27 September 2018

Greka Drilling Limited
("Greka Drilling" or the "Company")

Interim Results 2018

Greka Drilling Limited (AIM: GDL), the largest independent and specialized unconventional gas driller in Asia, is pleased to announce its unaudited results for the six months ended 30 June 2018.

FINANCIAL HIGHLIGHTS

- Revenue of US$2.3 million (H1 2017: US$3.6 million), reduction due to loss of India revenue

- Loss of US$2.8million (H1 2017: loss of US$1.1 million), carrying fixed costs while contracts are being concluded with clients

OPERATIONAL HIGHLIGHTS

- 12 wells were drilled in the first 6 months this year (all in China) compared to 12 wells in the same period last year (5 in China; 7 in India)

- A total of 18,430 meters were drilled, compared to 15,625 meters in the same period last year

Randeep S. Grewal, Chairman and Chief Executive of Greka Drilling, commented:

While activities are starting to pick up in China for the second half, the first half of the year was quite challenging. China activities have been consistent with a continuous drilling program being executed with CNPC in Shanxi province. India has been at a standstill until further tenders are won and thus has produced no reported revenues for H1 2018. I remain very positive on the long term prospects for Greka Drilling but expect challenges in the short term to continue while we operate with the current limited number of contracts.

For more information on Greka Drilling, please visit the Company's website at www.grekadrilling.com or contact:

Smith & Williamson	+44 (0) 20 7131 4000
Nominated Adviser and Broker	
Azhic Basirov / David Jones / Ben Jeynes	

CHAIRMAN'S STATEMENT

The interim results show a gradual increase in workload within China while India continues to be stagnant as we await new orders from potential clients. Overall the business continues to be challenged within its currently limited scale of operations. Notwithstanding this, contracts and drilling campaigns are being negotiated with potential clients.

In China, our continued client CNPC/PetroChina has maintained a consistent pace in its drilling campaign where five GD75 rigs are deployed. We expect such deployment to stay consistent over the course of the year. Greka Drilling is routinely complimented on its drilling execution with accolades for our drilling precision and speed. The satisfied CNPC client expects to maintain our services for most of its horizontal drilling campaigns going forward. The Company is expected to be called upon to participate in a bidding for a 149 well drilling campaign in the GCZ Block, jointly operated by CNPC and Greka, where we expect to drill 50 of the directional wells which should be committed to us and completed by yearend 2019.

India continues to be challenging. Essar has yet to pay our long standing receivable and it seems likely we shall proceed with taking legal action to recover our entitlement. Concurrently, long term vendors are eager to collect monies owed which we intend to schedule under a payment plan based on available funds. In an effort to maintain our drilling team's competency, the crew is being seconded to China so as to assist the increasing demand for our services within Shanxi province. We expect to compete on a tender to support Coal India needs in coal bed methane extraction from its vast West Bengal acreage.

We are now approaching our eleventh anniversary since formation on 1 November 2007. Of the years in operation, we have been listed on AIM for seven years. Unfortunately, it has become evident that the costs of such a listing are prohibitive relative to the size of our operations and furthermore, the market capitalization of the Company has dropped to some US$ 6m within limited daily trading value. It seems that the cyclical oil & gas service industry which we are in within China and India, is not favored within the public markets. We certainly do not expect the cyclic nature of our business to change in the near to medium term.

Accordingly, and following a thorough review of the benefits of continuing with the current AIM listing, the Board has decided to seek the cancellation of the admission of the Company's shares to trading on AIM, An announcement will be made shortly with further information relating to the timing and process of the proposed cancellation.

Notwithstanding the currently challenging conditions, Greka Drilling does indeed have a unique footprint within China and India. We continue to build on our long track record of specialized drilling excellence for coal bed methane. The established norm among Chinese operators to allocate complex horizontal and directional wells to Greka Drilling is a good validation of such competency. We look forward to continuing to delivering this unique expertise to our clients in multiple jurisdictions.

I would like to thank the public shareholders for their support over the past seven years of our eleven years of being in business.

