Unaudited Half Year Financial Statement and Dividend Announcement for the Six Months Period Ended 30 June 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		
	Six months ended 30/6/2019 (Unaudited) US$	**Six months ended 30/6/2018 (Unaudited) US$**	**Increase %**
Revenue	-	-	NM
Cost of sales	(17,747)	-	NM
Gross loss	(17,747)	-	NM
Other items of income			
Other income	1,482,965	7,755	NM
Other items of expense			
General and administrative expenses	(1,701,770)	(398,731)	NM
Loss on disposal of equity investment – at FVTPL	(698,673)	-	NM
Other expenses	-	(26,533)	NM
Results from operating activities	**(935,225)**	**(417,509)**	**NM**
Finance income	126,221	-	NM
Finance cost	(456,842)	-	NM
Net finance cost	**(330,621)**	**-**	**NM**
Loss before income tax	**(1,265,846)**	**(417,509)**	NM
Income tax expense	-	-	NM
Loss for the financial period	**(1,265,846)**	**(417,509)**	**NM**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency differences on translation of foreign operation	(4,342)	11,313	NM
Items that may not be reclassified subsequently to profit or loss:			
FVOCI - Badami	(2,280,031)	-	NM
Other comprehensive income for the financial period, net of tax	**(2,284,373)**	**11,313**	**NM**
Total comprehensive loss for the financial period	**(3,550,219)**	**(406,196)**	**NM**
Loss attributable to owners of the parent	(1,221,296)	(417,509)	NM
Loss attributable to non-controlling interest	(44,550)	-	
Total loss for the financial period	**(1,265,846)**	**(417,509)**	**NM**
Total comprehensive loss attributable to owners of the parent	(3,505,669)	(406,196)	NM
Total comprehensive loss attributable to non-controlling interest	(44,550)	-	NM
Total comprehensive loss for the financial period	**(3,550,219)**	**(406,196)**	**NM**
Loss per share (in US cents)			
Basic	(0.21)	(0.12)	NM
Diluted	(0.21)	(0.12)	NM
NM – Not meaningful			

Notes to Consolidated statement of comprehensive income

The loss before income tax is arrived at after crediting/(charging):

	Group		
	Six months ended 30/6/2019 (Unaudited) US$	Six months ended 30/6/2018 (Unaudited) US$	Increase/ (Decrease) %
Foreign exchange (loss)/gain, net	(4,342)	7,755	NM
Depreciation of plant and equipment	(245)	(250)	(2%)
Impairment of equity investment – at FVTPL	-	(26,533)	NM
Loss on sale of equity investment – at FVTPL	(698,673)	-	NM
NM – Not meaningful			

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at 30/6/2019 (Unaudited) US$	As at 31/12/2018 (Audited) US$	As at 30/6/2019 (Unaudited) US$	As at 31/12/2018 (Audited) US$
Non-current assets				
Exploration and evaluation assets	160,773,397	69,316,223	-	-
Construction in progress	61,421,618	-	-	-
Plant and equipment	302	547	302	547
Investment in subsidiaries	-	-	43,018,298	1
Intangible asset	830,005	-	-	-
Equity investments – at FVOCI	4,294,673	7,235,112	-	-
Trade and other receivables	25,569,535	8,893,663	1,099,062	1,099,062
	252,889,530	**85,445,545**	**44,117,662**	**1,099,610**
Current assets				
Equity investment – at FVTPL	1,809	1,809	1,809	1,809
Trade and other receivables	3,116,445	3,061,080	58,660,463	58,644,568
Cash and cash equivalents	3,282,329	1,063,654	78,210	13,364
	6,400,583	**4,126,543**	**58,740,482**	**58,659,741**
Total assets	**259,290,113**	**89,572,088**	**102,858,144**	**59,759,351**
Equity				
Share capital	101,271,698	64,695,119	101,271,698	64,695,119
Reserves	4,125,577	401,469	6,416,990	408,509
Non-controlling interest	(44,550)	-	-	-
Accumulated losses	(7,809,818)	(7,036,398)	(8,393,589)	(7,679,269)
Total equity	**97,542,907**	**58,060,190**	**99,295,099**	**57,424,359**
Non-current liabilities				
Provision for restoration costs	1,042,335	547,197	-	-
Loans and borrowings	87,080,531	-	-	-
Deferred tax liabilities	464,245	-	-	-
Trade and other payables	2,421,995	1,629,844	-	-
	91,009,106	**2,177,041**	**-**	**-**
Current liabilities				
Loans and borrowings	19,322,547	8,596,745	-	-
Trade and other payables	51,415,553	20,738,112	3,563,045	2,334,992
	70,738,100	**29,334,857**	**3,563,045**	**2,334,992**
Total liabilities	**161,747,206**	**31,511,898**	**3,563,045**	**2,334,992**
Total equity and liabilities	**259,290,113**	**89,572,088**	**102,858,144**	**59,759,351**

