the Company's IP Licence. This contingent liability encompasses the GT3000 drill rig and damages, if payable, to Strange Investments. The outcome of the legal action and the level of possible damages is unknown at the date of this report.

Note 23. Parent entity information (continued)

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 2014 and 2013.

Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2014 %	2013 %
Globe Drill Pty Ltd	Australia	100.00%	100.00%
Coretrack Australia Pty Ltd*	Australia	-%	100.00%

* This entity was incorporated on 22 April 2010 as a wholly owned subsidiary of Coretrack but is not operating and was deregistered on 1 June 2014.

Note 25. Events after the reporting period

On 16 July 2014 the consolidated entity announced that it has received commitments from investors to raise \$2 million, through the issue of 250 million fully paid ordinary shares at an issue price of \$0.008 per share, before costs. Cygnet Capital Pty Ltd acted as manager to the Placement and the agreed fees for their services are 40 million options exercisable at \$0.01 (1 cent) per option, on or before August 2016. The consolidated entity successfully completed the placement and issued the 250 million fully paid ordinary shares on 31 July 2014.

On 24 July 2014 and following shareholder approval received at a general meeting of shareholders held on 25 June 2014, the consolidated entity issued 8,092,500 Tranche 1 Performance Rights and 13,280,000 Performance Rights to directors.

Each Tranche 1 Performance Right gives the holder the right to be issued 1 Share for nil consideration if the volume weighted average price of the Company's shares is above 2.2 cents for 5 consecutive trading days.

Each Tranche 2 Performance Right gives the holder the right to be issued 1 Share for nil consideration if the volume weighted average price of the Company's shares is above 3.3 cents for 5 consecutive trading days.

On 7 August 2014 the consolidated entity announced that it has been successful in defeating a bid by former IP Licensor, Strange Investments (WA) Pty Ltd to claim ownership of the GT3000 deep hole drilling rig owned by Coretrack's wholly owned subsidiary, Globe Drill Pty Ltd.

The Supreme Court rejected Strange Investments' claim to ownership of the rig and supported Coretrack's view that Strange Investments was entitled to act only as bailee for the rig to protect its IP. The parties have been directed by the Court to draft appropriate orders to give effect to the judgment. Coretrack's lawyers will be asking the Court to address the issue of costs.

On 26 August 2014 Coretrack was served with a Notice of Appeal lodged by Strange Investments.

On 13 August 2014 the consolidated entity announced that its agreement to license its Core Level Recorder System Technology (CLRS) is now unconditional and the full form license documents have now been signed by both parties.

The entity that has been granted the worldwide exclusive license to develop, operate, manufacture and sub-license Coretrack's CLRS technology is "Specialised Oilfield Services Pty Ltd", a company which is majority owned by Aztech Well Construction Pty Ltd and its associates.

The CLRS was developed by Coretrack to address the problem of core samples jamming down hole during an oil and gas drilling/coring operation.

On 22 August 2014 the Company redeemed the last remaining convertible note with a face value of \$50,000 ahead of its maturity date of 28 August 2014.

Note 25. Events after the reporting period (continued)

Subsequent to the balance date a further \$997,807 has been advanced to Ecopropp to provide working capital under the funding arrangements related to the option to acquire Ecopropp, as announced to the market on 12 May 2014.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 26. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	Consolidated	
	2014	2013
	\$	\$
Profit/(loss) after income tax expense for the year	(1,138,053)	477,987
Adjustments for:		
Depreciation and amortisation	50,098	204,462
Net gain on disposal of property, plant and equipment	(6,950)	(320,514)
Share-based payments	37,168	84,615
Impairment of receivable	166,612	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	14,956	132,743
Decrease in other operating assets	10,506	148,400
Decrease in trade and other payables	(80,496)	(254,627)
Decrease in other provisions	-	(28,763)
Net cash from/(used in) operating activities	<u>(946,159)</u>	<u>444,303</u>

Note 27. Earnings per share

	Consolidated	
	2014	2013
	\$	\$
Profit/(loss) after income tax attributable to the owners of Coretrack Limited	<u>(1,138,053)</u>	<u>477,987</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>316,317,262</u>	<u>262,724,664</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>316,317,262</u>	<u>262,724,664</u>
	Cents	Cents
Basic earnings per share	(0.36)	0.18
Diluted earnings per share	(0.36)	0.18

Note 28. Share-based payments

i) Employee option scheme

In previous years the Company operated an employee option scheme as an incentive. No share options have been issued under the plan in 2014 or 2013.

