CHAIRMAN'S STATEMENT

The past year has seen one of the most drastic downturns in living memory for the global oil and gas industry. Notwithstanding these market conditions, Greka Drilling was able to increase the number of wells drilled by 38% in 2015 because of our captive core clients and focus on China and India. The uncertainty over pricing and returns has delayed investment decisions by operators across the industry and surplus rig capacity has built up in most markets.

In China the business had a delayed start to the 30 well LiFaBriC contract with Green Dragon Gas Ltd ("Green Dragon Gas") and it is anticipated that the remaining 16 wells under this contract will be drilled in the second half of 2016. Beyond this particular contract, we have worked closely with Green Dragon Gas to assess historic well performance and have identified a number of re-drill opportunities in areas where heavy faulting may have constrained production rates. Chinese coals are typically faulted and brittle such that well bores can soon become plugged with particles, thus reducing flowrates: our knowledge of the local faulting structure enables us to re-enter the well efficiently and quickly, with the low in-seam drilling time reducing the risk of such plugging. These re-drill wells should enable Green Dragon Gas to augment production rates from these wells with a lower drilling time.

Our experience continues to validate the advantages of the LiFaBriC completion methodology. The first LiFaBriC well drilled, GSS-008 in Qinshui Basin, recently completed 8 straight years of continuous and sustained gas production. To date the well has produced a cumulative 1.28 bcf, it continues to produce 618 mcf/d (17,400 m^3/d) and has yet to show any decline in production, whereas all non-LiFaBriC lateral well designs in China have shown declining flowrates within the first three years of production. The Company is immensely proud of this achievement and highlights the benefits of our methodology.

We continue to seek third party drilling opportunities, particularly for PetroChina Huabei, a leading state-owned developer of coal bed methane in China and for whom we can use our directional expertise and specialist rigs to drill lateral wells. Since the oil price collapse we have seen significant over-capacity develop in the drilling markets in China, with an associated drop in standards from drilling companies as they seek to compete on price for vertical and directional drilling. We will not reduce our standards of safety and environmental protection or drill loss-making wells, and instead we are reducing our overhead costs and parking rigs where necessary. The Government of China remains supportive of the coal bed methane industry and we see an increasing focus on drilling lateral wells and as such, we continue to be positive about the medium and long term prospects in China.

In India we drilled an additional 9 vertical and directional wells last year in the Raniganj East Block, West Bengal for Essar Oil Limited. Coal bed methane from this block is the primary feedstock for a newly constructed urea plant, which will require a steady gas supply for many years to come. Essar Oil Limited has re-contracted Greka Drilling to provide drilling services in Raniganj and we are pleased to have been able to announce on 20 April 2016 that a mobilisation order for two of our GD75 rigs to be engaged has now been received.

India has significant resources of shallow onshore gas, particularly coal bed methane, and there is a clear desire from the Government to develop this clean energy source. The development of this energy source has to date been delayed by a pricing policy that has kept wellhead gas prices below the import parity price, such that major resource holders have been reluctant to invest. However, this is now changing with the Government recently introducing new pricing policies to encourage both onshore and offshore gas developments, and state-owned coal bed methane resource holders have announced major investment plans. Greka Drilling has the best quality and safest coal bed methane rigs in India and we expect our rigs to be more fully utilised in the second half of 2016.

While Greka Drilling was able to drill 31% more metres in 2015 than in 2014 this was still below our planned metrage based on the contracts with Essar Oil Limited and Green Dragon Gas, due to adjustments in our clients' development schedules. The Company's losses widened in 2015 reflecting the appreciation of the US dollar against the RMB over the year in respect of payables. Our Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") remained positive in 2015 as in all previous years.

In March 2016 we secured a US$5 million loan financing for working capital purposes. This loan will provide flexibility and support for the balance sheet in the current market downturn. As new investment re-emerges in the gas industry we will seek out drilling opportunities in new markets such as Australia and Europe; but our current focus, at least for the first half of 2016, is to reduce expenditures and prepare for the eventual upturn in our markets. Our current operational focus on China and India, with more flexibility in operating costs and localised pricing, coupled with the new loan facility, leaves us better positioned than most of our global peers and provides the best opportunities for shareholder value.