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30/6/2019 (Unaudited)		As at 31/12/2018 (Audited)	
Secured US$	**Unsecured US$**	**Secured US$**	**Unsecured US$**
19,322,547	-	8,596,745	-

Amount repayable in one year or less, or on demand

As at 30/6/2019 (Unaudited)		As at 31/12/2018 (Audited)	
Secured US$	**Unsecured US$**	**Secured US$**	**Unsecured US$**
87,080,531	-	-	-

Details of any collateral

The Group's bank borrowings are secured by corporate guarantees provided by the Group's subsidiaries, namely Caracol Petroleum, LLC ("Caracol") and TP North Slope Development, LLC ("TPNSD") and US$25.4 million in tax rebates from qualifying capital expenditures incurred for the Mustang Project which are receivable from the Alaskan State Government.

The loan payable to Alaska Industrial Development and Export Authority ("AIDEA"), is secured by the Group's entire working interest in Mustang Field, Badami and all assets held under BRPC, Mustang Operations Center 1 LLC ("MOC1") and Mustang Road LLC ("MRLLC"). In addition, BRPC, MOC1 and MRLLC also guarantee Cararcol's performance of the loan covenants under the loan agreement with AIDEA.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Six months ended 30/6/2019 (Unaudited) US$	Six months ended 30/6/2018 (Unaudited) US$
Cash flows from operating activities		
Loss before income tax	(1,265,846)	(417,509)
Adjustments for:		
Depreciation of plant and equipment	245	250
Change in fair value of equity investment – at FVTPL	-	26,533
Loss on disposal of equity investment – at FVTPL	698,673	-
Finance income	(126,221)	
Finance costs	456,842	-
Share based payment	-	69,158
Operating cash flows before working capital changes	**(236,307)**	**(321,568)**
Changes in working capital:		
Trade and other receivables	2,614,832	(8,308)
Trade and other payables	485,307	145,611
Net cash generated from/(used in) operating activities	**2,863,832**	**(184,265)**
Cash flows from investing activities		
Purchase of exploration and evaluation assets	(7,829,022)	(385,000)
Proceeds from disposal of equity investment – at FVTPL	-	225,807
Net cash used in investing activities	**(7,829,022)**	**(159,193)**
Cash flows from financing activities		
Interest received	126,221	-
Interest paid	(456,842)	-
Repayment of external loans	(3,576,044)	-
Proceeds from external loans	10,003,291	-
Net cash generated from financing activities	**6,096,626**	**-**
Net change in cash and cash equivalents	**1,131,436**	**(343,458)**
Cash and cash equivalents at beginning of financial period	**26,778**	**364,030**
Effects of exchange rate changes on cash and cash equivalents	**(4,342)**	**11,313**
Cash and cash equivalents at end of financial period	**1,153,872**	**31,885**

