13 April 2015

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

Annual results for the year ended December 2014

Greka Drilling (AIM: GDL), the largest independent and specialized unconventional oil and gas driller in China, is pleased to announce its annual results for the year ended 31 December 2014.

FINANCIAL HIGHLIGHTS

- Annual revenues US$24.4m (2013: US$30.5m)
- Second half revenues significantly above H1 2014 revenues
- Losses before tax widened to US$5.3m (2013: profit US$1.1m) due to investment in Indian operations and contracted drilling moved by client into 2015
- Year-end cash and bank deposits of US$8.0m (including restricted cash) (2013: US$16.1m)
- Gross margin 26%, compared with 28% in same period last year

OPERATIONAL HIGHLIGHTS

- Expanded operations into India and recruited approximately 200 staff for India operations
- Indian head office established in New Delhi
- Field operational hub set-up including warehouse and yard in Durgapur, West Bengal
- Started drilling operations in West Bengal on 4 October 2014, under the contract with Essar Oil Ltd ("Essar")
- A 100% successful first attempt at intersecting the vertical well in a LiFaBriC completion with the Company's own Rotating Magnet Ranging Systems ("RMRS")
- 10 well LiFaBriC contract commenced and completed for Green Dragon Gas Ltd ("GDG ")
- Further 30 well LiFaBriC contract awarded by GDG for 2015 drilling campaign has been mobilized
- Contracted parties include GDG, CNPC, Sinopec (BOFA) and Essar Oil
- 2015 pipeline includes the 30 contracted LiFaBriC wells for GDG and an additional 100 wells for third parties. Mobilization on these contracts and thus the pace of drilling are at the discretion of the contracted parties

NON FINANCIAL KPIs

- The maximum meters drilled in a single LiFaBriC well was 3,571m in 2014 (2013: 4,554m)
- The longest MD of a single LiFaBriC section, surface to intersect, was 1,600m in 2014 (2013: 1,917.5m)
- The deepest TVD of a directional was 1,556.6m (1,594m MD), (2013: 1,280.9m TVD (1,351m MD))
- Fastest vertical well was drilled in 5.1 days to a depth of 620m or 121.6m/day; 2013: fastest well 9.35 days to a depth of 795m or 85m/day - a 43% improvement
- Fastest directional well was drilled in 7.8 days to a depth of 1,494m or 191.5m/day; 2013: fastest well drilled in 6.48 days but to a depth of only 752m or 116m/day – a 65% improvement
- Fastest LiFaBriC well was drilled in 22.9 days to 1,412.4m MD (TVD 566.7m) or 61.7m/day. 2013: fastest LiFaBriC drilled in 35.6 days to 1,882.5m MD (TVD 862m) or 52.9m/day - a 17% improvement
- Zero lost time in the period due to injury or accident

Randeep S. Grewal, Chairman & CEO of Greka Drilling, commented:

"2014 was a difficult financial year as we waited for our clients to start their drilling campaigns. During the year management focused its attention on personnel and operational optimization which was well reflected in improved drilling accuracy and efficiency. In addition, we successfully started the operations in India which adds an important geography to our footprint.

"We are truly excited about 2015 which started with robust mobilization and drilling orders from both our principal clients, GDG and Essar."

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 are pleased to have navigated through a difficult 2014 for Greka Drilling. While we were prepared for a robust drilling campaign, our contracted clients were, for reasons outside of Greka Drilling's control, not in a position to mobilize the drilling campaigns. The Company had little alternative but to wait and we are delighted that in Q4 2014 the first well was spud for Essar and 2015 has seen further wells drilled under the Essar contract and mobilization of the 30 contracted LiFaBric GDG wells. The lack of drilling during the course of 2014 is reflected in the lower turnover and widening losses.

During the downtime management's focus was on internal infrastructure and we have continued to strive to improve operational performance for our clients throughout the year. Indeed improvements in both accuracy and efficiency were well demonstrated in actual drilling results on the 45 wells drilled during the year of which ten were LiFaBriC. Demonstrating our competency and efficiency are core to our clients' needs and allow us to stand out from any alternatives in our specialized sector.

