24 September 2014

GREKA DRILLING LIMITED

("Greka Drilling" or the "Company")

Interim Results 2014

Greka Drilling Limited (AIM: GDL), the largest independent and specialized unconventional gas driller in China, is pleased to announce its results for the six months ended 30 June 2014.

FINANCIAL HIGHLIGHTS

- Revenue of US$8.9 million (H1 2013: US$14.4 million)
- Gross margin: 27% (H1 2013: 5%)
- US$18.6 million of cash on hand as at 30 June 2014 (US$15.0 million restricted)

OPERATIONAL HIGHLIGHTS

- 19 wells drilled in first half of 2014 versus 26 in the same period in 2013, a 27% reduction
- 21,159m drilled ,versus 36,347m in the same period in 2013, a 42% reduction
- Vertical wells averaged 9.3 days from spud to completion, compared to 25 days in the same period in 2013, a 63% improvement
- Directional wells averaged 11.5 days from spud to completion, compared to 20 days in the same period in 2013, a 43% improvement
- LiFaBriC wells averaged 43.9 days from spud to completion, compared to 61 days in the same period in 2013, a 28% improvement
- Rig GD75-24 established two records for Greka Drilling whilst drilling for Sinopec (BOFA), drilling two 8 ½" sections to depths of 506m and 529m respectively, each in 24 hours
- Fastest Vertical well was drilled to a total depth ("TD") of 620m in 5.2 days (spud to completion)
- Fastest Directional well was drilled to TD of 1,494m in 7.8 days (spud to completion)
- Fastest LiFaBriC well was drilled to TD of 1,230m (total metres drilled - 1,622m) in 40.2 days (spud to completion)

CUSTOMER OVERVIEW

- Six counterparties: Green Dragon Gas, CNPC Huabei, CNPC Jincheng, Sinopec (BOFA), Essar Oil and Guangdong Bureau of Coal Geology
- Mobilization began with 5 GD75 rigs and related tools and equipment have arrived in India to execute the Essar Oil contract

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

"Whilst mobilization orders have been slower than anticipated, the Company is pleased that we have seen forward momentum on two of our main contracts. The US$65 million contract for Essar Oil in India is now underway and the first two rigs are ready to spud the first wells shortly. Additionally, the first two LiFaBriC wells for Green Dragon Gas were completed and we have recently been mobilized to finish the balance eight of the ten LiFaBriC well program in China. As such, we look forward to these revenues becoming visible within the next reporting period.

Greka Drilling maintains a healthy backlog of business on both contracts that have been recently mobilized and those that still remain to be given mobilsation orders. We are also pleased to have increased our counter parties' year on year and continue to remain in dialogue with numerous potential business opportunities.

Importantly, we have further demonstrated our drilling efficiency with a 620m vertical well being drilled in 5.2 days and were proud to break our own records by drilling two 8 ½" sections of 506m and 529m respectively, each in 24 hours. Such operational improvements allow us to operate at a lower cost and which is in turn passed onto our clients."

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

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CHAIRMAN'S STATEMENT

We drilled faster and more cost efficiently during the period - predominately drilling vertical wells and thus fewer metres per well, setting new drilling records in the process. We would have liked to have seen mobilization orders on a larger percentage of Greka Drilling's backlog than were received, but clients held back on mobilization orders for a number of factors unassociated with Greka Drilling.

The first half of 2014 was, as a result, a bittersweet period for the Company. The drilling teams did a remarkable job of beating their previous records on drill times, proving the efficiencies our drilling technology can offer clients whilst maintaining the precision required but as mentioned, the Company's clients held back their mobilization orders which resulted in a lower level of activity during the period. In the longer term, the drilling efficiencies achieved will deliver lucrative returns on the US$300 million backlog when these agreements are mobilized. As such, we look forward with much excitement for the future.

The drilling team from rig GD74-24 deserve to be specifically recognized for their achievements in drilling two vertical wells to depths of over five hundred metres in twenty four hours per well. These results were truly eye opening for our clients, as well as fellow drilling contractors, as evidence of the Company's aptitude and efficiency and the business is actively articulating these benefits throughout the wider market place.

We are accustomed to a slower first half of the year, with weather conditions typically slowing activity during the period but this was also affected by delayed mobilization orders. Specifically, Green Dragon Gas were focused on finalizing their title related matters which have now been resolved, and our 10 well LiFaBriC programme has restarted. This programme is part of the Company's wider 150 well programme that they have committed to subject to their debt placement.

We would expect a busier second half of the year and, considering the currently mobilized rigs to Green Dragon and Essar

In addition to these significant clients, we also expect to be mobilized on the CNPC backlog during the second half of 2014 following their well site construction.