Note 28. Share-based payments (continued)

ii) Share-based payments – Directors & Executives

2014

During the year ended 30 June 2014 no share based payments were made to the directors and employees.

2013

During the year ended 30 June 2013, 300,000 options were issued to an entity associated with Winton Willesee in its capacity as the beneficial holder of one convertible note as part of a broader agreement to extend all the convertible notes on issue. The options were issued on 5 November 2012 with a strike price of 0.03 cents, exercisable on or before 28 February 2014.

iii) Share-based payments – suppliers

2014

No options were issued to suppliers during the year ended 30 June 2014. During the year an expense of \$37,168 was recorded in relation to options granted in November 2010.

2013

No options issued to suppliers during the year ended 30 June 2013. During the year an expense of \$84,615 was recorded in relation to options granted in November 2010.

Set out below are summaries of options granted under the scheme:

2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
29/11/2010	27/08/2013	\$0.400	100,000	-	-	(100,000)	-
29/11/2010	29/11/2013	\$0.250	4,000,000	-	-	(4,000,000)	-
25/02/2011	25/08/2013	\$0.250	100,000	-	-	(100,000)	-
25/02/2011	25/02/2014	\$0.250	100,000	-	-	(100,000)	-
29/08/2011	03/10/2013	\$0.250	1,000,000	-	-	(1,000,000)	-
29/08/2011	03/10/2016	\$0.500	1,000,000	-	-	-	1,000,000
25/11/2011	28/11/2013	\$0.250	1,000,000	-	-	(1,000,000)	-
25/11/2011	28/11/2016	\$0.500	1,000,000	-	-	-	1,000,000
27/03/2012	28/02/2014	\$0.030	10,700,000	-	-	(10,700,000)	-
05/11/2012	28/02/2014	\$0.030	300,000	-	-	(300,000)	-
			<u>19,300,000</u>	<u>-</u>	<u>-</u>	<u>(17,300,000)</u>	<u>2,000,000</u>

Note 28. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2014 Number	2013 Number
29/11/2010	27/08/2013	-	100,000
29/11/2010	29/11/2013	-	4,000,000
25/02/2011	25/08/2013	-	100,000
25/02/2011	25/02/2014	-	100,000
29/08/2011	03/10/2016	1,000,000	1,000,000
29/08/2011	03/10/2013	-	1,000,000
25/11/2011	28/11/2013	-	1,000,000
25/11/2011	28/11/2016	1,000,000	1,000,000
27/03/2012	28/02/2014	-	10,700,000
05/11/2012	28/02/2014	-	300,000
		<u>2,000,000</u>	<u>19,300,000</u>

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2 years and 5 months (2013: 8 months).

Coretrack Limited
Directors' declaration
30 June 2014

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Winton Willesee
Non-Executive Chairman

29 August 2014

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CORETRACK LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Coretrack Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- (a) the financial report of Coretrack Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Inherent Uncertainty regarding Going Concern and the Recoverability of Property, Plant and Equipment Assets:

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in Note 2 to the financial statements, the financial statements have been prepared on the going concern basis. As at 30 June 2014, the entity had working capital of \$390,507 and had incurred a loss for the year of \$1,138,053. The ability of the consolidated entity to continue as a going concern is subject to the continued successful capitalisation of the consolidated entity. In the event that the Board is not successful in the continued successful capitalisation of the consolidated entity, the consolidated entity may not be able to pay its debts as and when they become due and may be required to realise its assets and discharge its liabilities other than in the normal course of business, and at amounts different to those stated in the financial report.

