
Xtract inks deal with Santos International

Thursday, 23 Oct, 2008

Xtract announced that Santos International Holdings Pty Limited, a subsidiary of Santos Limited, has entered a farm in agreement with Xtract in relation to Xtract's wholly owned subsidiary, Zhibek Resources Limited. The agreement is subject to certain conditions which Xtract believes will be satisfied in the near future.

Under the agreement, Santos is funding up to USD 8.5 million of Zhibek's near term exploration program, which includes a 2D seismic program over a number of licence areas in the Fergana basin area in the Kyrgyz Republic, to earn a 75% interest in Zhibek. The seismic program is expected to commence shortly after the conditions referred to above have been satisfied or waived. If the seismic results are in line with expectations, a well is planned for 2009.

Xtract will retain representation on the Board of Zhibek and will contribute up to USD 1.5 million to Zhibek's funding in the latter stages of the current exploration program and may contribute to Zhibek's future exploration and development programs.

As part of re-arranging its Central Asian investments, commitments and staffing, Xtract has ceased its involvement in development of a water injection project at the Beshkent Togap oil field in the Kyrgyz Republic.

Upon completion of the above agreement with Santos, Xtract's participation in the Kyrgyz Republic will be focused on its minority interest in Zhibek.

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