Cash and cash equivalents comprises:-

	Six months ended 30/6/2019 (Unaudited) US$	Six months ended 30/6/2018 (Unaudited) US$
Cash and cash balances	3,282,329	984,761
Cash and cash equivalents as per statement of financial position	3,282,329	984,761
Less: Restricted cash	(2,128,457)	(952,876)
Cash and cash equivalents as per consolidated statement of cash flows	**1,153,872**	**31,885**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group (Unaudited)	Share capital US$	Treasury shares US$	Share option reserve US$	Foreign currency translation reserve US$	Revaluation reserves US$	CPCS Reserves US$	Non controlling Interest US$	Accumulated losses US$	Total US$
At 1 January 2019	64,695,119	(39,369)	447,878	(7,040)	-	-	-	(7,036,398)	58,060,190
Total comprehensive income for the period									
Loss for the period	-	-	-	-	-	-	(44,550)	(1,221,296)	(1,265,846)
Other comprehensive loss									
Items that may be reclassified subsequently to profit or loss:									
Foreign currency translation differences relating to financial statements of foreign operations	-	-	-	(4,342)	-	-	-	-	(4,342)
Items that may not be reclassified subsequently to profit or loss:									
Fair value of Badami	-	-	-	-	(2,280,031)	-	-	-	(2,280,031)
Total comprehensive loss for the period	-	-	-	(4,342)	(2,280,031)	-	(44,550)	(1,221,296)	(3,550,219)
Transactions with owners, recognised directly in equity									
Contributions by and distribution to owners									
Treasury shares sold	-	11,340	-	-	-	-	-	-	11,340
Exercise of share option	3,298	-	-	-	-	-	-	-	3,298
Options expired	-	-	(447,876)	-	-	-	-	447,876	-
Convertible Perpetual Capital Securities	-	-	-	-	-	1,955,177	-	-	1,955,177
Equity-settled share-based payment transaction	36,573,281	-	4,489,840	-	-	-	-	-	41,063,121
Total transactions with owners	36,576,579	11,340	4,041,964	-	-	1,955,177	-	447,876	43,032,936
At 30 June 2019	101,271,698	(28,029)	4,489,842	(11,382)	(2,280,031)	1,955,177	(44,550)	(7,809,818)	97,542,907

Group (Unaudited)	**Share capital US$**	**Treasury shares US$**	**Share option reserve US$**	**Foreign currency translation reserve US$**	**Accumulated losses US$**	**Total US$**
At 1 January 2018	60,909,734	(39,369)	378,719	(4,147)	(6,032,217)	55,212,720
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(417,509)	(417,509)
Other comprehensive loss						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation differences relating to financial statements of foreign operations	-	-	-	11,313	-	11,313
Total comprehensive loss for the period	-	-	-	11,313	(417,509)	(406,196)
Transactions with owners, recognised directly in equity						
Contributions by and distribution to owners						
Equity-settled share-based payment transaction	-	-	69,158	-	-	69,158
Total transactions with owners	-	-	69,158	-	-	69,158
At 30 June 2018	60,909,734	(39,369)	447,877	7,166	(6,449,726)	54,875,682

Company (Unaudited)	Share capital US$	Treasury shares US$	Share option reserve US$	CPCS Reserve US$	Accumulated losses US$	Total US$
At 1 January 2019	64,695,119	(39,369)	447,878	-	(7,679,269)	57,424,359
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(1,162,196)	(1,162,196)
Total comprehensive income for the period	-	-	-	-	(1,162,196)	(1,162,196)
Transactions with owners, recognised directly in equity						
Contributions by and distribution to owners						
Exercise of share option	3,298	-	-	-	-	3,298
Treasury share sold	-	11,340	-	-	-	11,340
Option expired	-	-	(447,876)	-	447,876	-
Convertible Perpetual Capital Securities	-	-	-	1,955,177	-	1,955,177
Equity-settled share-based payment transaction	36,573,281	-	4,489,840	-	-	41,063,121
Total transactions with owners	36,576,579	11,340	4,041,964	1,955,177	447,876	43,032,936
At 30 June 2019	101,271,698	(28,029)	4,489,842	1,955,177	(8,393,589)	99,295,099

Company (Unaudited)	Share capital US$	Treasury shares US$	Share option reserve US$	CPCS Reserve US$	Accumulated losses US$	Total US$
At 1 January 2018	60,909,734	(39,369)	378,719	-	(6,284,836)	54,964,248
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(348,892)	(348,892)
Total comprehensive income for the period	-	-	-	-	(348,892)	(348,892)
Transactions with owners, recognised directly in equity						
Contributions by and distribution to owners						
Equity-settled share-based payment transaction	-	-	69,158	-	-	69,158
Total transactions with owners	-	-	69,158	-	-	69,158
At 30 June 2018	60,909,734	(39,369)	447,877	-	(6,633,728)	54,684,514

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the

number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Shares	Share capital (US$)
As at 31 December 2018	400,939,065	64,695,119
Options exercised	50,000	3,298
Issuance of shares as consideration for acquisition	350,596,712	36,573,281
Transfer of treasury shares	210,000	-
As at 30 June 2019	751,795,777	101,271,698

There were 187,000 treasury shares as at 30 June 2019 (31 December 2018: 397,000). The number of treasury shares is 0.02% (31 December 2019: 0.1%) of the total issued shares of 751,982,777 as at 30 June 2019 (31 December 2018: 401,336,065).