Randeep S. Grewal
Chairman and Chief Executive Officer
21 April, 2016

Consolidated Statement of Comprehensive Income

	Note	Year Ended 31 December 2015 US$'000	Year Ended 31 December 2014 US$'000
Revenue	3	29,916	24,421
Cost of sales		(23,951)	(18,149)
Gross profit		5,965	6,272
Administrative expenses		(9,256)	(9,082)
Loss from operations	4	(3,291)	(2,810)
Finance income	5	3	390
Finance costs	6	(4,241)	(2,878)
Loss before income tax		(7,529)	(5,298)
Income tax credit/(charge)	9	228	(452)
Loss for the year		(7,301)	(5,750)
Other comprehensive expense, net of tax:			
Exchange differences on translation of foreign operations		(88)	316
Total comprehensive income for the year		(7,389)	(5,434)
(Loss)/Profit for the period attributable to:			
- Owners of the company		(7,246)	(5,757)
- Non-controlling interests		(55)	7
		(7,301)	(5,750)
Total comprehensive (expense)/ income attributable to:			
- Owners of the company		(7,476)	(5,514)
- Non-controlling interests		87	80
		(7,389)	(5,434)
Earnings per share			
- Basic and diluted (in US dollar)	8	(0.0184)	(0.0144)

Consolidated Statement of Financial Position

	Note	As at 31 December 2015 US$'000	As at 31 December 2014 US$'000
Assets			
Non-current assets			
Property, plant and equipment		84,962	92,963
Intangible assets		388	492
		85,350	93,455
Current assets			
Inventories		7,138	6,740
Trade and other receivables	10	3,363	7,306
Cash and bank balances(including restricted cash)	11	2,421	8,017
		12,922	22,063
Total assets		**98,272**	**115,518**
Liabilities			
Current liabilities			
Trade and other payables	12	25,165	29,344
Loans and borrowings	13	5,852	11,930
Provisions	14	585	-
		31,602	**41,274**
Non-current liabilities			
Deferred tax liabilities		1,184	1,369
		1,184	**1,369**
Total Liabilities		**32,786**	**42,643**
Net assets		**65,486**	**72,875**
Capital and reserves			
Share capital		4	4
Share premium account		77,186	77,186
Invested capital		(1,533)	(1,533)
Reserve fund		917	917
Foreign exchange reserve		855	1,086
Retained (deficit)/earnings		(11,654)	(4,409)
Total equity attributable to owners of the Company		**65,775**	**73,251**
Non-controlling interests		(289)	(376)
Total equity		**65,486**	**72,875**

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$'000	Retained (deficit)/ earnings US$'000	Equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2014	4	77,186	(1,533)	917	843	1,348	78,765	(456)	78,309
Profit for the year	-	-	-	-	-	(5,756)	(5,756)	80	(5,676)
Other comprehensive expense									
- Exchange difference on translation of foreign operations	-	-	-	-	242	-	242		242
Total comprehensive (expense)/income for the year	-	-	-	-	242	(5,756)	(5,514)	80	(5,434)
At 31 December 2014	4	77,186	(1,533)	917	1,085	(4,408)	73,251	(376)	72,875
Loss for the year						(7,246)	(7,246)	(55)	(7,301)
Other comprehensive income:									
- Exchange difference on translation of foreign operations	-	-	-	-	(230)	-	(230)	142	(88)
Total comprehensive (expense)/income for the year	-	-	-	-	(230)	(7,246)	(7,476)	87	(7,389)
At 31 December 2015	**4**	**77,186**	**(1,533)**	**917**	**855**	**(11,654)**	**65,775**	**(289)**	**65,486**

The following describes the nature and purpose of each reserve within owners' equity.

Share capital: Amount subscribed for share capital at nominal value.
Share premium: Amount subscribed for share capital in excess of nominal value.
Invested capital: Amount represents the difference between the nominal value of the Company's share of the paid-up capital of the subsidiaries acquired and the Company's cost of acquisition of the subsidiaries under common control.
Reserve fund: The rules and regulations of the People's Republic of China require that one tenth of profits as determined in accordance with China Accounting Standards for Business Enterprises in each period be reserved for making good previous years' losses, expanding business, or for bonus issues, provided that the balance after such issue is not less than 25% of the registered capital. The amount is non-distributable.
Foreign exchange reserve: Foreign exchange differences arising on translating the financial statements of foreign operations into the reporting currency.
Retained (deficit)/earnings: Cumulative net gains and losses recognised in profit or loss.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Operating activities			
Loss before income tax		(7,529)	(5,298)
Adjustments for:			
Depreciation		5,647	4,453
Amortisation of other intangible assets		5	80
Loss on disposal of property, plant and equipment		356	50
Finance (loss)/gains		3,629	776
Finance income		(3)	(390)
Finance costs		612	2,102
Operating cash flows before changes in working capital		2,787	1,773
(Increase)/decrease in inventories		(777)	1,030
Decrease in trade and other receivables		2,292	2,208
(Increase)/decrease in trade and other payables		(2,713)	3,880
Cash generated from operations		1,589	8,891
Income tax payment		(225)	(2)
Net cash from operating activities		**1,364**	**8,889**
Investing activities			
Payments for purchase of property, plant and equipment		(359)	(1,247)
Payments for intangible assets		-	(9)
Movement in restricted cash		3,849	6,523
Interest received		-	390
Net cash generated from investing activities		**3,490**	**5,657**
Financing activities			
Proceeds of short term loan		5,852	21,639
Repayment of short term loan		(11,242)	(35,819)
Finance costs paid		(565)	(2,356)
Net cash used in financing activities		**(5,955)**	**(16,536)**

