REKA DRILLING

Interim Results June 2013

GREKA

Contents

HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- Revenue of US$14.4m (H1 2012: US$28.3m)
- Loss of US$2.4m (H1 2013: profit of US$0.7m)
- US$8.6m on cash on hand

OPERATIONAL HIGHLIGHTS

- 36,347 meters drilled, compared to 57,997 meters drilled in the same period 2012; the experience gained in the area allowed the Company to drill LiFaBriC wells with fewer branches
- Vertical wells averaging 25 drilling days versus 37 days in the same period in 2012
- Horizontal wells averaging 87 drilling days (radius bend and lateral section)
- Directional wells averaging 20 days; deepest well 1,076m Measured Depth ("MD")
- Exploration drilling (LiFaBriC) wells at 61 days improving on previous Company guidance of 90 days. This references the Exploration drilling for Green Dragon Gas
- Longest and deepest LiFaBriC well drilled: 1,917m MD and 1,040m True Vertical Depth
- 9,286 man-hours of employee training
- Significant stand-by and down time due to customer transition

CUSTOMER OVERVIEW

- Green Dragon Gas, historically the largest client curtailed its drilling program in the first half of the year until the favorable conclusion of its title issues. These have now been resolved and the Company has recommitted itself to reaching its production targets of 18bfc. Green Dragon Gas has therefore re-engaged Greka Drilling to drill wells over the next six months.

- CNPC Huabei Changzhi (CBM) has planned to drill 300 wells in its Anze Block, Shanxi Province. A total of 110 are targeted for this year. Of this program, the company has completed two directional wells till date. In addition, an exploration well will be drilled by rig GD75-21 and a Horizontal well will be drilled by rig GD75-25. Following the results of these two wells, the Company expects to be awarded an additional 70 wells planned by CNPC Huabei Changzhi from their total program for this year.

- CNPC Huabei Jincheng (CBM) has contracted the Company to drill at its Jincheng Block, Shanxi Province in two locations. The Company successfully completed a LiFaBriC well earlier in the year which is currently on production and being evaluated. Presently, the Company is drilling a four directional well program using GD75-23, of which the second directional is currently being drilled.

- Sinopec Huadong CBM (BOFA) contracted the Company for one year program to drill 50 wells at Jixian, Shanxi Province. Sinopec Huadong CBM has a 3000 well program with 600 wells in total planned for this year. Rig GD75-22, supported by Rig GS685-2, has completed three wells till date and the fourth is being currently drilled. During these test wells, the Company's performance continued to improve. The TVD for the third well was 1214.13 m and the MD was 1291.7 m. This was achieved in 10 days from spud to completion and compares with 19 days for the first, with a TVD of 1225.19 m and MD 1341.0 m. The Company expects to continue the drilling program and subject to agreement with the client on drilling locations, drill the balance of the one year program as planned.

- Sinopec Huabei (Petroking) has planned for a 50 well program during the current exploration phase for unconventional oil within the Xunyi Block, Shaanxi. The Company is under contract to drill 100 wells subject to successful drilling of the first 20 drilled across the Sinopec Huabei acreage inclusive of the Xunyi Block. The Company's GD75-12 and GD75-14 are currently drilling under this program. Rig GD75-14 has completed one directional well and is currently drilling the second directional well of a seven well program. Additionally, GD75-12 spud the first Horizontal Well on 1st August which is currently being drilled in co-operation with Sinopec engineers.

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

"Our objective of diversifying the client base was well executed with current drilling activities progressing under five different customer contracts.

Notwithstanding the positive transition to a diverse client base, our historically predominant client, Green Dragon Gas, curtailed its drilling program. This negatively impacted our first half results but we are pleased that they have re-engaged in their programme, using Greka Drilling as their drilling partner. Whilst the success achieved in diversifying away from a single client has been a success, the time taken to fully capitalize on the increased customer base did not offset the effects of losses from the drilling campaign from the first customer. We expect to continue into 2014 with this diversified client base and a strong backlog from Green Dragon Gas."