Randeep S. Grewal
Chairman

27 September 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2018 US$'000 Unaudited	Six months ended 30 June 2017 US$'000 Unaudited	Year ended 31 December 2017 US$'000 Audited
Revenue	3	2,259	3,590	11,585
Cost of sales		(3,347)	(2,896)	(8,161)
Gross profit/(loss)		(1,088)	694	3,424
Administrative expenses		(1,484)	(1,694)	(3,936)
Loss from operations		(2,572)	(1,000)	(512)
Finance income	4	356	372	393
Finance costs	5	(1,052)	(692)	(1,562)
Loss before income tax		(3,268)	(1,320)	(1,681)
Income tax charge	6	506	175	(884)
Loss for the period		(2,762)	(1,145)	(2,565)
Other comprehensive income/(expense):				
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations		(1,214)	1,282	3,402
Total comprehensive expense for the period		(3,976)	137	837
(Loss)/profit for the period attributable to:				
- Owners of the company		(2,781)	(1,206)	(2,687)
- Non-controlling interests		19	61	122
		(2,762)	(1,145)	(2,565)
Total comprehensive (expense)/income attributable to:				
- Owners of the company		(3,996)	105	774
- Non-controlling interests		20	32	63
		(3,976)	137	837
Earnings per share				
- Basic and diluted (in US$)	7	(0.0069)	(0.0029)	(0.0064)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2018 US$'000 Unaudited	As at 31 December 2017 US$'000 Audited
Assets			
Non-current assets			
Property, plant and equipment	8	77,998	79,040
Intangible assets		196	236
Deferred tax assets	9	376	10
Other non-current assets		471	470
		79,041	79,756
Current assets			
Inventories	10	4,889	5,309
Trade and other receivables	11	5,917	5,590
Cash and bank balances	12	4,000	649
		14,806	11,548
Total assets		93,847	91,304
Liabilities			
Current liabilities			
Trade and other payables	13	26,387	20,460
Loans and borrowings	14	6,348	5,681
Provisions		-	
		32, 735	26,141
Non-current liabilities			
Loans and borrowings	14	8,800	8,520
Financial liability	15	111	466
Deferred tax liabilities	9	-	
		8,911	8,986
Total liabilities		41,646	35,127
Total net assets		52,201	56,177
Capital and reserves			
Share capital		4	4
Share premium		77,186	77,186
Invested capital		(1,533)	(1,533)
Reserve fund		917	917
Foreign exchange reserve		727	1,942
Retained (deficit)		(24,960)	(22,179)
Total equity attributable to owners of the Company		52,341	56,337
Non-controlling interests		(140)	(160)
Total equity		52,201	56,177

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Invested capital	Reserve fund	Foreign exchange reserve	Retained deficit	Equity attributable to owners of the Company	Non-controlling interests	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 01 January 2017 - audited	4	77,186	(1,533)	917	(1,519)	(19,492)	55,563	(223)	55,340
Loss for the period	-	-	-	-	-	(1,206)	(1,206)	61	(1,145)
Other comprehensive income:									
- Exchange difference on translation of foreign operations	-	-	-	-	1,311	-	1,311	(29)	1,282
Total comprehensive income/(expense) for the period	-	-	-	-	1,311	(1,206)	105	32	137
At 30 June 2017 - unaudited	4	77,186	(1,533)	917	(208)	(20,698)	55,668	(191)	55,477
At 01 January 2018 - audited	4	77,186	(1,533)	917	1,942	(22,179)	56,337	(160)	56,177
(Loss)/profit for the period	-	-	-	-	-	(2,781)	(2,781)	19	(2,762)
Other comprehensive income/(expense):									
- Exchange difference on translation of foreign operations	-	-	-	-	(1,215)	-	(1215)	1	(1,214)
Total comprehensive income/(expense) for the period					(1,215)	(2,781)	(3,996)	20	(3,976)
At 30 June 2018 – unaudited	4	77,186	(1,533)	917	727	(24,960)	52,341	(140)	52,201

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June 2018 US$'000 Unaudited	6 months ended 30 June 2017 US$'000 Unaudited	Year ended 31 December 2017 US$'000 Audited
Operating activities:			
(Loss)/profit before income tax	(3,268)	(1,320)	(1,681)
Adjustments for:			
Depreciation	691	1,908	2,813
Amortization of other intangible assets	38	36	72
Loss on disposal of property, plant and equipment	-	-	-
Finance (loss)/gains	(69)	126	355
Finance income	(356)	(372)	(393)
Finance costs	1,121	566	1,207
Operating cash flows before changes in working capital	(1,843)	944	2,373
Decrease/(increase) in inventories	420	106	672
(Increase)/decrease in trade and other receivables	(327)	(1,780)	(1,831)
Increase/(decrease) in trade and other payables	5,927	649	(4,203)
Cash generated from/(utilized by) operations	4,177	(81)	(2,989)
Income tax payment	140	(229)	(54)
Net cash from operating activities	4,317	(310)	(3,043)
Investing activities:			
Payments for purchase of property, plant and equipment	-	(8)	(278)
Payments for intangible assets	1	-	-
Movement in restricted cash	(3,930)	(2,657)	-
Interest received	1	-	1
Net cash (used in)/from investing activities	(3,928)	(2,665)	(277)
Financing activities:			
Proceeds from promissory note	-	-	2,500
Proceeds of short term loan	3,010	5,452	3,061
Repayment of short term loan	(3,061)	(3,604)	(3,604)
Finance costs paid	(124)	(161)	(240)
Net cash from/(used in) financing activities	(175)	1,687	1,717
Net increase/(decrease) in cash and cash equivalents	214	(1,288)	(1,603)
Cash and cash equivalents at start of period	649	2,135	2,135
		847	532
Effect of foreign exchange rate changes	(793)	(783)	117
Cash and cash equivalents at end of period	70	64	649

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The consolidated unaudited interim financial information set out in this report is based on the consolidated financial statements of Greka Drilling and its subsidiary companies (together referred to as the "Group").