There were 56,431,900 (30 June 2018: 261,000,000) outstanding share options convertible into 56,431,900 (30 June 2018: 261,000,000) ordinary shares as at 30 June 2019. The breakdown of the 56,431,900 share options are as follows:
- ESOS: 15,780,000
- AIDEA: 40,651,900

As part of the Mustang Project Transactions completed on 5 April 2019, the Company issued S$6,196,500 1.35% convertible perpetual capital securities, which are convertible into 14,824,800 ordinary shares as at 30 June 2019 (30 June 2018: Nil).

Save as disclosed above, the Company did not have any other convertibles and subsidiary holdings as at 30 June 2019 and 30 June 2018.

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	Company 30 June 2019	Company 31 December 2018
Total number of issued shares (excluding treasury shares)	751,795,777	400,939,065

For reconciliation of the number of issued shares (excluding treasury shares) between 31 December 2018 and 30 June 2019, please refer to section 1(d)(ii) above.

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on

On 21 June 2019, the Company sold 210,000 treasury shares for a consideration of S$11,340. There are 187,000 (31 December 2018: 397,000) treasury shares held by the Company as at 30 June 2019.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice

The figures have not been audited or reviewed by the Company's independent auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The HY2019 financial results had been prepared using the same accounting policies and methods of computation as presented in the Group's most recently audited financial statements for the financial period ended 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from 1 January 2019:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Long-term interests in Associates and Joint Ventures (Amendments to SFRS(I) 1-28)
- Prepayment Features with Negative Compensation (Amendments to SFRS(I) 9)
- Previously Held Interest in a Joint Operation (Amendments to SFRS(I) 3 and SFRS(I) 11)
- Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to SFRS(I) 1-12)
- Borrowing Costs Eligible for Capitalisation (Amendments to SFRS(I) 1-23)
- Plan Amendment, Curtailment or Settlement (Amendments to SFRS(I) 1-19)

Based on management's initial assessment, the application of the above standards and interpretations does not have a significant impact on the financial statements. Management's assessment of the impact of the above standards and interpretations is preliminary as not all transition work requirements have been finalised and therefore may be subject to adjustments.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	Six months ended 30/6/2019 (Unaudited)	**Six months ended 30/6/2018 (Unaudited)**
Loss for the financial period attributable to owners of the parent (US$)	(1,238,422)	(417,509)
Weighted number of ordinary shares in issue during the respective financial period	568,506,050[(1)]	354,939,065
Basic loss per share (in United States cents)	(0.22)	(0.12)
Diluted loss per share (in United States cents)	(0.22)	(0.12)

(1): The weighted number of ordinary shares for the six months ended 30 June 2019 had taken into consideration of new issuance of shares in relation to (i) placement of 46,000,000 shares on 11 October 2018; (ii) exercise of 50,000 share options on 3 January 2019; (iii) issuance of 350,596,712 consideration shares for the Mustang Project Transactions on 5 April 2019; and (iv) sale of 210,000 treasury shares on 21 June 2019. For further information on (ii) to (iv) please see section 1(d)(ii).

As the Group was in a loss position for HY2019 and HY2018 respectively, share options and convertible perpetual capital securities were not included in the computation of the diluted loss per share because these potential ordinary shares were anti-dilutive.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	As at 30 June 2019 (Unaudited)	**As at 31 December 2018 (Audited)**	**As at 30 June 2019 (Unaudited)**	**As at 31 December 2018 (Audited)**
Net asset value per ordinary share based on issued share capital (in United States cents)	12.97	14.48	13.21	14.32
Number of ordinary shares in issue (excluding treasury shares)	751,795,777	400,939,065	751,795,777	400,939,065

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group Performance

Changes between the financial statements for HY2019 and HY2018 are largely attributable to the completion of Mustang Project Transactions. For details on the Mustang Project Transactions, please refer to the Company's circular dated 18 February 2019.

Completion of the Mustang Project Transactions resulted in the following entities being accounted as subsidiaries and thereafter consolidated into the Group for the HY2019 financials:

- TP North Slope Development LLC ("TPNSD")
- Brooks Range Petroleum Corporate ("BRPC")
- Mustang Operations Center 1 LLC ("MOC1")
- Mustang Road LLC ("MRLLC")

(collectively known as "Mustang Entities")

Variances in the financials are largely due to the consolidation.

Review of Financial Performance (HY2019 vs HY2018)

Cost of sales
The increase in cost of sales was mainly due to lease operating expenses in relation to the development of Mustang Field.