For further information on Greka Drilling, please refer to the website at www.grekadrilling.com or contact:

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CHAIRMAN'S STATEMENT

Randeep S. Grewal
Founder & Chairman

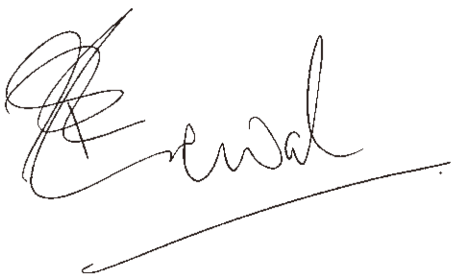
This year will be remembered as a year of transition and growth for the Company towards its independence from its predecessor parent Green Dragon. The transition, as with most, requires managing the related collateral issues which is precisely what the business did during the first half and will continue to during the course of rest of this year.

The Company did very well in penetrating the Chinese E&P market and is quickly being acknowledged as a viable drilling contractor with an environmentally progressive, and technologically advanced efficient drilling service. Our rigs are currently on China National Petroleum Corporation, Sinopec and Petrochina blocks which are the three largest on-shore E&P companies in China. Within this diverse customer base, we are drilling Coal Bed Methane vertical, directional, horizontal and LiFaBriC wells as well as directional and horizontal wells in Shale Oil & Gas. These clients have continuous large drilling campaigns across their various assets and thus the initial acceptance of Greka Drilling this year on a trial basis presents the foundation for significant growth potential in the years to come.

Our transition from a single client, Green Dragon, onto a broader client base and varied geologies is complete. The technical aptitude and competency of the Company's staff and equipment has been proved.

Notwithstanding the positive transition to a broader client base, our historically predominant client curtailed its drilling program which negatively impacted our first half results. In essence, the single client exposure crystallized and whilst we have gained new clients, the scale of the new business was not sufficient to offset the fall in Green Dragon's drilling

We expect the trial and exploration activities for our new clients to continue rest of this year as they did during the first half. We expect to enter 2014 with a significant backlog with all our five clients which is expected to be diversified in geology, geography and drilling service. We look forward to such diversification to mitigate concentration risk and achieve a higher utilization rate from our drilling rigs next year than in this transitional year.



Randeep S. Grewal
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Six months ended 30 June 2013 US$'000 Unaudited**	Six months ended 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
Revenue	3	**14,408**	28,255	60,918
Cost of sales	3	**(13,693)**	(21,986)	(48,459)
Gross profit		**715**	6,269	12,459
Foreign exchange (losses)/gains		**1,609**	(183)	314
Administrative expenses		**(4,440)**	(4,100)	(8,047)
Total administrative expenses		**(2,831)**	(4,283)	(7,733)
(Loss)/Profit from operations		**(2,116)**	1,986	4,726
Finance income	4	**18**	4	53
Finance costs	5	**(709)**	(631)	(1,322)
(Loss)/Profit before income tax		**(2,807)**	1,359	3,457
Income tax charge	6	**427**	(689)	(1,625)
(Loss)/Profit for the year		**(2,380)**	670	1,832
Other comprehensive income:				
Exchange differences on translation of foreign operations		**(374)**	68	(8)
Total comprehensive income for the year		**(2,754)**	738	1,824
Profit for the period attributable to:				
— Owners of the company		**(2,364)**	670	1,831
— Non-controlling interests		**(16)**	—	1
		(2,380)	670	1,832
Total comprehensive income attributable to:				
— Owners of the company		**(2,758)**	738	1,825
— Non-controlling interests		**4**		(1)
		(2,754)	738	1,824
Earnings per share				
— Basic and diluted (in Cent)	7	**(0.59)**	0.17	0.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2013 US$'000 Unaudited	As at 30 June 2012 US$'000 Unaudited	As at 31 December 2012 US$'000 Audited
Assets				
Non-current assets				
Property, plant and equipment	8	**92,133**	89,924	93,135
Intangible assets		**567**	595	581
Deferred tax asset	9	**1,341**	—	—
		94,041	90,519	93,716
Current assets				
Inventories	10	**12,605**	11,159	12,189
Trade and other receivables	11	**9,716**	14,045	5,016
Cash and bank balances	12	**8,587**	7,290	3,139
		30,908	32,494	20,344
Total assets		**124,949**	123,013	114,060
Liabilities				
Current liabilities				
Trade and other payables	13	**20,442**	17,065	22,491
Loans and borrowings	14	**25,653**	10,672	11,932
Notes payable	15	**1,436**	2,617	—
Current tax liabilities		**—**	580	234
		47,531	30,934	34,657
Non current liabilities				
Long term payable		**—**	1,284	—
Working facility		**12,931**	—	—
Deferred tax liabilities		**1,222**	453	—
		1,222	14,215	453
Total net assets		**76,196**	77,864	78,950
Capital and reserves				
Share capital		**4**	4	4
Capital reserve		**77,186**	77,186	77,186
Merge reserve		**(1,533)**	(1,533)	(1,533)
Reserve fund		**917**	595	917
Foreign exchange reserve		**1,198**	1,667	1,592
Retained earnings		**(1,191)**	334	1,173
Total equity/(deficit) attributable to owners of the Company		**76,581**	78,253	79,339
Non-controlling interests		**(385)**	(389)	(389)
Total Equity		**76,196**	77,864	78,950