Greka Drilling's management team were challenged to maintain the focus on drilling efficiency, recurrent training, to launch an entirely new operational and management teams in India whilst balancing these goals with financial discipline on a significantly lower revenue base. They did so successfully and are now set to capitalize on the significant opportunity of growing the backlog further while being focused on executing the mobilized workload.

I look forward to updating the shareholders on the progress in India and continued execution in China for multiple clients.

Randeep S. Grewal
Chairman
24 September, 2014

Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2014 US$'000 Unaudited	Six months ended 30 June 2013 US$'000 Unaudited	Year ended 31 December 2013 US$'000 Audited
Revenue	3	8,926	14,408	30,528
Cost of sales		(6,498)	(13,693)	(21,863)
Gross profit		**2,428**	**715**	**8,665**
Administrative expenses		(4,567)	(4,440)	(8,966)
Total administrative expenses		(4,567)	(4,440)	(8,966)
Loss from operations		**(2,139)**	**(3,725)**	**(301)**
Finance income	4	286	1,627	2,992
Finance costs	5	(2,492)	(709)	(1,605)
(Loss) / profit before income tax		**(4,345)**	**(2,807)**	**1,086**
Income tax charge	6	336	427	(778)
(Loss) / profit for the period		(4,009)	(2,380)	308
Other comprehensive income/(expense):				
Exchange differences on translation of foreign operations		278	(374)	(949)
Total comprehensive expense for the period		**(3,731)**	**(2,754)**	**(641)**
(Loss)/profit for the period attributable to:				
- Owners of the company		(4,042)	(2,364)	175
- Non-controlling interests		33	(16)	133
		(4,009)	**(2,380)**	**308**
Total comprehensive (expense)/income attributable to:				
- Owners of the company		(4,059)	(2,758)	(574)
- Non-controlling interests		328	4	(67)
		(3,731)	**(2,754)**	**(641)**

Earnings per share				
- Basic and diluted (cents)	7	**(1.02)**	**(0.59)**	**0.044**

Consolidated Statement of Financial Position

	Note	As at 30 June 2014 US$'000 Unaudited	As at 31 December 2013 US$'000 Audited
Assets			
Non-current assets			
Property, plant and equipment	8	93,569	96,651
Intangible assets		528	564
		94,097	**97,215**
Current assets			
Inventories	10	7,089	7,770
Trade and other receivables	11	7,542	9,514
Cash and bank balances	12	18,573	16,077
		33,204	**33,361**
Total assets		**127,301**	**130,576**
Liabilities			
Current liabilities			
Trade and other payables	13	34,395	25,009
Loans and borrowings	14	17,553	26,160
		51,948	**51,169**
Non current liabilities			
Deferred tax liabilities	9	775	1,098
		775	**1,098**
Total net assets		**74,578**	**78,309**
Capital and reserves			
Share capital		4	4
Capital reserve		77,186	77,186
Merger reserve		(1,533)	(1,533)
Reserve fund		917	917
Foreign exchange reserve		826	843
Retained (deficit)/earnings		(2,694)	1,348
Total equity/(deficit) attributable to owners of the Company		74,706	78,765
Non-controlling interests		(128)	(456)
Total Equity		**74,578**	**78,309**

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 01 January 2013 - audited	**4**	**77,186**	**(1,533)**	**917**	**1,592**	**1173**	**79,339**	**(389)**	**78,950**
Loss for the period	-	-	-	-	-	(2,364)	(2,364)	(16)	(2,380)
Other comprehensive (expense)/income:									
- Exchange difference on translation of foreign operations	-	-	-	-	(394)	-	(394)	20	(374)
Total comprehensive (expense)/income for the period	-	-	-	-	(394)	(2,364)	(2,758)	4	(2,754)
At 30 June 2013 - unaudited	**4**	**77,186**	**(1,533)**	**917**	**1,198**	**(1,191)**	**76,581**	**(385)**	**76,196**
At 01 January 2014 - audited	**4**	**77,186**	**(1,533)**	**917**	**843**	**1,348**	**78,765**	**(456)**	**78,309**
(Loss)/profit for the period	-	-	-	-	-	(4,042)	(4,042)	33	(4,009)
Other comprehensive (expense)/income:									
- Exchange difference on translation of foreign operations	-	-	-	-	(17)	-	(17)	295	278
Total comprehensive income for the period	-	-	-	-	(17)	(4,042)	(4,059)	328	(3,731)
At 30 June 2014 – unaudited	**4**	**77,186**	**(1,533)**	**917**	**826**	**(2,694)**	**74,706**	**(128)**	**74,578**

