

Unaudited Half Year Financial Statement and Dividend Announcement for the Six Months Period Ended 30 June 2018
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		Increase %
	Six months ended 30/6/2018 (Unaudited) US\$	Six months ended 30/6/2017 (Unaudited) US\$	
Revenue	-	-	NM
Cost of sales	-	-	NM
Gross profit	-	-	NM
Other items of income			
Other income	7,755	599,106	NM
Other items of expense			
General and administrative expenses	(398,731)	(384,173)	4%
Other expenses	(26,533)	(86,601)	-69%
Share of results of associate, net of tax	-	-	-
(Loss)/Profit before income tax	(417,509)	128,332	NM
Income tax expense	-	-	NM
(Loss)/Profit for the financial period	(417,509)	128,332	NM
Other comprehensive income			
Foreign currency differences on translation of foreign operation	11,313	1,354	NM
Other comprehensive income for the financial period, net of tax	11,313	1,354	NM
Total comprehensive income for the financial period	(406,196)	129,686	NM
(Loss)/Profit attributable to owners of the parent	(406,196)	129,686	NM
Total comprehensive income attributable to owners of the parent	(406,196)	129,686	NM
(Loss)/Profit per share (in US cents)			
Basic	(0.12)	0.04	NM
Diluted	(0.12)	0.02	NM
NM – Not meaningful			

Notes to Consolidated statement of comprehensive income

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

	Group		Increase/ (Decrease) %
	Six months ended 30/6/2018 (Unaudited)	Six months ended 30/6/2017 (Unaudited)	
	US\$	US\$	
Foreign exchange gain/(loss), net	7,755	(18,766)	NM
Depreciation of plant and equipment	(250)	(238)	5%
Impairment of available-for-sale financial assets	(26,533)	-	NM
Loss on sale of available-for-sale financial assets	-	(67,835)	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 30/6/2018 (Unaudited) US\$	As at 31/12/2017 (Audited) US\$	As at 30/6/2018 (Unaudited) US\$	As at 31/12/2017 (Audited) US\$
Non-current assets				
Exploration and evaluation assets	66,649,891	65,469,561	-	-
Plant and equipment	790	1,040	790	1,523
Investment in subsidiaries	-	-	1	1
Investment in associate	-	-	-	-
Available-for-sale financial assets	2,762,913	2,762,913	-	-
Trade and other receivables	10,366,986	10,366,986	-	1,690,692
	79,780,580	78,600,500	791	1,692,216
Current assets				
Available-for-sale financial assets	1,809	28,342	1,809	507,549
Trade and other receivables	1,686,234	1,903,733	55,103,612	53,182,919
Cash and cash equivalents	984,761	1,316,906	18,322	259,727
	2,672,804	3,248,981	55,123,743	53,950,195
Total assets	82,453,384	81,849,481	55,124,534	55,642,411
Equity				
Share capital	60,909,734	60,909,734	60,909,734	60,909,734
Reserves	415,674	335,203	408,508	145,665
Accumulated losses	(6,449,726)	(6,032,217)	(6,633,728)	(5,700,999)
Total equity	54,875,682	55,212,720	54,684,514	55,354,400
Non-current liabilities				
Provision for restoration costs	547,197	547,197	-	-
	547,197	547,197	-	-
Current liabilities				
Bank borrowings	8,161,697	7,800,977	-	-
Trade and other payables	18,868,808	18,288,587	440,020	288,011
	27,030,505	26,089,564	440,020	288,011
Total liabilities	27,577,702	26,636,761	440,020	288,011
Total equity and liabilities	82,453,384	81,849,481	55,124,534	55,642,411

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

Amount repayable in one year or less, or on demand

As at 30/6/2018 (Unaudited)		As at 31/12/2017 (Audited)	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
8,161,697	-	7,800,977	-

Amount repayable after one year

As at 30/6/2018 (Unaudited)		As at 31/12/2017 (Audited)	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
-	-	-	-

Details of any collateral

The Group's borrowings were secured by corporate guarantees provided by the Group's subsidiary Caracol Petroleum, LLC and US\$10.4 million in tax rebates from qualifying capital expenditures at the Mustang Project which are payable by the Alaskan State Government.