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital US$'000	Share premium US$'000	Invested capital US$'000	Reserve fund US$'000	Foreign exchange reserve US$'000	Retained deficit US$'000	Equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total US$'000
At 31 December 2011	**4**	**77,186**	**(1,533)**	**595**	**1,599**	**(336)**	**77,515**	**(389)**	**77,126**
Profit for the year	—	—	—	—	—	670	670	—	670
Other comprehensive income:									
— Exchange difference on translation of foreign operations	—	—	—	—	68	—	68	—	68
Total comprehensive income for the year	—	—	—	—	68	670	738	—	738
At 30 June 2012	**4**	**77,186**	**(1,533)**	**595**	**1,667**	**334**	**78,253**	**(389)**	**77,864**
Profit for the year	—	—	—	—	—	1,161	1,161	1	1,162
Other comprehensive income:									
— Exchange difference on translation of foreign operations	—	—	—	—	(75)	—	(75)	(1)	(76)
Total comprehensive income for the year	—	—	—	—	(75)	1,161	1,086	—	1,086
Transfer of reserve fund	—	—	—	322	—	(322)	—	—	—
At 31 December 2012	**4**	**77,186**	**(1,533)**	**917**	**1,592**	**1,173**	**79,339**	**(389)**	**78,950**
Profit for the year	—	—	—	—	—	(2,364)	(2,364)	(16)	(2,380)
Other comprehensive income:									
— Exchange difference on translation of foreign operations	—	—	—	—	(394)	—	(394)	20	(374)
Total comprehensive income for the year	—	—	—	—	(394)	(2,364)	(2,758)	4	(2,754)
At 30 June 2013	**4**	**77,186**	**(1,533)**	**917**	**1,198**	**(1,191)**	**76,581**	**(385)**	**76,196**

CONSOLIDATED STATEMENT OF CASH FLOW

	Year ended 30 June 2013 US$'000 Unaudited	Year ended 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
Operating activities:			
(Loss)/profit before income tax	**(2,807)**	1,359	3,457
Adjustments for:			
Depreciation	**2,559**	3,533	7,079
Amortization of other intangible assets	**37**	32	68
Loss on disposal of property, plant and equipment	**—**	—	435
Finance income	**(18)**	(4)	(53)
Finance costs	**709**	631	1,322
Operating cash flows before changes in working capital	**480**	5,551	12,308
Increase in inventories	**(206)**	(2,039)	(3,034)
Increase in accounts receivable	**(292)**	(6,036)	(636)
Increase in other receivables	**(939)**	20,979	(1,140)
Increase in trade and other payables	**(1,063)**	11,989	13,497
Cash generated from operations	**(2,020)**	30,444	20,995
Income tax payment	**(359)**	(387)	(1,229)
Net cash from operating activities	**(2,379)**	30,057	19,766
Investing activities:			
Payments for purchase of property, plant and equipment	**(35)**	(50,392)	(31,250)
Payments for intangible assets	**(14)**	(105)	(123)
Transfers to restricted cash	**(6,189)**	(977)	—
Interest received	**18**	4	53
Net cash used in investing activities	**(6,220)**	(50,493)	(32,297)