2. ACCOUNTING POLICIES

The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union except for IAS 34. The financial statements of the Group for the 6 months ended 30 June 2018 were approved and authorized for issue by the Audit Committee and the Board on 26 September 2018.

The interim financial statements have been prepared in accordance with the accounting policies that are consistent with the December 2017 financial statements and the same policies are expected to apply for the year ended 31 December 2018. The financial information for the six months to 30 June 2018 does not constitute audited accounts of the Company or the Group. The comparative financial information for the year ended 31 December 2017 in this interim report does not constitute statutory accounts for that year. The auditors' report on those accounts was unqualified and did not draw attention to any matters by way of emphasis.

Basis of preparation

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly consolidated financial statements.

The Directors have prepared cash flow forecasts which show the Company will generate positive cash flows from operations at least for the next 12 months, these will be used to settle overdue trade payables but will not be sufficient to repay the loan notes to Guarantee Finance LLC and Grecap Ltd when they fall due. The loan note holders are also significant shareholders and whilst it is expected they will extend the repayment terms in due course there are no legally binding agreements currently in place to do so.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore that the Group may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Company or Group was unable to continue as a going concern. The Directors are nevertheless confident that sufficient funds will be made available and that the use of the going concern basis remains appropriate for the preparation of the financial statements.

The consolidated financial information is presented in United States dollars and all values are rounded to the nearest thousand dollars (US$'000) except when otherwise indicated.

The consolidated financial information has been prepared in accordance with the requirements of the AIM Rules for Companies and in accordance with IFRS as adopted by the European Union. The consolidated financial information has been prepared using the accounting policies which will be applied in the Group's financial statements for the year ended 31 December 2018.

The preparation of consolidated financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial information are disclosed in note 2 to the financial information in the 31 December 2017 annual report. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

3. REVENUE AND SEGMENTALINFORMATION

The Group determines its operating segment based on the reports reviewed by the chief operating decision-makers ("CODMs") that are used to make strategic decisions.

The Group reports its operations as two reportable segments: the provision of contract drilling services in the PRC and India. The division of contract drilling operations into two reportable segments is attributable to how the CODMs manage the business.

Drilling services revenue and management services revenue represent the net invoiced value of contracted drilling services and management services provided to two major customers, one in the PRC (who is a related party) and the other in India.

	Six months ended 30 June 2018	Six months ended 30 June 2017	Year ended 31 December 2017
	US$'000	US$'000	US$'000
	Unaudited	Unaudited	Audited
Segmental revenue			
China	2,259	2,536	10,626
India	-	1,054	959
	2,259	3,590	11,585

	As at 30 June 2018	As at 31 December 2017
	US$'000	US$'000
	Unaudited	Audited
Segmental assets		
China	88,126	178,834
India	19,738	19,764
Intercompany	(14,018)	(106,794)
	93,847	91,304
Segmental liabilities		
China	123,397	123,126
India	4,395	4,672
Intercompany	(77,356)	(92,671)
	41,646	35,127

4. FINANCE INCOME

	Six months ended 30 June 2018	Six months ended 30 June 2017	Year ended 31 December 2017
	US$'000	US$'000	US$'000
	Unaudited	Unaudited	Audited
Change in FV of derivative	355	372	392
Bank interest	1	-	1
	356	372	393

5. FINANCE COSTS

	Six months ended 30 June 2018	Six months ended 30 June 2017	Year ended 31 December 2017
	US$'000	US$'000	US$'000
	Unaudited	Unaudited	Audited

Interest expense on loans	(1,121)	(566)	(1,207)
Foreign exchange gains/(loss)	69	(126)	(355)
	(1,052)	(692)	(1,562)

6. TAXATION

Taxation for the Group's operations in the PRC is provided at the applicable current tax rate of 25% on the estimated assessable profits for the period. Taxation for operations in India is taxed at 4.326% of gross revenue.

7. EARNINGS PER SHARE

	Six months ended 30 June 2018 US$'000 Unaudited	Six months ended 30 June 2017 US$'000 Unaudited	Year ended 31 December 2017 US$'000 Audited
Earnings for the purpose of basic and diluted loss per share	(2,762)	(1,145)	(2,565)
Weighted average number of ordinary shares	398,245,758	398,245,758	398,245,758

Warrants were outstanding at the end of the period that could potentially dilute basic earnings per share in the future. However, due to losses incurred during the current period, the impact of these share incentives would not be dilutive.