Consolidated Statement of Cash Flow

	6 months ended 30 June 2014 US$'000 Unaudited	6 months ended 30 June 2013 US$'000 Unaudited	Year ended 31 December 2013 US$'000 Audited
Operating activities:			
(Loss)/profit before income tax	**(4,345)**	**(2,807)**	**1,086**
Adjustments for:			
Depreciation	2,307	2,559	5,643
Amortization of other intangible assets	40	37	76
Loss on disposal of property, plant and equipment	-	-	25
Finance income	(286)	(1,627)	(2,992)
Finance costs	2,492	709	1,605
Operating cash flows before changes in working capital	**208**	**(1,129)**	**5,443**
Decrease/(increase) in inventories	610	(206)	(1,401)
Decrease/(increase) in trade and other receivables	5,756	(1,231)	(4,497)
Increase/(decrease) in trade and other payables	5,883	(1,063)	2,518
Cash generated from/(utilized by) operations	**12,457**	**(3,629)**	**2,063**
Income tax payment	(25)	(359)	(392)
Net cash from operating activities	**12,432**	**(3,988)**	**1,671**
Investing activities:			
Payments for purchase of property, plant and equipment	(9)	(35)	(751)
Payments for intangible assets	(9)	(14)	(41)
Proceeds from disposal of property, plant and equipment	0	0	16
Interest received	286	18	39
Net cash generated by/(used in) investing activities	**268**	**(31)**	**(737)**
Financing activities			
Transfers to restricted cash	(2,885)	(6,189)	(11,106)
Proceeds of loan	14,302	13,514	26,160
Repayment of short term loan	(22,880)	-	(12,301)
Finance costs paid	(1,622)	(566)	(1,605)
Net cash (used in) /from financing activities	**(13,085)**	**6,759**	**1,148**
Net (decrease)/increase in cash and cash equivalents	**(385)**	**2,740**	**2,082**

Cash and cash equivalents at the beginning of the year	**3,994**	**2,162**	**2,162**
	3,609	4,902	4,244
Effect of foreign exchange rate changes	(4)	(3,498)	(250)
Cash and cash equivalents at end of year	**3,605**	**1,404**	**3,994**

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 2013, 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 2014 were approved and authorized for issue by the Audit Committee and the Board on 22 Sep 2014.

The interim financial statements have been prepared in accordance with the accounting policies that are consistent with the December 2013 financial statements and the same policies are expected to apply for the year ended 31 December 2014. The financial information for the six months to 30 June 2014 does not constitute audited accounts of the Company or the Group. The accounts for the year ended 31 December 2013 were audited and the auditor's report for the year ended 31 December 2013 was unqualified add did not include any references to any matters to which auditors drew attention by way of emphasis. The comparative figures for the year ended 31 December 2013 have been extracted from audited accounts.

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.

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 in the 31 December 2013 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 SEGMENTAL INFORMATION**

The Group has one reportable segment. The operating results are regularly reviewed by the Group's chief operating decision-makers ("CODMs") that are used to make strategic decisions. 79% of the Group's revenue was derived from one customer.

4. **FINANCE INCOME**

	Six months ended 30 June 2014 US$'000 Unaudited	Six months ended 30 June 2013 US$'000 Unaudited	Year ended 31 December 2013 US$'000 Audited
Bank interest	286	18	39
Foreign exchange gains	-	1,609	2,953
	286	1,627	2,992

5. **FINANCE COSTS**

	Six months ended 30 June 2014 US$'000 Unaudited	Six months ended 30 June 2013 US$'000 Unaudited	Year ended 31 December 2013 US$'000 Audited
Interest expense on short term loans	1,376	709	1,605
Foreign exchange loss	1,116	-	-
	2,492	709	1,605

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.

7. **EARNINGS PER SHARE**

	Six months ended 30 June 2014 US$'000 Unaudited	Six months ended 30 June 2013 US$'000 Unaudited	Year ended 31 December 2013 US$'000 Audited
Earnings for the purpose of basic and diluted (loss)/profit per share	(4,042)	(2,364)	175
Weighted average number of ordinary shares	398,245,758	398,245,758	398,245,758

The Group does not have any potentially dilutive instruments in issue therefore the basic and diluted EPS is the same.

8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred US$9,493 on additions to plant and equipment (31 December 2013 — US$751,000).