Other income
The significant increase in other income in HY2019 was mainly due to the income generated from Badami oil field where the Group holds a working interest of 7.5% amounting to US$548,000 as well as a gain of US$929,000 resulting from a restructuring of a bank loan. The gain is due to interest on the bank loan waived where it would otherwise been charged to the Group for HY2019.

Loss on disposal of equity investment
Loss on disposal of equity investment at FVTPL was due to disposal of BRPC as an associate company, which was thereafter consolidated as a subsidiary.

Other expenses
In HY2018, there was an impairment loss of US$26,533 for an equity investment at FVTPL. There was no such impairment loss assessed at HY2019 and the value of this investment as at 30 June 2019 is US$1,809.

General and administrative expenses
The increase in general and administrative expenses comprises largely of (i) non-recurring professional fees amounting to US$945,000 incurred for the corporate actions undertaken by the Group such as Mustang Project Transactions; and (ii) staff cost of the amount US$300,000 arising from the consolidation of BRPC.

Others
Finance income is interest from an amount owing by a director of the Group.

Finance cost were largely due to interest expense incurred from (i) the short term loan for the first 3 months of 2019 amounting to approximately US$319,400; and (ii) and existing loan from Department of Revenue, Alaska from the consolidation of MOC1 amounting to approximately US$137,400.

As a result of the above, the Group generated a net loss of US$1.28 million for HY2019 as compared to a loss of US$0.42 million in HY2018.

Other comprehensive income/loss
The investment in Badami had been classified as equity investments designated as at FVOCI. As such, the Group had recorded a fair value loss of US$2.28 million under other comprehensive income as at 30 June 2019.

Review of the Financial Position of the Group

Non-current assets

Exploration and evaluation assets
The consolidation of Mustang Entities increased the exploration and evaluation assets ("E&E Assets") by approximately US$86.18 million as at 30 June 2019. For the first six months of 2019, there was also further development and capitalisation of E&E Assets.

Construction in progress
The construction in progress arises from the consolidation of MOC1 and it relates to the construction of the permanent processing facility to be used in the Mustang Field. MOC1 is a special purpose vehicle incorporated for the purpose of constructing the permanent processing facility and the permanent processing facility is currently 40% completed.

Intangible asset
Intangible asset relates to a goodwill of US$830,000 arising from the acquisition of the Mustang Entities.

Equity investments – at FVOCI, non-current
The decrease arose from the reclassification of investment in MRLLC with the book value of US$2,762,913 as at 31 December 2018, into a subsidiary of the Group, offset by the increase in additional 3.75% working interest in Badami oil field through the consolidation of TPNSD.

Trade and other receivables, non-current
Out of the total non-current trade and other receivables of US$25.6 million as at 30 June 2019, US$20.4 million were due to the consolidation of the Mustang Entities, specifically, MOC1, TPNSD and BRPC. They are tax credits filed with the State of Alaska for qualified capital expenditures on the Mustang Project. The Group had received approximately US$2.57 million of such tax credits in the first 3 months of 2019.

The tax credits act as a collateral for a bank loan and a loan from the State of Alaska. Please see the section on non-current liabilities for further details.

Current assets

Trade and other receivables, current
There was no significant increase as the Group had yet to gone into oil production for the Mustang Field.

Cash and cash equivalents
Increase is largely due to consolidation of BRPC. Out of the cash and cash equivalents of US$3,282,329, there is a restricted cash of the amount US$2,128,457 as required by the State of Alaska in relation to the future restoration of the Mustang Field.

Non-current liabilities

Provision for restoration cost
Provision for restoration cost has increased due to the consolidation of TPNSD and BRPC's share of the working interest in Mustang Field.

Loans and borrowings
The increase was largely due to the consolidation of Mustang entities. Breakdown of the loans and borrowings are as follows:

As at 30 June 2019 (US$)	Non-Mustang Entities	Mustang Entities	Total
Non-current			
Bank loan	5,821,075	7,543,922	13,364,997
Borrowing 1	51,529,774	-	51,529,774
Borrowing 2	-	7,000,000	7,000,000
Borrowing 3	-	15,185,760	15,185,760
Total non-current	57,350,849	29,729,682	87,080,531
Current			
Borrowing 1	9,304,785	-	9,304,785
Borrowing 4	10,017,762	-	10,017,762
Total current	19,322,547	-	19,322,547
Total loans and borrowings			
Bank loan	5,821,075	7,543,922	13,364,997
Borrowing 1	60,834,559	-	60,834,559
Borrowing 2	-	7,000,000	7,000,000
Borrowing 3	-	15,185,760	15,185,760
Borrowing 4	10,017,762	-	10,017,762
Total	**76,673,396**	**29,729,682**	**106,403,078**

Bank Loan. The increase was a result of the consolidation of the Mustang Entities. This was offset by repayment of US$2.8 million during the first three months of 2019 that resulted in the lower bank loan balance as compared to 31 December 2018. This loan was reclassified from current to non-current liabilities subsequent to a restructuring of the bank loan in May 2019.