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 30/6/2018 (Unaudited) US\$	Six months ended 30/6/2017 (Unaudited) US\$
Cash flows from operating activities		
(Loss)/Profit before income tax	(417,509)	128,332
Adjustments for:		
Depreciation of plant and equipment	250	238
Impairment of available-for-sale financial assets	26,533	-
Share based payment	69,158	-
Loss on disposal of available-for-sale financial assets	-	67,835
Operating cash flows before working capital changes	(321,568)	196,405
Changes in working capital:		
Trade and other receivables	(8,308)	(37,325)
Trade and other payables	145,611	(312,784)
Net cash used in operating activities	(184,265)	(153,704)
Cash flows from investing activities		
Purchase of exploration and evaluation assets	(385,000)	(674,917)
Proceeds from sale of business	225,807	179,637
Proceeds from disposal of available-for-sale financial assets	-	411,372
Net cash used in investing activities	(159,193)	(83,908)
Net change in cash and cash equivalents	(343,458)	(237,612)
Cash and cash equivalents at beginning of financial period	364,030	274,503
Effects of exchange rate changes on cash and cash equivalents	11,313	1,354
Cash and cash equivalents at end of financial period	31,885	38,245

Cash and cash equivalents comprise:-

	Six months ended 30/6/2018 (Unaudited)	Six months ended 30/6/2017 (Unaudited)
	US\$	US\$
Cash and cash balances	984,761	991,121
Cash and cash equivalents as per statement of financial position	984,761	991,121
Less: Restricted cash	(952,876)	(952,876)
Cash and cash equivalents as per consolidated statement of cash flows	31,885	38,245

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\$	Accumulated losses US\$	Total US\$
At 1 January 2017	60,909,734	(39,369)	378,719	(4,147)	(6,032,217)	55,212,720
Total comprehensive income for the period						
Profit for the period	-	-	-	-	(417,509)	(417,509)
Other comprehensive 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 2017	60,909,734	(39,369)	447,877	7,166	(6,449,726)	54,875,682

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 2017	60,909,734	(39,369)	185,034	4,724	(5,725,370)	55,334,753
Total comprehensive income for the period						
Profit for the period	-	-	-	-	128,332	128,332
Other comprehensive loss						
Foreign currency translation differences relating to financial statements of foreign operations	-	-	-	1,354	-	1,354
Total comprehensive loss for the period	-	-	-	1,354	128,332	129,686
At 30 June 2017	60,909,734	(39,369)	185,034	6,078	(5,597,038)	55,464,439

Company (Unaudited)	Share capital US\$	Treasury shares US\$	Share option 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

Company (Unaudited)	Share capital US\$	Treasury shares US\$	Share option reserve US\$	Accumulated losses US\$	Total US\$
At 1 January 2017	60,909,734	(39,369)	185,034	(5,700,999)	55,354,400
Total comprehensive income for the period					
Loss for the period	-	-	-	(458,710)	(458,710)
Total comprehensive income for the period	-	-	-	(458,710)	(458,710)
At 30 June 2017	60,909,734	(39,369)	185,034	(6,159,709)	54,895,690

- 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 2017 and 30 June 2018	354,939,065	60,909,734

There were 397,000 treasury shares at 30 June 2018 and 31 December 2017.

There were 261,000,000 (30 June 2017: 261,000,000) outstanding share options convertible into 261,000,000 (30 June 2017: 261,000,000) shares as at 30 June 2018.

Save as disclosed above, the Company did not have any other convertibles as at 30 June 2018 and 30 June 2017.

- 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 2018	Company 31 December 2017
Total number of issued shares (excluding treasury shares)	354,939,065	354,939,065

- 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**

Not applicable. There were no sales, transfers, disposals, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

- 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

Save as disclosed in item 5 below, the HY2018 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 2017.

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

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group has adopted the new SFRS (I) framework in 2018 and concurrently applied the following SFRS (I)s, interpretations of SFRS(I) and requirements of SFRS (I) which are mandatorily effective from 1 January, 2018.

- SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)*
- SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016
- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *insurance contracts* – Applying IFRS 9 *Financial Instruments with IFRS 4 Insurance Contracts* issued by the IASB in September 2016

The adoption of the new financial reporting framework has no material impact to the Group's and the Company's financial statements in the year of initial application.