CONSOLIDATED STATEMENT OF CASH FLOW

	Year ended 30 June 2013 US$'000 Unaudited	Year ended 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
Financing activities			
Proceeds from the issue of share capital	—	—	—
Proceeds of loan	13,514	21,196	18,296
Repayment of short term loan	—	—	(8,353)
Finance costs paid	(566)	(158)	(1,478)
Net cash (used in)/from financing activities	12,948	21,038	8,465
Net (decrease)/increase in cash and cash equivalents	4,349	602	(4,066)
Cash and cash equivalents at the beginning of the year	2,162	6,559	6,559
	6,511	7,161	2,493
Effect of foreign exchange rate changes	(5,107)	129	(331)
Cash and cash equivalents at end of year	1,404	7,290	2,162

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"). The consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board except for IAS 34. The consolidated financial statements of the Group for the 6 months ended 30 June 2013 were approved and authorized for issue by the Audit Committee and the Board on 29 Sep 2013.

2. ACCOUNTING POLICIES

The consolidated financial information for the six months ended 30 June 2013 and 30 June 2012 is unaudited and does not constitute the Group's statutory financial statements for those periods. The consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRSs as adopted by the European Union.

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 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 this basis of preparation. The basis of preparation describes how the financial information has been prepared in accordance with IFRSs except as described above.

Except as described above, the consolidated financial information has been prepared in accordance with IFRSs as adopted by the European Union, that are effective for accounting periods beginning on or after 1 January 2012. The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of consolidated financial information in conformity with IFRSs 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. 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 SEGMENTAL INFORMATION

The Group has one reportable segment as set out below. The operating results are regularly reviewed by the Group's chief operating decision-makers ("CODMs") that are used to make strategic decisions.

Drilling services revenue represents the net invoiced value of contract drilling services provided to one customer. The amounts of each significant category of revenue recognized during the periods ended 30 June 2013, 31 December 2012 and 30 June 2012 are as follows:

	Six months ended 30 June 2013 US$'000 Unaudited	Six months ended 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
Segment revenue	**14,408**	28,255	60,918
Cost of sales	**(13,693)**	(21,986)	(48,459)
Gross profit	**715**	6,269	12,459

4. FINANCE INCOME

	Six months ended 30 June 2013 US$'000 Unaudited	Six months ended 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
Bank interest	**18**	4	53

5. FINANCE COSTS

	Six months ended 30 June 2012 US$'000 Unaudited	Six months ended 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
Interest expense on short term loans	**709**	198	631
Interest expense on loans from a related company	**—**	433	847
Less: Interest expenses capitalized	**—**	—	(156)
	709	631	1,322

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.

	Six months ended 30 June 2013 US$'000 Unaudited	Six months ended 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
Current tax	**—**	—	—
Charges for current period	**—**	610	1,546
Under provision in prior year	**81**	79	79
Deferred tax	**(508)**	—	—
(Credit)/charge for the period	**—**	—	—
Total tax (credit)/charge	**(427)**	689	1,625

The reasons for the difference between the actual tax charge for the periods and the standard rate of corporation tax in the Cayman Islands applied to the (loss)/profit for the periods are as follows:

	Six months ended 30 June 2013 US$'000 Unaudited	Six months ended 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
(Loss)/profit before income tax	**(2,807)**	1,359	3,457
Expected tax charge based on the standard rate of corporation tax in the Cayman Islands of 0%	**—**	—	—
Effect of:			
Different tax rates applied in overseas jurisdictions	**(702)**	340	864
Tax effect of revenue not taxable for tax purposes	**—**	—	—
Tax effect of expenses not deductible for tax purposes	**194**	270	682
Tax losses not recognized	**—**	—	—
Under/(over) provision in respect of prior year	**81**	79	79
Income tax (credit)/charge	**(427)**	689	1,625

7. EARNINGS PER SHARE

	Six months ended 30 June 2013 US$'000 Unaudited	Six months ended 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
Earnings for the purpose of basic (loss)/profit per share	**(2,364)**	670	1,831
Weighted average number of ordinary shares	**398,245,758**	398,245,758	398,245,758

Basic earnings per share is based on the loss for the period US$2,364,055 (first half 2012: profit for the period, US$670,649) and the weighted average number of 398,245,758 ordinary shares in issue during each period.