Borrowing 1 relates to the loan payable to AIDEA for the acquisition of MOC1 and MRLLC. The principal loan amount of US$64 million has been adjusted for fair value changes as at 30 June 2019.

Borrowing 2 is payable to a vendor for BRPC's acquisition of 13.5% of its working interest in Mustang Field.

Borrowing 3 relates to a loan from the State of Alaska which is secured by the tax credits receivable by MOC1, arising from the consolidation of MOC1.

Borrowing 4 relates to a short term loan of the principal amount of US$9,200,000. For details, please refer to the Company's announcement dated 4 April 2019.

Deferred tax liabilities
TPNSD had recorded a deferred tax liabilities of US$464,000 as at 30 June 2019 which has been consolidated to the Group's accounts.

Trade and other liabilities, non-current
The increase in non-current trade and other payables of US$792,000 arises from the consolidation of TPNSD's share of its contingent payment for the acquisition of its working interest in the Badami oil field, after adjusting for changes in fair value.

Current liabilities

Trade and other payables, current
The increase was largely due to the consolidation of Mustang entities. Breakdown of the current trade and other payables are as follows:

As at 30 June 2019 (US$)	Non-Mustang Entities	Mustang Entities	Total
Trade and other payables	5,654,826	18,895,536	24,550,362
Deferred payment	13,125,000	13,740,192	26,865,192
Total	18,779,826	32,635,728	51,415,554

The increase in trade and other payables resulting from the consolidation of the Mustang Entities consists of trade payables in relation to the Mustang Field of the amount US$15 million and US$3.9 million in relation to the Badami oil field. With respect to the Non-Mustang entities, there was an increase in trade payables by approximately US$1.9 million that largely comprises of non-recurring professionals fees payable. The increase was offset by settlement of a short term loan and of trade payables, through the cash generated from Badami.

Deferred payment relates to deferred consideration payable to the previous vendors of the Mustang Field by the current working interest owners which has been consolidated as part of the Mustang Project Transactions. Apart from consolidation of the Mustang Entities, there is no change to this amount.

Loans and borrowings

Please refer to section under non-current liabilities.

Current financial liabilities

A. Amounts owing to supplier and previous vendor

Of the current trade and other payables, an approximate amount of US$26 million was owing to a supplier who is also a previous vendor of Mustang Field, Nabors Drilling Technologies USA d/b/a Ramshorn Investment ("Nabors").

The Group has entered into a non-binding term sheet with Nabors to settle the outstanding balances owing by the Group to the Nabors, as announced on 5 June 2019. The Group is currently working to finalise the definitive document with the creditor in the near future.

B. Current borrowings

The current portion of Borrowing 1 will also be repaid in accordance to a loan amortization schedule, as per the loan agreement, commencing at the later part of 2019. The repayment of the loan will be largely funded by the cash proceeds when the oil production commences in 3Q2019. The company had also on 26 June 2019 announced a proposed non-renounceable, non-underwritten rights issue to raise an approximately S$21.1 million, which would be partially used for the repayment of Borrowing 4.

C. Trade and other payables

In addition, the Group is currently in negotiations with the remaining creditors to restructure the terms of its current payables to improve its liquidity position and has not received any legal demand from the creditors for repayment of the liabilities.

The Group had a negative working capital of approximately US$66.5 million as at 30 June 2019.

As at the date of this announcement, the Group is of the view that the cash of the Group is sufficient to satisfy the immediate daily operational requirements of the Group and that the existence of these liabilities, do not prevent the Group from continuing with its operations. Further, the Group expects the production of first oil at the North Tarn #1A well on the Mustang Field to begin on or about 3Q2019 and, together with the revenue from oil production on the Badami Unit, would generate revenue and cash flow for the Group. The Group will also continue to raise funds through additional debt or the capital markets where required. The Board is of the opinion that there are reasonable grounds to believe the Group will be able to pay its debts as and when they fall due.

