

## Coretrack Limited

ABN 80 112 379 503

### Appendix 4E - Preliminary Final Report

For the year ended 30 June 2010

This Preliminary Final Report includes the combined results of the Coretrack Group ("the Group"), comprising Coretrack Limited ("Coretrack" or "the Company") and Globe Drill Pty Ltd ("Globe Drill").

#### 1. Reporting period

The current reporting period is the year ended 30 June 2010 and the previous corresponding period is the year ended 30 June 2009.

#### 2. Results for Announcement to the Market

	30 June 2010	30 June 2009	Change	
			\$	%
2.1 Revenue from continuing operations	214,142	837,625	(623,483)	(74%)
2.2 Loss from continuing operations after income tax expense	(3,268,327)	(1,840,901)	(1,427,426)	(77%)
2.3 Total loss attributable to members of Coretrack Limited	(3,268,327)	(1,840,901)	(1,427,426)	(77%)
2.4 Amount per security and franked amount per security of final and interim dividends	No dividends have been paid or provided for during the period.			
2.5 Record date for determining entitlement to dividends	N/A			

<p>2.6 Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood</p>	<p>Revenue during the 2010 financial year consisted of \$95K interest income, \$64K grant income, and \$55K other income. In the previous corresponding period, the majority of the Company's revenue (\$776K) related to the Company's Commercial Ready Grant. The project which the grant related to was completed by 30 June 2009.</p> <p>The focus of funds during 2010 was continued research and development of the Core Level Recorder System ("CLRS") and commercialisation of the CLRS, along with finalisation of construction of Globe Drill's GT3000 drill rig ("GT3000"). Operational expenditure for 2010 was in line with achieving these objectives.</p> <p>The Group anticipates operating revenue from both the CLRS and the GT3000 in the 2011 financial year.</p>
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### 3. Statement of Financial Performance

Please see attached Preliminary Final Report.

### 4. Statement of Financial Position

Please see attached Preliminary Final Report.

### 5. Statement of Cash Flows

Please see attached Preliminary Final Report.

### 6. Dividend Payments

No dividends were paid during the year and no dividends have been provided for.

### 7. Dividend Reinvestment Plan

There are no dividend or distribution reinvestment plans in operation.

### 8. Accumulated Losses

Please see attached Preliminary Final Report.

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## 9. Net Tangible Assets per Security

	30 June 2010 (cents)	30 June 2009 (cents)
Net tangible assets per security	8.8	1.2

## 10. Gain of Control over Entity

10.1 Name of entity	Globe Drill Pty Ltd
10.2 Date of gain of control	24 February 2010
10.3 Contribution of entity to reporting entity's loss from ordinary activities during the period and previous corresponding period	<p>The entity was not controlled in the previous corresponding period, and therefore did not contribute to the loss in the previous period.</p> <p>Of the \$3,268,327 loss during the period, \$1,113,339 related to the operations of Globe Drill.</p>

## 11. Details of Associates and Joint Venture Entities

N/A

## 12. Other Significant Information

### CLRS completed in 2010 financial year

After years of dedicated research and development, Coretrack's world-class, world-first CLRS was completed in the 2010 financial year. The CLRS has been developed primarily for use in the oil and gas exploration sector, and is the only tool available that provides real time core acquisition data to the rig floor.

The CLRS was mobilised in July 2010 in an engagement with Halliburton and Woodside, following a CLRS demonstration to industry representatives. Due to the change in borehole dimensions of the well, the CLRS was not able to be used in this engagement. However, the tool remains ready for a full system run, and Coretrack is continuing to work with Woodside and other oil and gas companies to run the full system CLRS at the first available opportunity.

### Coretrack acquired Globe Drill during the 2010 financial year

Coretrack acquired Globe Drill during the 2010 financial year. Through the acquisition, the Group has diversified its product and service offering, a move which is anticipated to considerably increase the Company's earning potential and value to shareholders.

