

Coretrack provides Proppant Pilot Plant construction update

Commissioning and proppant production expected Q2, 2015

ASX ANNOUNCEMENT

1 April 2015

Australian oil and gas technology company Coretrack Ltd (ASX: CKK) (Coretrack, the Company) is pleased to provide the following update on construction of its pilot-scale proppant manufacturing plant in Queensland.

Coretrack is developing a next generation, fly-ash based, proppant for use in hydraulic fracturing (fracking) of oil and gas wells globally. Proppants are a sand-like commodity used to 'prop' open fractures in shale rocks which allows oil and gas to flow, and are a major input and cost item in the fracking process.

Construction of the pilot plant at Clontarf, near Brisbane, commenced in December 2014 (ASX announcement, 3 December 2014), and Coretrack is pleased to advise that construction is now largely complete, with commissioning followed by initial proppant production expected in Q2, 2015.

The pilot plant is designed to validate the scale-ability of the Coretrack proppant product as a cost effective and superior alternative to bauxite and clay based proppants, typically used in fracking operations currently.

Pilot Plant construction progress

- External concrete works plus electrical installation, and office and laboratory construction has been completed, as has the internal concrete foundation for the milling equipment;
- Installation of the plant's natural gas and LPG gas supply is also complete, and the fly-ash, and other raw materials to feed the plant have arrived on-site.
- All long lead-time equipment items plus critical technical componentry, such as granulation equipment and sophisticated burners, have arrived on site, and installation is currently ongoing.
- The Company's technical team arrived onsite in January 2015, and is overseeing construction, and on completion will assume responsibility for the operations and management of the plant.

Coretrack executive director, Siegfried Konig, said:

"We are delighted with the progress of construction of the pilot plant. The plant is nearing completion and, after commissioning, we expect to commence initial production of our unique fly-ash based proppant on schedule, in Q2, 2015. Production at the pilot plant is designed to validate the scale-ability of our proppant product and manufacturing process, as well as provide confirmation of our low manufacturing cost base. This will be a key advantage for the Company over traditional clay-bauxite proppant producers as we seek to commercialise the product in the massive global fracking and proppant market."

Images Proppant Manufacturing Pilot Plant construction



Image 1: Proppant manufacturing pilot plant at Clontarf in Queensland showing external bag houses positioned in place.



Image 2: Kiln position on stand.



Image 3: Two main components of mill system.



Image 4: 800AMP capacity switchboard connected.



Image 5: Grinding Mill on concrete foundation.



Image 6: Chief Engineer inspecting progress.

Share Purchase Plan

As previously announced, Coretrack is currently undertaking a Share Purchase Plan (SPP) to existing eligible shareholders, to help fund the commissioning of the pilot plant and commence commercialisation of the proppant business, and to also provide working capital for the Company. The Company encourages eligible shareholders to take this opportunity to help fund the future growth of the Company by participating in the SPP.

Full details on the SPP were mailed to eligible shareholders in the SPP Offer Document and Application, on or about 25 March 2015. The SPP is now open and is due to close Friday, 24 April 2015.

Coretrack executive director, Siegfried Konig, said:

"I encourage eligible shareholders to take this opportunity to help fund the Company's next exciting stage of growth by participating in the Share Purchase Plan. I am strongly committed to the Company's goals and objectives and in support of this I intend to participate in the SPP to the maximum extent."

ENDS

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About Proppants

Proppants are a sand-like commodity which are a major input and cost item in the hydraulic fracturing (fracking) of oil and gas wells. Proppants are pumped into an oil and gas well under pressure to 'prop' open the tiny fractures created in hydrocarbon-bearing shale rocks during fracking, to allow oil and gas to flow from the ground fractures.

Traditional ceramic proppants are made from clay and/or bauxite. Ecopropp's ceramic proppant is majority manufactured from fly-ash, a by-product of coal fired power stations. The Company is of the view that Ecopropp's unique proppant product has the potential to lead the industry due to;

- the widespread availability of fly-ash;
- the fly-ash proppants' ultra-light weight; and
- its ability to withstand very high pressures in deep wells.

Ecopropp's proppants have been certified to meet or exceed both the American Petroleum Institute standards and the ISO standards.

Background

In May 2014, Coretrack announced that it had entered into an agreement with Queensland-based proppant development company, Ecopropp, which gave Coretrack an Option to acquire 100% of Ecopropp shares subject to the satisfaction of various conditions precedent and the subsequent achievement of certain milestones (refer to ASX announcement dated 12 May 2014). On 18 August 2014 the Company announced that all conditions precedent to acquire the Option had been met (refer to ASX announcement dated 18 August 2014). Ecopropp has now commenced the development of a pilot scale proppant manufacturing plant in Queensland to validate the scale-ability of the product and achieve its first milestone.