The Property, Plant and Equipment as at 30 June 2014 amounting to \$1,016,658 includes a drilling rig with a carrying value of \$1,000,000 which currently cannot be used to generate income. The recoverability of the Group's carrying value of the drilling rig is dependent on the successful commercial exploitation of the assets to generate profits or sale of the assets at an amount in excess of the book values. In the event that the consolidated entity is not successful in the commercialisation or sale of its non-current assets, the consolidated entity may not be able to realise the carrying value of the consolidated entity's non-current assets.

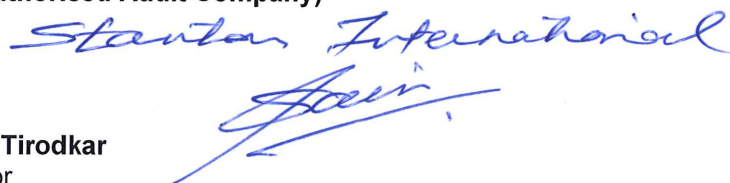
Report on the Remuneration Report

We have audited the remuneration report included in pages 14 to 16 of the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the remuneration report of Coretrack Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

West Perth, Western Australia
29 August 2014

Coretrack Limited
Shareholder information
30 June 2014

The shareholder information set out below was applicable as at 13 August 2014.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	45
1,001 to 5,000	195
5,001 to 10,000	178
10,001 to 100,000	736
100,001 and over	482
	<u>1,636</u>
Holding less than a marketable parcel	<u>1,013</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares % of total shares issued
Number held	
MS MERLE SMITH + MS KATHRYN SMITH (THE MINI PENSION FUND A/C)	32,604,990 10.31
YORLAT PTY LTD (GOBBERT SUPER FUND A/C)	31,250,000 9.88
AZALEA FAMILY HOLDINGS PTY LTD (NO 2 A/C)	12,852,079 4.06
MCNEIL NOMINEES PTY LIMITED	12,500,000 3.95
MR PHILLIP RICHARD PERRY	12,500,000 3.95
MR WILLIAM ROBERT WALLACE	12,390,481 3.92
VAN AM MARKETING PTY LTD	10,000,000 3.16
MR WILLIAM ROBERT WALLACE	10,000,000 3.16
MR SARY TAUCH	9,500,000 3.00
MR PETER DAVIES	7,993,896 2.53
MR RICK WAYNE CRABB + MRS CAROL JEAN CRABB (INTERMAX A/C)	6,250,000 1.98
NUTSVILLE PTY LTD (INDUSTRIAL ELEC CO S/F A/C)	6,250,000 1.98
TEMPO CAPITAL PTY LTD (TEMPO GROWTH FUND A/C)	6,250,000 1.98
MR WILLIAM HENRY HERNSTADT	6,116,011 1.93
MR WILLIAM FRANCIS CONNELL + MRS BEVERLY HELEN CONNELL (CONNELL SUPER FUND A/C)	5,597,070 1.77
MR LEO FERDINANDO CESTER + MRS MARIA HENDRIKA CESTER (CESTER SUPER FUND A/C)	5,000,000 1.58
ZERO NOMINEES PTY LTD	4,875,000 1.54
MR DAMIAN JONATHON STOCKTON + MS JULIE RAE MUNDAY (MADAM A/C)	4,671,520 1.48
MR BART RENSEN + MRS SUZANNE RENSEN	4,130,000 1.31
JAKANA PTY LTD (BATEMAN SUPER FUND A/C)	4,000,000 1.26
	<u>204,731,047 64.73</u>

Coretrack Limited
Shareholder information
30 June 2014

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	2,000,000	4

Substantial holders

On 26 March 2014 a substantial shareholder notice was received by the Company notifying the Company that Ms Merle Smith and Ms Kathryn Smith <The Mini Pension Fund A/C> was a substantial shareholder holding a relevant interest in shares representing 11.2% of the voting power.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.