Globe Drill has demonstrated world-leading performance

Globe Drill's focus has been the manufacture of its revolutionary GT3000 drill rig, and associated equipment. It is anticipated that the rigs will result in significant time savings for energy companies requiring wells drilled to depths of up to 4,500 metres.

In June 2010, Globe Drill demonstrated world-leading performance during certified testing of the GT3000. The GT3000 was designed conservatively to achieve a pull up capacity of 125 tonne but with structural capacity ratings of 200 tonne. The rig surpassed all expectations by pulling 154 tonne during its official pull up (or hook load) testing. Coretrack believes this superb performance, in the rapid deployment track mounted format of the GT3000, is unparalleled by any similarly manoeuvrable drill rig.

The first GT3000 rig is anticipated to be finished and commercially available by September 2010. At that time, Globe Drill will start providing custom GT3000 drilling services with its experienced managers, engineers and drilling teams.

**13. Foreign Entities**

N/A

**14. Commentary on Results for the Period**

14.1 Earnings per security and nature of any dilution aspects	The undiluted loss per share for 30 June 2010 was 4.0 cents per share (2009: 3.6 cents per share).
14.2 Returns to shareholders including distributions and buy backs	N/A
14.3 Significant features of operating performance	As noted in section 2.6 above, in the 2009 financial year Coretrack's main revenue source was the Commercial Ready Grant. The project for this grant was completed by 30 June 2009, and therefore there was no 2010 revenue related to this grant.  The Group's loss relates to expenditure towards completion of its two products, the CLRS and the GT3000, ahead of anticipated revenue generation from these products in the 2011 financial year.
14.4 Results of segments that are significant to an understanding of the business as a whole	Please see attached Preliminary Final Report.
14.5 Discussion of trends in performance	N/A

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<p>14.6 Other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified</p>	<p>On 26 August 2010, Coretrack Limited announced that the Company had received firm commitments for the issue of 76 Convertible Notes (“Notes”), each with a face value of \$50,000 (i.e. total value \$3.8 million), on the terms and conditions noted in the Company’s announcement on 11 August 2010.</p> <p>The funds raised will be applied towards the auxiliary support equipment for the GT3000 drill rig (required to commence commercial operations), and general working capital.</p>
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### 15. Progress of Audit/Review

This report is based on accounts which are in the process of being audited.

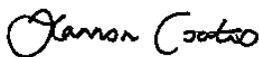
### 16. Audit Outcome

At the date of lodgement of this form, the audit has not been completed. However, it is not believed that the accounts are likely to be subject to a dispute or qualification.

## Attachments Forming Part of the Appendix 4E

The Draft Annual Financial Report for the year ended 30 June 2010 is provided as an attachment.

### AUTHORISED BY:



**Shannon Coates**  
*Company Secretary*  
31 August 2010



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**Draft Annual Financial Report**  
**Year ended 30 June 2010**

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**CORETRACK LIMITED**  
(ABN 80 112 379 503)

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## Preliminary Consolidated Statement of Comprehensive Income

For the year ended 30 June 2010

	2010	2009
	\$	\$
<b>Continuing operations</b>		
Interest income	94,613	61,402
Grant income	64,524	776,226
Other income	55,005	-
Cost of sales	(5,005)	
Audit fees	(47,059)	(22,714)
Communications and marketing	(81,103)	(71,253)
Corporate and administrative expenses	(319,138)	(147,556)
Depreciation	(120,202)	(29,088)
Employee benefits	(1,438,657)	(929,364)
Finance charges	(31,678)	-
Insurance	(13,563)	(36,824)
Loss on disposal of assets	(5,575)	-
Occupancy expenses	(259,283)	(53,595)
Professional fees	(456,454)	(196,879)
Research and development	(437,052)	(1,157,516)
Travel	(145,224)	(46,393)
Workshop expenses	(94,116)	-
<b>Loss before income tax</b>	<u>(3,239,967)</u>	<u>(1,853,554)</u>
Income tax expense	-	-
<b>Loss from continuing operations</b>	<u>(3,239,967)</u>	<u>(1,853,554)</u>
<b>Other comprehensive income</b>		
Foreign currency losses	(28,360)	12,653
<b>Other comprehensive loss for the period</b>	<u>(28,360)</u>	<u>12,653</u>
<b>Total comprehensive loss for the period</b>	<u>(3,268,327)</u>	<u>(1,840,901)</u>
Loss per ordinary share (basic and diluted) (cents)	4.0	3.6

