

Coretrack completes construction at Proppant Pilot Plant

Commissioning continues to progress

ASX ANNOUNCEMENT

20, May 2015

Australian oil and gas technology company Coretrack Ltd (ASX: CKK) (Coretrack, the Company) is pleased to announce that it has completed construction at its pilot-scale proppant manufacturing plant in Queensland.

The Company advises that its main equipment construction team and engineers have now completed construction at the plant and will depart site today, after completing final testing and checking.

Construction of the pilot plant at Clontarf, near Brisbane, commenced in December 2014 (ASX announcement, 3 December 2014), and the Company is delighted to advise that it has been completed on-time and within-budget.

This is a significant milestone in the development timeline of Coretrack's 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.

As previously announced, commissioning at the pilot plant has commenced and each piece of major equipment will undergo commissioning over the coming two months, this process is progressing on schedule, with commissioning of the plant's Fine Grinding Mill underway.

Pilot Plant progress

- The External Soundproof room around the mill has been installed and internal soundproof lining has been completed;
- The Kiln has had its electrical board connected and has successfully undergone its first test rotation;
- Refractory lining of the Kiln and other key components has been completed;
- First Laboratory Testing equipment has arrived on-site with the remaining lab equipment due to arrive this week; and
- The German Laboratory Technician has arrived in readiness for the proppant raw materials to be ground to specification ahead of commencement of manufacturing.

With construction now complete, Coretrack will continue with the progressive commissioning of the pilot plant, ahead of the commencement of initial proppant production. Commissioning of all components of the plant is expected to take two months from now, and initial proppants will be manufactured following the commissioning phase.

The Pilot Plant has been 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.

Coretrack executive director, Siegfried Konig, said:

"We are delighted to report that construction at our proppant Pilot Plant is now complete. I would like to take this opportunity to acknowledge the outstanding contribution of our construction and engineering teams, and all involved in the project to date, for delivering the plant to this point. Commissioning is underway and ongoing, and we continue to advance rapidly towards our goal of commencing initial production of our unique fly-ash based proppant, and providing a new, cost effective proppant option for oil and gas services companies globally."

Coretrack will continue to provide regular updates on the progress of the Pilot Plant.

Latest images of Proppant Manufacturing Pilot Plant



Image 1: Rotary Kiln and Rotary Cooler controls fitted.



Image 2: Construction team completing refractory of primary sintering kiln.



Image 3: Fine Grinding Mill Sound Proof Room.

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About Coretrack

Coretrack Ltd (ASX: CKK) is an Australian oil and gas technology company focused on developing a next generation, fly-ash based, proppant for use in hydraulic fracturing (fracking) of oil and gas wells globally. Proppants are a major input and cost item in the fracking process and represent a multi-billion dollar global market annually. They are a sand-like commodity used to 'prop' open fractures in shale rocks which allows oil and gas to flow. Coretrack is seeking to commercialise its proppant as a cost effective, superior alternative to bauxite and clay based proppants, typically used in fracking operations currently. The Company is in the final stages of construction of a pilot scale proppant manufacturing plant in Queensland, Australia, and plans to commence production in Q2, 2015. It then plans to seek joint venture partners and/or licensing agreements to commercialise its proppant product, and deliver significant returns to shareholders.

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. Coretrack's ceramic proppant is majority manufactured from fly-ash, a by-product of coal fired power stations. The Company is of the view that its 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.

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