9. DEFERRED TAXATION

	As at 30 June 2014 US$'000 Unaudited	Year ended 31 December 2013 US$'000 Audited
Deferred tax liabilities		
Opening balance	1,098	453
Temporary difference charge	969	1,715
Tax losses recognized	(1,292)	(1,070)
At the end of the period	775	1,098

The Group has not recognized potential deferred tax assets of US$170,000 (2013: US$160,000) arising on unrecognized losses due to insufficient expected taxable income in the relevant jurisdiction. The Group has not offset deferred tax assets and liabilities across different jurisdictions. Cayman Island losses of US$1,946,540 (2013: US$2,370,000) do not expire under current tax legislation. PRC tax losses of US$1,304,652 (2013: $640,000) expire after 5 years.

10. INVENTORIES

	As at 30 June 2014 US$'000 Unaudited	Year ended 31 December 2013 US$'000 Audited
Raw materials and consumables	7,089	7,770

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2014 US$'000 Unaudited	Year ended 31 December 2013 US$'000 Audited
Account receivable	1,850	1,531
Prepayments	855	867
Other receivables	852	833
Amount due from related parties	3,985	6,283
	7,542	9,514

12. CASH AND CASH EQUIVALENTS

	As at 30 June 2014 US$'000 Unaudited	Year ended 31 December 2013 US$'000 Audited
Cash and Cash Equivalents(Un-restricted)	3,605	3,994
Cash and Cash Equivalents(restricted)	14,968	12,083
	18,573	16,077

The restricted bank balance represents deposits placed in financial institutions to secure bills payable of an equivalent amount related to trade payables of US$15 million (2013: trade payables of US$1.3 million and bank loans of US$10. 7million).

13. TRADE AND OTHER PAYABLES

	As at 30 June 2014 US$'000 Unaudited	Year ended 31 December 2013 US$'000 Audited
Trade payables	11,948	16,770
Notes payable	14,968	6,259
Other payables	1,274	1,936
Amount due to related parties	6,205	44
	34,395	25,009

14. LOANS AND BORROWINGS

	As at 30 June 2014 US$'000 Unaudited	Year ended 31 December 2013 US$'000 Audited
Bank loans – secured	17,553	26,160

Details of the Group's bank loans are as follows:

Bank name	**Period**	**Balance as at Dec 31,2013**	**Interest rate**	**Repayment**		**New loan**		**Balance as at June 30,2014**
		US$'000		**Date**	**Amount US$'000**	**Date**	**Amount US$'000**	**US$'000**
CITIC Bank	One year	2,461	6.90%	4/3/2014	(2,461)	13/3/2014	2,925	2,925
SPD Bank	One year	3,280	7.20%					3,251

SPD Bank	6 months	6,560	8.00%	14/3/2014	(6,560)	21/3/2014	3,251	3,251
Yunnan International Trust CO., LTD	One year	4,100	5.90%	26/3/2014	(4,100)			
Ping An Bank	One year	8,201	7.20%	13/1/2014	(8,201)	16/1/2014	8,126	8,126
Ping An Bank	One year	1,394	6.00%	21/5/2014	(1,394)			
Randeep Grewal	6 months	164	9.00%	30/6/2014	(164)			
Total		**26,160**						**17,553**

15. RELATED PARTY TRANSACTIONS

(a) Amounts due from/to related parties and corresponding transactions

Saved as disclosed in notes 11, 13 and 14, 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. The related party transactions of the Group with companies under common control were as follows: Amounts due from/to related parties comprise:

	As at 30 June 2014 US$'000	As at 31 Dec 2013 US$'000
Amounts due from related companies (note i):		
- Zhengzhou Greka Gas Co. Limited ("GGD")	192	-
- Greka Energy (International) B.V ("GBV") (note ii).		2,700
- Asiacanada Energy Inc ("ACE") (note ii)	3,789	3,581
- Henan Gongyi Greka Transportation Co. Ltd ("GTI")	-	-
- Henan Greka Weino Alcohol Trading Limited("GWA")	4	2
Total of the above which is included in trade and other receivables (note 11)	**3,985**	**6,283**

(a)Amounts due from/to related parties and corresponding transactions (continued)

	As at 30 June 2014 US$'000	As at 31 Dec 2013 US$'000
Amounts due to related companies (note i):		
- Greka Energy (International) B.V ("GBV")	6,143	
- Zhengzhou Greka Gas Co. Limited ("GGD")		11
- Zhengzhou Greka Technology Co Ltd ("GTC")	10	
- Zhengzhou Greka Petro-Equipment Co Ltd ("GMC")(note iii)	14	
- Henan Gongyi Greka Transportation Co. Ltd (note v)	38	33
Total of the above which is included in trade and other payables (note 13)	6,205	44

Notes:

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

(ii) The balance represent amounts receivable from GBV and ACE for providing drilling service.

(iii) The balance represent amounts payable to GMC for supplying gas dispensers.

(v) The balance represent amounts payable to GTI for providing pre-well services.