Net (decrease)/increase in cash and cash equivalents	(1,101)	(1,990)
Cash and cash equivalents at beginning of the year	1,737	3,994
	636	2,004
Effect of foreign exchange rate changes	(283)	(267)
Cash and cash equivalents at end of year	**353**	**1,737**

Notes Forming Part of the Financial Statements

1 GENERAL

Greka Drilling Limited (the "Company") was incorporated in the Cayman Islands on 1 February 2011 under the Companies Law (2010 Revision) of the Cayman Islands. The registered office and principal place of business of the Company are located at PO Box 472, Harbour Place 2nd Floor, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands and 29th Floor, Landmark Plaza, No. 1 Business Outer Ring Road, Central Business District, Henan Province, Zhengzhou 450000, PRC respectively.

The Company was established as an investment holding company for a group of companies whose principal activities consist of the provision of coal bed methane drilling services in China and India. The Company and its subsidiaries are hereinafter collectively referred to as the "Group".

The financial statements are presented in United States dollars which is same as the functional currency of the Company. The functional currencies of the subsidiaries are Renminbi (RMB) for China and Rupee for India.

2 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with IFRS as adopted by the European Union, that are effective for accounting periods beginning on or after 1 January 2014. The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in the Group's full annual report and accounts for the year ended 31 December 2015.

3 REVENUE AND SEGMENT INFORMATION

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.

The accounting policies of the reportable segments are the same as those described in the summary of principal accounting policies. We evaluate the performance of our operating segments based on revenues from external customers and segmental profits.

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, from which the entire Indian segment revenue of $4,230,000 is generated. The rest of the revenue in PRC is derived from other customers from each of whom less than 10% of total revenue is derived in 2015 and 2014.

For the Year Ended 31 December 2015

	PRC	India	Intercompany	Consolidated
	US$'000	US$'000	US$'000	US$'000
Revenue	25,911	4,230	(225)	29,916
Cost of sales	(17,385)	(6,791)	225	(23,951)
Gross profit/(loss)	8,526	(2,561)	-	5,965

For the Year Ended 31 December 2014

	PRC	India	Intercompany	Consolidated
	US$'000	US$'000	US$'000	US$'000
Revenue	20,975	3,678	(232)	24,421
Cost of sales	(13,109)	(5,272)	232	(18,149)
Gross profit/(loss)	7,866	(1,594)	-	6,272

As at 31 December 2015

	PRC	India	Intercompany	Consolidated
Segment assets		19,504	(15,412)	98,272

	94,180			
Segment liabilities	11,492	3,973	17,321	32,786
PPE	68,830	16,132	-	84,962

As at 31 December 2014

	PRC	India	Intercompany	Consolidated
Segment assets	88,749	21,535	5,234	115,518
Segment liabilities	20,796	2,650	19,197	42,643
PPE	**76,807**	**16,156**		**92,963**

4 LOSS FROM OPERATIONS

Loss from operations is stated after charging:

	2015 US$'000	2014 US$'000
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the annual financial statements	127	127
Fees payable to the Company's auditors for the review of the interim results	15	16
Cost of inventories recognised as expense	8,163	6,065
Staff costs (note 7)	9,622	8,088
Depreciation of property, plant and equipment	5,647	4,453
Operating lease expense (property)	627	576
Amortisation of intangible assets	75	80
Loss on disposal of property, plant and equipment	356	50

5 FINANCE INCOME

	2015 US$'000	2014 US$'000
Bank interest	3	390
	3	390

6 FINANCE COSTS

	2015 US$'000	2014 US$'000
Foreign exchange losses	(3,629)	(776)
Interest expense on short term loans	(612)	(2,102)
	(4,241)	(2,878)

7 STAFF COSTS

	2015	2014
	US$'000	US$'000
Staff costs (including directors' remuneration) comprise:		
Wages and salaries	7,877	6,120
Employer's national social security contributions	1,564	1,652
Other benefits	181	316
	9,622	8,088

8 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2015 US$'000	2014 US$'000
Loss for the year	(7,301)	(5,757)
Number of shares	398,245,758	398,245,758
Weighted average number of ordinary shares for the purposes of basic earnings per share (thousands)	398,246	398,246
Weighted average number of ordinary shares for the purposes of diluted earnings per share (thousands)	398,246	398,246
Basic loss per share (US$)	(0.0184)	(0.0144)
Diluted loss per share (US$)	(0.0184)	(0.0144)

There were no potentially dilutive instruments are issued in 2015 and 2014. Potentially dilutive instruments (warrants) have been issued post year end, however this has no impact on the diluted EPS given the Group has made a loss for the year.