In accordance with IAS 33 the weighted average number of shares for prior periods has been adjusted as if the Group reconstruction occurred at 1 January 2010.

8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately US$209,000 on additions to plant and equipment (30 June 2012- US$51,661,809, 31 December 2012 — US$57,096,000).

9. DEFERRED TAXATION

	As at 30 June 2013 US$'000 Unaudited	As at 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
Deferred tax assets at the beginning of the year	**—**	—	—
Additional temporary differences	**1,341**	—	—
Reversal of temporary differences	**—**	—	—
At the end of the period	**1,341**	—	—

There were no unrecognized deferred tax assets or liabilities in the period.

10. INVENTORIES

	As at 30 June 2013 US$'000 Unaudited	As at 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
Raw materials and consumables	**12,605**	11,046	12,189
Work-in-progress	**—**	113	—
	12,605	11,159	12,189

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2013 US$'000 Unaudited	As at 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
Account receivable	**358**	—	636
Prepayments	**916**	4,590	1,200
Other receivables	**1,642**	424	392
Amount due from related parties	**6,800**	9,031	2,788
	9,716	14,045	5,016

12. CASH AND CASH EQUIVALENTS

	As at 30 June 2013 US$'000 Unaudited	As at 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
Cash and Cash Equivalents(Un-restrict)	**1,404**	7,290	2,162
Cash and Cash Equivalents(restrict)	**7,183**	—	977
	8,587	7,290	3,139

The restrict cash and cash equivalents: During the period, the Group has US$7.2M restrict cash and cash equivalent, of which, US$1.4M deposit for Acceptance of Draft and US$5.8m deposit for bank loan.(Dec 31,2012-US$977 deposit for Acceptance of Draft).

13. TRADE AND OTHER PAYABLES

	As at 30 June 2013 US$'000 Unaudited	As at 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
Trade payables	**18,933**	14,954	21,201
Other payables	**1,509**	2,111	1,156
Amount due to related parties	**—**	—	134
	20,442	17,065	22,491

14. LOANS AND BORROWINGS

	As at 30 June 2013 US$'000 Unaudited	As at 30 June 2012 US$'000 Unaudited	Year ended 31 December 2012 US$'000 Audited
Bank loans — secured	**25,653**	10,672	11,932

Bank name	Period	Balance as at Dec 31,2012 US$'000	Interest rate	Repayment Date	Repayment Amount: US$'000	New loan Date	New loan Amount: US$'000	Balance as at June 30,2013 US$'000	Mortgage
CITIC Bank	One year	2,386	6.90%	3/1/2013	(2,386)	3/4/2013	2,428	2,428	Building
SPD Bank	One year	3,182	6.90%	—	—	—	—	3,237	Building
SPD Bank	6 months	6,364	6.90%	3/8/2013	(6,364)	3/22/2013	6,474	6,474	11 rigs
Yunnan International Trust CO., LTD	One year	—	5.90%	—	—	3/26/2013	4,046	4,046	Time deposit
Ping An Bank	One year	—	7.20%	—	—	2/1/2013	8,092	8,092	14 rigs
Ping An Bank	One year	—	6.00%	—	—	5/24/2013	1,376	1,376	Time deposit
Total		**11,932**					**25,653**		

15. NOTES PAYABLE

The Company issued US$1,436,058 bank notes with 6-months period to suppliers for purchasing drilling equipment with same money security.

16. RELATED PARTY TRANSACTIONS

Save as disclosed in notes 11 and 13, there were no other related party transactions that are required to be disclosed. Transactions between the Company and its subsidiary undertakings which are related parties, have been eliminated on consolidation and are not disclosed in this note.