8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred US$0 on additions to plant and equipment (31 December 2017 — US$278,000).

9. DEFERRED TAXATION

	As at 30 June 2018 US$'000 Unaudited	As at 30 June 2017 US$'000 Unaudited
Deferred tax liabilities		
Opening balance	(781)	(377)
Tax losses recognized	(1,146)	(862)
Temporary difference charge	287	638
Foreign exchange adjustment	1,264	(180)
At the end of the period	(376)	(781)

The Group has not offset deferred tax assets and liabilities across different jurisdictions. Cayman Island losses of US$694,116 (2016: US$689,016) do not expire under current tax legislation. PRC tax losses of US$1,146,577 (2017: $861,752) expire after 5 years.

10. INVENTORIES

	As at 30 June 2018 US$'000 Unaudited	As at 31 December 2017 US$'000 Audited
Raw materials and consumables	4,889	5,309

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2018	As at 31 December 2017
	US$'000	US$'000
	Unaudited	Audited
Accounts receivable	3,070	3,116
Prepayments	508	662
Other receivables	2,339	1,812
	5,917	5,590

12. CASH AND CASH EQUIVALENTS

	As at 30 June 2018	As at 31 December 2017
	US$'000	US$'000
	Unaudited	Audited
Cash and Cash Equivalents (Unrestricted)	70	649
Cash and Cash Equivalents (Restricted)	3,930	-
	4,000	649

The restricted bank balance represents deposits placed in financial institutions to secure notes payable of an equivalent amount.

13. TRADE AND OTHER PAYABLES

	As at 30 June 2018	As at 31 December 2017
	US$'000	US$'000
	Unaudited	Audited
Trade payables and others	10,722	10,011
Notes payable	3,930	
Other current liabilities	5,675	3,669
Amount due to related parties	6,060	6,780
	26,387	20,460

14. LOANS AND BORROWINGS

Bank name	Period	Balance as at 31 Dec 2017	Interest rate	Repayment		New loan		Balance as at 30 June 2018
		US$'000		Date	Amount US$'000	Date	Amount US$'000	US$'000
CITIC Bank	1 year	1,530	6.96%	11/5/2018	1,530	16/5/2018	1,505	1,505
SPD Bank	1 year	1,530	6.96%	17/1/2018	1,530	18/1/2018	1,505	1,505
Short term loans from above banks		**3,061**			**3,061**		**3,010**	**3,010**
Grecap Ltd.		2,620	7.00%					2,710
GIPJ			9.5%				**615**	628
Total for short term loans		**5,681**			**3,061**		**3,625**	**6,348**

Guaranty Finance Investors, LLC	3 years	8,520	7.00%					8,800
Total for long term loan		**8,520**						**8,800**

During the year 2017, Greka Drilling Limited secured US$2.5 million in loan financing from Grecap Ltd. Maturity date of the promissory notes is 30 November 2018. The notes bear interest of 7% per annum.

Promissory notes of US$5 million and US$3 million are repayable to Guaranty Finance Investors, LLC on 31 March 2019 and 30 September 2019 respectively; on initial recognition, financing costs of US$872,000 were deducted from the promissory notes.

15. FINANCIAL LIABILITY

During the year ended 31 December 2016, 35,000,000 and 21,000,000 warrants, at a subscription price of 5 pence per share, were granted to Guaranty Finance Investors LLC as part of the financing agreements entered into in March 2016 and September 2016 respectively. The warrants have an exercise period of 2 years from 1 April 2017 to 31 March 2019 and 30 September 2017 to 30 September 2019 respectively.

16. RELATED PARTY TRANSACTIONS

a. Amounts due from/to related parties and corresponding transactions

The related parties of the Group include companies that are subsidiaries of G3 Exploration Ltd, Greka Manufacturing Limited and Henan Grevino Alcohol Trading Limited. All the related parties are under common management and control of Mr Randeep Grewal, the Company's Chairman.

As at 30 June 2018, the Group had the following balances due to companies under the common control of Mr Grewal:

- Net payable to the G3 Exploration group of US$5.5 million (2017: net payable: US$9.8 million)

- Net payable to the Greka Manufacturing and Technology group of US$628,182 (2017: US$518,041)

  These balances are unsecured, interest-free and repayable on demand.

  In addition, at 30 June 2018 the Company owed US 2.71million to Grecap Limited pursuant to ta loan, details of which are set out in Note 14 above.

  Related party transactions during the period comprise:

- Drilling services provided to the Green Dragon Gas group of US$515,002 (2017: US$850,856)

- Leasing income from the G3 Exploration group of US$246,314 (2017: US$228,260), Greka Manufacturing and Technology group of US$51,118 (2016: US$27,422). The lease term was 1 year from 1 January 2018 to 31 December 2018 and 1 January 2017 to 31 December 2017 respectively.