Further operational accomplishments included a 100% success in first attempt intersections to the vertical wells for our LiFaBriC well completions. Additionally, there were considerable improvements in drilling efficiencies. We drilled verticals 43% faster, 65% for directional and 17% on the LiFaBric's as compared to the previous year. Operational efficiencies added to lower rig utilization rates and higher idle time as improved drilling and shorter drill times created more rig availability.

Similar to the China rig and personnel expansion during 2011/2012, we demonstrated in India a repeat capability to successfully launch a drilling service company from grass roots. Two hundred, degree educated engineers were selected, recruited, trained and tested to launch the first of its kind drilling company in India. The new workforce was complemented by members of Greka Drilling's experienced Chinese teams and led by seasoned Company drilling professionals. The new company was launched in Durgapur on 24 July 2014 and spud its first well on 4 October 2014. The teams continue to drill wells with complete precision and are delivering wells to the client's satisfaction monthly.

We have demonstrated that Greka Drilling's strategy and plan to be pan-Asia's largest unconventional drilling service provider can be executed. The successful on-going drilling operations, in China and India, the two largest growing unconventional gas markets, demonstrate such capability. We continue to evaluate other geographies to expand into. While strategic geographic expansion is within our long term objective, in the immediate term the local business development teams are focused on client expansion within China and India, which we expect to do in 2015.

Following two consecutive years of weakness, we are looking forward to a robust 2015. I am pleased to report that the year has started with increased activity levels and firm drilling mobilized orders that we expect to significantly increase activity levels over 2014. As a service company the level of drilling activity is dependent upon factors outside of the Company's control. Greka Drilling has the capability to deliver the contracted 130 well drilling programmes for our clients within 2015, however this will be dependent upon our clients' requirements.

Greka Drilling's performance, which is driven by contracts with its key clients, is less exposed to oil price volatility than the wider oil field service sector. Our clients' businesses operate exclusively within a regulated gas market which is de-coupled from global oil price volatility. The regional nature of these regulated gas markets in China and India provide for a stable long term transparent view of government objectives within which our clients have planned their drilling campaigns. We expect these markets to continue their stable expansion and for our clients continued confidence to be reflected in their drilling campaigns. Greka Drilling has focused on these very gas markets as a matter of strategy.

We look forward to an exciting 2015.

Randeep S. Grewal
Chairman & Chief Executive Officer
13th April , 2015

Consolidated Statement of Comprehensive Income

	Note	Year Ended 31 December 2014	Year Ended 31 December 2013
	Note	US$'000	US$'000
Revenue	3	24,421	30,528
Cost of sales		(18,149)	(21,863)
Gross profit		6,272	8,665
Administrative expenses		(9,082)	(8,966)
Loss from operations	4	(2,810)	(301)
Finance income	5	390	2,992
Finance costs	6	(2,878)	(1,605)
(Loss)/profit before income tax		(5,298)	1,086
Income tax charge	9	(452)	(778)
(Loss)/profit for the year		(5,750)	308
Other comprehensive expense, net of tax:			
Exchange differences on translation of foreign operations		316	(949)
Total comprehensive income for the year		**(5,434)**	**(641)**
(Loss)/ profit for the period attributable to:			
- Owners of the company		(5,757)	175
- Non-controlling interests		7	133
		(5,750)	308
Total comprehensive (expense)/ income attributable to:			
- Owners of the company		(5,514)	(574)
- Non-controlling interests		80	(67)
		(5,434)	(641)
Earnings per share			
- Basic and diluted (in US dollar)	8	(0.0144)	0.0008

