

Coretrack Licensor Terminates Drill Rig IP Licence

Coretrack to sue for loss of earnings and damages

2 February 2012

Coretrack Limited (“Coretrack” or “the Company”) has received notice from its Licensor, Strange Investments Pty Ltd (“Strange Investments”), that its IP Licence Agreement (signed by the parties in January 2010) permitting the manufacture and use of the GT3000 drill rig by Coretrack, has been terminated.

Strange Investments is also attempting to make use of a clause in the IP Licence Agreement which provides for Coretrack’s GT 3000 drilling rig to be “delivered” to Strange Investments in the event of a termination of the IP Licence Agreement.

Coretrack’s legal advice is that the IP Licence Agreement has been terminated unlawfully and, as such, the Company will be commencing legal action immediately against Strange Investments for loss of earnings and damages.

Strange Investments contends that Coretrack has committed two main breaches of the IP License Agreement:

- 1) Fitting “improvements or accessories” to the GT3000 drill rig for the Newcrest Telfer drilling contract without seeking permission from the Licensor; and
- 2) Promoting and using the GT3000 drill rig for the Newcrest Telfer drilling contract without agreement from the Licensor.

Many of the items fitted to the drill rig (and relied on by Strange Investments to terminate the IP Licence Agreement) for the Newcrest Telfer drilling contract were either repairs and maintenance type items or items that were necessary to either fix a problem or to attempt to overcome a lack of capacity, power or capability.

Some of the items that were relied upon for the termination of the IP Licence Agreement were nothing more than minor items such as the installation of a safety handrail that was fitted for the safety of the rig staff and the replacement of a small worn hydraulic fitting and worn air hose.

The IP Licence Agreement requires the Licensor to provide 30 days for the Licensee to rectify any remedial breaches and Strange Investments failed to comply with this provision.

With regard to the second purported breach (ie. promotion of the rig for, and undertaking the Newcrest Telfer drilling contract without agreement from the Licensor), Coretrack is unaware of the

use of the rig for that contract as being contrary to any "agreement" and disputes that there is a requirement to seek agreement from the Licensor to undertake that contract.

In any case, Mr Warren Strange of Strange Investments was in regular email and telephone communication with Coretrack staff regarding this contract, he was given a copy of the contract and even offered advice and support on numerous occasions to Coretrack regarding its execution and the methods for charging the client.

Following a review of the performance of the rig whilst deployed on the Newcrest Telfer drilling contract, Coretrack has received further technical advice to the effect that the GT3000 drill rig will not meet its technical and functional specifications as expected without undergoing costly and time consuming modifications, upgrades and re-design work.

Given the recent actions of its Licensor in unlawfully terminating the IP Licence Agreement and the effect those actions will have on the Company's ability to secure funding to address the rig's limitations, the Board and management of Coretrack cannot in any case recommend to its shareholders that any further funds be spent on the GT3000 drilling rig.

Coretrack CEO Mr Bernie Kelly said "Our employees and shareholders, who have invested millions of dollars, will no doubt be extremely disappointed by Mr Strange's actions at this important stage of Coretrack's development."

"Rest assured that we will leave no stone unturned in our efforts to pursue Strange Investments for loss of earnings and damages, on behalf of our shareholders through the courts."

"As a result of these actions, unfortunately we will now have to immediately downsize Globe Drill and commence the hiring out (either directly or by way of a joint venture) or selling of our drilling and workshop equipment."

"We will then be focusing on other opportunities and our CLRS technology, which is now ready for commercial work having recently successfully completed an offshore trial for Woodside Energy."

Globe Drill currently has the following major assets, with the following unaudited approximate values recorded on its balance sheet as at 31 January 2012:

Item	\$
1) Drill rig : GT3000:	5,000,000
2) Workshop equipment etc:	720,000
3) Vehicles:	125,000
4) Office Equipment and IT equipment:	90,000
5) Plant and Equipment (including deposits on equipment);	1,800,000
6) Drilling Consumables:	2,000,000
7) GT5000 items:	425,000
8) Auxiliary Equipment:	2,100,000

9) Field Equipment:	3,200,000
10) Inventory:	850,000
TOTAL	16,310,000

The Company notes that the Board and Globe Drill management will be undertaking an internal review of the realisable market values of its fixed assets in the current circumstances and currently believes that impairments (reductions) to the values as listed in the balance sheet and above table are likely to be required after this review has taken place.

Offer by Mr Strange to Dry Hire Drill Rig – Clarification

Coretrack wishes to clarify the details of a disagreement that arose recently with the Licensor's representative Mr Warren Strange, with respect to his offer to dry hire the GT3000 rig for use in a drilling contract that he was attempting to secure in Slovakia.

Whilst Coretrack was disappointed that Mr Strange was not pursuing this contract on its behalf, Coretrack was nonetheless agreeable to dry hiring the rig to Mr Strange on acceptable terms.

However, when it was discovered that the company that Mr Strange intended to use to take the rig overseas (Strada Energy Pty Ltd) was only recently set up, had a paid up capital of \$2 and had only one director and shareholder – Mr Strange's 22 year old son - Coretrack required a suitable guarantee in order to protect its assets. Mr Strange refused to provide one.

AUTHORISED FOR AND ON BEHALF OF:

The Directors of Coretrack Limited

Coretrack Limited is an ASX listed company that provides technical solutions to the energy industry in the form of down hole tools, products and services.

Since the company's conception, Coretrack has focused primarily on building its highly anticipated integrated core tracking tool, the Core Level Recorder System (CLRS), and introducing the tool into the commercial market.

For further information please contact:

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