## Preliminary Consolidated Statement of Financial Position

As at 30 June 2010

	2010 \$	2009 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,831,832	729,408
Trade and other receivables	391,494	192,016
Prepayments	116,966	39,044
Inventory	1,300,000	-
Other	1,320	-
<b>Total current assets</b>	<u>4,641,612</u>	<u>960,468</u>
<b>Non-current assets</b>		
Receivables	17,857	-
Property, plant and equipment	9,080,139	101,095
Goodwill	127,226	-
<b>Total non-current assets</b>	<u>9,225,222</u>	<u>101,095</u>
<b>TOTAL ASSETS</b>	<u>13,866,834</u>	<u>1,061,563</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	1,804,081	286,876
Borrowings	202,158	-
Unearned income	-	50,000
Provisions	215,573	35,843
<b>Total current liabilities</b>	<u>2,221,812</u>	<u>372,719</u>
<b>Non-current liabilities</b>		
Borrowings	485,375	-
	<u>485,375</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>2,707,187</u>	<u>372,719</u>
<b>NET ASSETS</b>	<u>11,159,647</u>	<u>688,844</u>
<b>EQUITY</b>		
Issued capital	18,340,863	4,673,769
Reserves	458,873	386,837
Accumulated losses	(7,640,089)	(4,371,762)
<b>TOTAL EQUITY</b>	<u>11,159,647</u>	<u>688,844</u>

## Preliminary Consolidated Statement of Changes in Equity

For the year ended 30 June 2010

<b>Year ended 30 June 2009</b>	<b>Ordinary shares</b>	<b>Options</b>	<b>Accumulated losses</b>	<b>Total equity</b>
Balance at 1 July 2008	3,481,602	366,669	(2,530,861)	1,317,410
Profit or loss	-	-	(1,840,901)	(1,840,901)
Issue of ordinary shares via share placement	1,250,000	-	-	1,250,000
Issue of ordinary shares on exercise of options	4,667	-	-	4,667
Share issue costs	(62,500)	-	-	(62,500)
Employee share options	-	20,168	-	20,168
Balance at 30 June 2009	4,673,769	386,837	(4,371,762)	688,844
<b>Year ended 30 June 2010</b>	<b>Ordinary shares</b>	<b>Options</b>	<b>Accumulated losses</b>	<b>Total equity</b>
Balance at 1 July 2009	4,673,769	386,837	(4,371,762)	688,844
Profit or loss	-	-	(3,268,327)	(3,268,327)
Issue of ordinary shares via share placement	3,700,000	-	-	3,700,000
Issue of ordinary shares on exercise of options (including underwritten options)	4,852,453	-	-	4,852,453
Issue of ordinary shares on exercise of non-renounceable rights (including underwritten rights)	3,427,578	-	-	3,427,578
Issue of ordinary shares in settlement of share issue costs	611,498	-	-	611,498
Issue of ordinary shares related to business combination	1,612,902	-	-	1,612,902
Issue of unlisted options in settlement of share issue costs	(50,000)	50,000	-	-
Share issue costs	(701,497)	-	-	(701,497)
Share-based payment transactions	214,160	6,000	-	220,160
Employee share options	-	16,036	-	16,036
Balance at 30 June 2010	18,340,863	458,873	(7,640,089)	11,159,647