Review of the Statement of Cash Flows for the Group

Net cash generated from operating activities in HY2019 was due to repayment of the tax credits amounting to US$2.57 million by the State of Alaska.

Net cash used in investing activities in HY2019 was approximately US$7.8 million mainly due to capital expenditure at the Mustang Project on exploration and evaluation assets, and construction in progress for the development of the field.

Net cash generated from financing activities in HY2019 was US$6 million which was due to proceeds from external loans received by the Group.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable as no forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group is progressing in transiting from a non-binding term sheet into a definitive agreement with Nabors to settle the outstanding amount due to Nabors. This will not only improve the liquidity of the Group, it also allows the Group to increase its working interest in Mustang Field.

The Group had also announced on 26 June 2019 that it is undertaking a non-renounceable and non-underwritten rights issue to raise a gross amount of S$21,050,282 for (i) the repayment of Borrowing 4 as mentioned in the previous section; (ii) further field development works; and (iii) working capital purpose.

The Group is also expecting first oil production in 3Q2019 and had entered into an offtake agreement with one of the oil major operating in the North Slope, Alaska to sell Mustang Field's oil production with no restriction in sales quantity and will only terminate upon 30 days' of written notice.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

No dividend has been declared or recommended for the current financial period.

(b) (i) Amount per share (cents)

Not applicable.

(ii) Previous corresponding period (cents)

No dividend has been declared or recommended for the previous corresponding financial period.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) The date the dividend is payable

Not applicable

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for HY2019 as Mustang Field will require the cash to bring it to oil production and for further drilling and development so as to increase its oil production capacity and achieve a stable production state. Any cash received from Badami oil field will also be re-invested into the Badami oil field as the Group's operation expenditures obligations.

13. Interested Person Transactions

There were no interested person transactions of S$100,000 and above during the period under review.

The Group does not have a general mandate for recurring interested person transactions.

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

14. Use of funds/cash for the quarter:-

For the second quarter ended 30 June 2019, funds/cash were mainly used for the following activities:-

	Budget US$	**Actual US$**
Land & Rentals	100,000	64,000
Lease Operating Expenditure	1,057,000	83,000
Seismic Costs	105,000	185,000
Base Camp Costs	506,000	243,000
Surface Development	6,500,000	6,185,000
Corporate administrative expenses	200,000	793,000
Total	**8,468,000**	**7,553,000**

Land & Rentals. The difference is due to timing difference where a portion of the expenses had been pushed to 3Q2019.

Lease operating expenditure. The decrease in lease operating expenditure is due to the delay in oil production where such expenses are only incurred when the production begins. The oil production is expected to begin in 3Q2019.

Seismic cost. The increase is due to more seismic studies being performed for Mustang Field.

Base camp cost and surface development. Part of the non-essential activities are being deferred to 3Q2019 as the oil production has been delayed.

Surface development. Part of the surface development activities are also being deferred to 3Q2019, in line with the delay in oil production.

Corporate administrative expenses. The increase are largely due to various professional fees incurred for the Group's recent corporate actions such as the Mustang Project Transactions.

(i) Projection on the use of funds/cash for the next immediate quarter, including principal assumptions:-

For the next immediate quarter ending 30 September 2019 ("**3Q2019**"), the funds/cash are expected to be used for the following activities:-

	Budget US$
Land & Rentals	125,000
Lease Operating Expenditure	2,605,000
Seismic Costs	295,000
Base Camp Costs	120,000
Surface Development	3,600,000
Corporate administrative expenses	490,500
Total	**7,235,500**

The Company has minimised all non-essential expenditure.

15. Rule 705(7) of the Catalist Listing Manual

(a) Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanation for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated

There were no drilling activities for exploration, development and production undertaken in the 2Q2019.

In 2Q2019, the variance between budgeted and actual for base camp costs was a result of the deferment of non-essential activities. Surface development activities are deferred until 3Q2019.

16. Requirement under Rule 705(5) and Rule 705(6)(b) of the SGX-ST Listing Manual Section : Rules of Catalist

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year financial results for the six months financial period ended 30 June 2019 and the above information provided to be false or misleading in any material aspect.

17. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the form set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers (in the form set out in Appendix 7H) under Rule 720(1).

BY ORDER OF THE BOARD

Tan Wee Sin
Company Secretary
14 August 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).