Consolidated Statement of Financial Position

	Notes	As at 31 December 2014 US$'000	As at 31 December 2013 US$'000
Assets			
Non-current assets			
Property, plant and equipment		92,963	96,651
Intangible assets		492	564
		93,455	97,215
Current assets			
Inventories		6,740	7,770
Trade and other receivables	10	7,306	9,514
Cash and bank balances(including restricted cash)	11	8,017	16,077
		22,063	33,361
Total assets		**115,518**	**130,576**
Liabilities			
Current liabilities			
Trade and other payables	12	29,344	25,009
Loans and borrowings	13	11,930	26,160
		41,274	**51,169**
Non current liabilities			
Deferred tax liabilities		1,369	1,098
		1,369	**1,098**
Total Liabilities		**42,643**	**52,267**
Net assets		**72,875**	**78,309**
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		1,086	843
Retained (deficit)/earnings		(4,409)	1,348
Total equity attributable to owners of the Company		73,251	78,765
Non-controlling interests		(376)	(456)
Total equity		**72,875**	**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$'000	Retained (deficit)/ earnings US$'000	Equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2013	4	77,186	(1,533)	917	1,592	1,173	79,339	(389)	78,950
Profit for the year	-	-	-	-	-	175	175	133	308
Other comprehensive expense									
- Exchange difference on translation of foreign operations	-	-	-	-	(749)	-	(749)	(200)	(949)
Total comprehensive (expense)/income for the year	-	-	-	-	(749)	175	(574)	(67)	(641)
At 31 December 2013	4	77,186	(1,533)	917	843	1,348	78,765	(456)	78,309
Loss for the year						(5,757)	(5,757)	7	(5,750)
Other comprehensive income:									
- Exchange difference on translation of foreign operations	-	-	-	-	243	-	243	73	316
Total comprehensive (expense)/income for the year	-	-	-	-	243	(5,757)	(5,514)	80	(5,434)
At 31 December 2014	**4**	**77,186**	**(1,533)**	**917**	**1,086**	**(4,409)**	**73,251**	**(376)**	**72,875**

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 recognized in profit or loss.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2014	Year ended 31 December 2013
		US$'000	US$'000
Operating activities			
(Loss)/ profit before income tax		(5,298)	1,086
(Loss) / income for last year			
Adjustments for:			
Depreciation		4,453	5,643
Amortization of other intangible assets		80	76
Loss on disposal of property, plant and equipment		50	25
Finance loss/(gains)		776	(2,953)
Finance income		(390)	(39)
Finance costs		2,102	1,605
Operating cash flows before changes in working capital		1,773	5,443
Decrease/(Increase) in inventories		1,030	(1,401)
Decrease / (increase) in trade and other receivables		2,208	(4,497)
Increase in trade and other payables		3,880	2,518
Cash generated from operations		8,891	2,063
Income tax payment		(2)	(392)
Net cash from operating activities		**8,889**	**1,671**
Investing activities			
Payments for purchase of property, plant and equipment		(1,247)	(751)
Acquisition of subsidiaries			
Payments for intangible assets		(9)	(41)
Movement in restricted cash		6,523	(11,106)
Proceeds from disposal of property, plant and equipment			16
Interest received		390	39
Net cash used in investing activities		**5,657**	**(11,843)**
Financing activities			
Proceeds of short term loan		21,639	26,160
Repayment of short term loan		(35,819)	(12,301)
Finance costs paid		(2,356)	(1,605)
Net cash from financing activities		**(16,536)**	**12,254**
Net (decrease)/increase in cash and cash equivalents		(1,990)	2,082
Cash and cash equivalents at beginning of the year		3,994	2,162
		2,004	**4,244**
Effect of foreign exchange rate changes		(267)	(250)
Cash and cash equivalents at end of year		**1,737**	**3,994**

Notes Forming Part of the Financial Statements

1 GENERAL

Greka Drilling 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 for China and Rupee for India.

2 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with IFRSs 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 2014.

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 People's Republic of China (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 contract drilling services and management services provided to two major customers, one in the PRC (who is a related party) and another one is in India. The rest of the revenue is derived from other customers from each of whom less than 10% of total revenue is derived in 2014 and 2013.