## Preliminary Consolidated Statement of Cash Flows

For the year ended 30 June 2010

	2010 \$	2009 \$
<b>Cash flow from operating activities</b>		
Receipts from customers	30,455	-
Receipts from grants and awards	132,386	501,923
Payments to suppliers and employees	(5,125,628)	(2,748,701)
Income taxes paid	(402,226)	-
Interest received	86,715	64,517
Interest paid	(47,931)	-
<b>Net cash flows used in operating activities</b>	<u>(5,326,229)</u>	<u>(2,182,261)</u>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(4,422,068)	(68,677)
Acquisition of cash in business combination	85,087	-
Pre-acquisition loan to subsidiary	(70,303)	-
<b>Net cash flows used in investing activities</b>	<u>(4,407,284)</u>	<u>(68,677)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	3,700,000	1,250,000
Proceeds from the exercise of share options	4,363,466	4,667
Proceeds from the exercise of underwritten share options	488,987	-
Proceeds from issue of shares under entitlement issue	1,515,472	-
Proceeds from issue of shares under underwritten entitlement issue	1,912,106	-
Share/option issue costs	(90,000)	-
Repayment of borrowings	(54,094)	(62,500)
<b>Net cash flows from financing activities</b>	<u>11,835,937</u>	<u>1,192,167</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>2,102,424</b>	<b>(1,058,771)</b>
Cash and cash equivalents at beginning of the financial year	729,408	1,788,179
<b>Cash and cash equivalents at end of financial year</b>	<u><b>2,831,832</b></u>	<u><b>729,408</b></u>

## Notes to the Preliminary Financial Report

For the year ended 30 June 2010

### Note 1: Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

### Note 2: Loss from Ordinary Activities

The loss from ordinary activities includes the following item of expenditure:

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>Employee benefits expense</b>		
Wages and salaries costs (including directors fees)	1,213,610	840,085
Superannuation	101,439	66,153
Change in provision for employee entitlements	107,572	7,759
Expense of share-based payments	16,036	15,367
	<u>1,438,657</u>	<u>929,364</u>

### Note 3: Notes to the Statement of Cash Flows

#### a) Reconciliation of cash and cash equivalents

Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items on the balance sheet as follows:

	<b>2010</b>	<b>2009</b>
	\$	\$
Cash and cash equivalents at the end of the year	2,831,832	729,408

**b) Reconciliation of loss for the period to net cash flows from operating activities**

	2010 \$	2009 \$
Loss for the year	(3,268,327)	(1,840,901)
Adjustments for:		
Depreciation	120,202	29,088
Loss on disposal of assets	5,575	-
Employee share options	16,036	20,168
Consulting fees paid via share issue	50,000	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(278,511)	(209,882)
(Increase)/decrease in inventories	(23,175)	-
(Increase)/decrease in other current assets	(1,320)	-
Increase/(decrease) in trade and other payables (non-capital)	(1,652,054)	(159,928)
Increase/(decrease) in provisions	107,571	(20,806)
Income tax paid	(402,226)	-
	(5,326,229)	(2,182,261)

**Note 4: Segment results**

The Group has two reportable segments:

- Coretrack Limited (research, development and commercialisation of the Core Level Recorder System, and the corporate head office of the Group)
- Globe Drill Pty Ltd (manufacture of the GT3000)

Continuing operations	Coretrack Limited		Globe Drill Pty Ltd		Consolidated	
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
<b>Revenue</b>						
Segment revenue	207,577	850,281	6,565	-	214,142	850,281
<b>Result</b>						
Segment result	(2,154,988)	(1,840,901)	(1,113,339)	-	(3,268,327)	(1,840,901)
<b>Assets</b>						
Segment assets	12,498,357	1,061,563	12,081,785	-	13,866,835	1,061,563
<b>Liabilities</b>						
Segment liabilities	225,369	372,719	11,709,449	-	2,707,187	372,719