9 TAXATION

	2015 US$'000	2014 US$'000
Current tax charge/(credit)	-	(181)
Deferred tax charge	228	(271)
Tax charge recognised in the income statement	228	(452)

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

	2015	2014
	US$'000	US$'000
(Loss)/profit before income tax	(7,529)	(5,298)
Expected tax charge based on the standard rate of corporation tax in the PRC of 25% (2013: 25%)	(1,882)	(1,325)
Effect of:		
Income tax in overseas jurisdictions	1,707	1,148
Tax losses and other temporary differences not recognised	403	(275)
Under provision of prior year		
Income tax charge	228	(452)

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 year. Taxation for operations in India is taxed at 4.326% of gross revenue.

10 TRADE AND OTHER RECEIVABLES

	2015	2014
	US$'000	US$'000
Trade receivables	1,190	3,055
Prepayments	1,103	3,580
Other receivables	1,070	671
Amounts due from related parties	-	-
	3,363	7,306

The fair values of trade and other receivables approximate their respective carrying amounts at the end of each reporting period due to their short maturities. There is no allowance for impairment of receivables.

The ageing analysis of trade receivables prepared based on allowed credit terms that are past due but not impaired as of the end of the reporting period is set out below. The debtors are not considered to be impaired given post year end receipts.

	2015	2014

	US$'000	US$'000
Less than 60 days past due	1,190	3,055

11. CASH AND BANK BALANCES

	2015 US$'000	2014 US$'000
Cash and cash equivalents	353	1,737
Restricted bank balance*	2,068	6,280
	2,421	8,017

* The restricted bank balance represents deposits placed in financial institutions to secure bills payable of an equivalent amount related to trade payables of US$ 2.4m.

12 TRADE AND OTHER PAYABLES

	2015 US$'000	2014 US$'000
Trade payables	12,939	17,179
Other current liabilities	2,426	2,430
Amounts due to related parties	9,800	9,735
	25,165	29,344

Trade and other payables are expected to be settled within one year. The fair values approximate their respective carrying amounts at the end of each reporting period due to their short maturities.

13 LOANS AND BORROWINGS

	2015 US$'000	2014 US$'000
Bank loans	5,852	11,930

The banks loans are all secured. The detailed information regarding loan maturity dates and interest rates are below:

Bank name	Balance as at Dec 31,2015		Expiry Date	Balance as at Dec 31,2014		Expiry Date
	Interest rate	USD		Interest rate	USD	
CITIC Bank	7.000%	2,771,960	29-Apr-2016	7.200%	2,941,657	12-Mar-2015
SPD Bank	7.280%	3,079,956	8-Jan-2016	6.000%	3,268,508	8-Jan-2015
Ping An Bank	N/A	N/A	N/A	7.500%	5,719,889	13-Jan-2015
Total		**5,851,916**			**11,930,054**	

Loans due to SPD Bank, CITIC Bank and Ping An Bank have been repaid post year end.

14 PROVISIONS

	2015	2014
	US$'000	US$'000
Provisions	585	-

The provision in the year relates to a lawsuit initiated against the Group by a contractor in China. Whilst the Group is appealing the lawsuit decision and continues to negotiate with the contractor, a provision has been prudently recognised for the full amount.

15 SUBSEQUENT EVENTS

On 31 March 2016, Greka Drilling Limited (the "Company") secured US$5 million in loan financing from Guaranty Finance Investors LLC ("GFI"), the proceeds of which it expects to use for working capital purposes. The loan, on which interest is payable at the rate of 7% per annum, is repayable on 31 March 2019 and is unsecured (although first priority would be granted to the GFI loan if the Company created any security over its drilling rigs in relation to other indebtedness).

As part of the financing, the Company has issued GFI with warrants to subscribe for 35,000,000 new ordinary shares in the Company at an exercise price of 5p per share, representing a premium of 43% to the Company's closing share price on 29 March 2016. The warrants are exercisable at any time between 1 April 2017 and 31 March 2019. At any time after 31 March 2017 the Company may elect to prepay the loan, provided that the amount repaid (including interest paid previously) would provide GFI with a total annual return of 25%; such prepayment would be deemed to have redeemed the warrants in lieu of issuing new shares.

16 PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information for the years ended 31 December 2015 and 31 December 2014 set out in this Announcement does not constitute the Group's statutory financial information but is extracted from the Company's audited financial statements for those years. The auditors have reported on the full financial information for both periods and their reports were unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports.

17 ANNUAL REPORT

The Company's Annual Report and copies of this announcement will be available on the Company's website at www.grekadrilling.com and from the office of the Company's Nominated Adviser, Smith & Williamson Corporate Finance Limited at 25 Moorgate, London EC2R 6AY, United Kingdom.