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 2014

	PRC	India	Others	Intercompany	Consolidated
Segment assets	92,646	21,535	135,298	(130,064)	119,415
Segment liabilities	1,716	2,650	24,693	17,481	46,540

4 LOSS FROM OPERATIONS

Profit from operations is stated after charging:

	2014 US$'000	2013 US$'000
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the annual financial statements	127	124
Fees payable to the Company's auditors for the review of the interim results	16	41
Cost of inventories recognized as expense	6,065	6,938
Staff costs (note 7)	8,088	9,927
Depreciation of property, plant and equipment	4,453	5,643
Operating lease expense (property)	576	374
Amortization of intangible assets	80	76
Loss on disposal of property, plant and equipment	50	25

5 FINANCE INCOME

	2014 US$'000	2013 US$'000
Foreign exchange gains	-	2,953
Bank interest	390	39
	390	2,992

6 FINANCE COSTS

	2014 US$'000	2013 US$'000
Foreign exchange losses	776	-
Interest expense on short term loans	2,102	1,605
	2,878	1,605

7 STAFF COSTS

	2014 US$'000	2013 US$'000
Staff costs (including directors' remuneration) comprise:		
Wages and salaries	6,120	7,435
Employer's national social security contributions	1,652	2,148
Other benefits	316	344
	8,088	9,927

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:

	2014 US$'000	2013 US$'000
(Loss)/profit for the year	(5,757)	175
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)/earnings per share (US$)	(0.0144)	0.0008
Diluted (loss)/earnings per share (US$)	(0.0144)	0.0008

There were no potentially dilutive instruments are issued in 2014 and 2013. No potentially dilutive instruments have been issued between 31 December 2014 and the date of the approval of these financial statements.

9 TAXATION

	2014 US$'000	2013 US$'000
Current tax charge / (credit)	181	(69)
Deferred tax charge	271	847
Tax charge recognized in the income statement	452	778

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:

	2014 US$'000	2013 US$'000
(Loss) /profit before income tax	(5,298)	1,086

Expected tax charge based on the standard rate of corporation tax in the PRC of 25% (2014: 25%)	(1,325)	271
Effect of:		
Income tax in overseas jurisdictions	1,354	-
Tax losses and other temporary differences not recognized	423	429
Under provision of prior year	-	78
Income tax charge	452	778

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

	2014 US$'000	2013 US$'000
Trade receivables	3,055	1,531
Prepayments	3,580	867
Other receivables	671	833
Amounts due from related parties	-	6,283
	7,306	9,514

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.

	2014 US$'000	2013 US$'000
Less than 60 days past due	3,055	1,531

11 CASH AND BANK BALANCES

	2014 US$'000	2013 US$'000
Cash and cash equivalents	1,737	3,994
Restricted bank balance	6,280	12,083
	8,017	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$6.3m.

12 TRADE AND OTHER PAYABLES

	2014 US$'000	2013 US$'000

Trade payables	17,179	23,029
Other current liabilities	2,430	1,936
Amounts due to related parties	9,735	44
	29,344	25,009

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

	2014 US$'000	2013 US$'000
Bank loans	11,930	26,160

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

Bank name	Balance as at Dec 31,2014		Expire Date	Balance as at Dec 31,2013		Expire Date
	Interest rate	USD		Interest rate	USD	
CITIC Bank	7.200%	2,941,657	12/Mar/2015	6.900%	2,460,267	4/Mar/2014
SPD Bank	6.000%	3,268,508	3/Mar/2015	7.200%	3,280,356	25/Dec/2014
SPD Bank				8.000%	6,559,891	8/Mar/2013
Yunnan International Trust CO., LTD				5.900%	4,100,444	26/Mar/2014
Ping An Bank	7.500%	5,719,889	13/Jan/2015	7.200%	8,200,889	13/Jan/2014
Ping An Bank				6.000%	1,394,151	21/May/2014
Randeep Grewal				9.000%	164,018	30/Dec/2014
Total		**11,930,054**			**26,160,016**	

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

14 PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information for the years ended 31 December 2014 and 31 December 2013 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.

15 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.