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 30/6/2018 (Unaudited)	Six months ended 30/6/2017 (Unaudited)
(Loss)/Profit for the financial period attributable to owners of the parent (US\$)	(417,509)	128,332
Weighted number of ordinary shares in issue during the respective financial period	354,939,065	354,939,065
Basic (loss)/profit per share (in United States cents)	(0.12)	0.04
Weighted number of ordinary shares in issue during the respective financial period (after adjusting for share options)	354,939,065	619,147,905
Diluted (loss)/profit per share (in United States cents)	(0.12)	0.02

As the Group was in a loss position HY2018, share options 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 2018 (Unaudited)	As at 31 December 2017 (Audited)	As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Audited)
Net asset value per ordinary share based on issued share capital (in United States cents)	15.46	15.55	15.41	15.60
Number of ordinary shares in issue (excluding treasury shares)	354,939,065	354,939,065	354,939,065	354,939,065

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**Review of Financial Performance (HY2018 vs HY2017)**

The decrease in other income in HY2018 was mainly due to the absence of amortisation of deferred income as it was fully amortised in FY2017.

The slight increase in general and administrative expenses in HY2018 was mainly due to higher legal and professional fees incurred during the period.

The decrease in other expenses was mainly due to absence of loss on disposal of available-for-sale assets which was incurred in HY2017.

There were no share of results for HY2018 as the Group has written down the carrying value of the Group's interest in Brooks Range Petroleum, Inc. to nil and the Group expects Brooks Range Petroleum, Inc. to continue incurring losses for the next 12 months. The Group does not have any further obligation for losses incurred by the associate in excess of its initial investment.

As a result of the above, the Group generated a loss of US\$0.4 million for HY2018 as compared to a profit of US\$0.1 million in HY2017.

Review of the Financial Position of the Group**Non-current assets**

The increase in exploration and evaluation assets was due to capital expenditure that the Group incurred on the Mustang Project as well as capitalisation of interest expenses pertaining to the bank borrowings.

Included in trade and other receivables is the tax credit receivable of US\$10.4 million which is based on the tax credit certificate issued by the Alaskan Department of Revenue after the Group's claims were audited. There is no change to this amount as compared to 31 December 2017.

Current assets

The decrease in available-for-sale financial assets was due to the impairment of the available-for-sale financial assets during the financial period.

The decrease in trade and other receivables was mainly due to the partial receipt of proceeds from the sale of the IT business.

Current liabilities

The increase in current bank borrowings was mainly due to the interest charged by the bank.

The Group had a negative working capital of approximately US\$24.4 million as at 30 June 2018.

A portion of the Current Liabilities consists of the following amounts (US\$):

A.	Bank borrowings	8.2 million
B.	Mustang Project Deferred Acquisition Payment	13.1 million
C.	Project Vendor	5.3 million
Total		26.6 million

A. Bank Borrowings

The bank loan facility has matured in September 2017 and the Group is currently in discussion with ING Capital for further extensions to align repayment with the payment of the tax credit receivable by the State of Alaska.

B. Mustang Project Deferred Acquisition Payment

The Group and its Mustang Project partners continue their negotiations with the recipients of this amount to convert this payment to one payable from revenue generated through oil production from the Mustang Project. The Company will provide an update on the outcome of the negotiations when they are completed.

C. Project Vendor

A supplier of services to the Mustang Project has previously agreed to the deferment of payment of an outstanding account until a later date and this deferment is still in place. In return, the Company will utilise the contractors' services when project development recommences.

Review of the Statement of Cash Flows for the Group

Net cash used in operating activities in HY2018 was due to payments made to the Group's vendors.

Net cash used in investing activities in HY2018 was approximately US\$159,000 mainly due to capital expenditure at the Mustang Project on exploration and evaluation assets, offset by partial proceeds received from sale of the IT business.

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 has previously announced on 21 March 2018 and 4 July 2018 that the Group has entered into a non-binding term sheet with TP Alaska, LLC ("TP Alaska"), a subsidiary of Thyssen Petroleum USA, Corp and Neo Alaska Venture, LLC ("Neo") to acquire, inter alia, a 29.2825% working interest in the Mustang oil field in Alaska, the United States of America (the "Mustang Field"). The Group currently holds 47.3025% working interest in the Mustang Field and upon completion of this proposed acquisition, the Group will hold, inter alia,

76.585% working interest in the Mustang Field. According to the terms of the non-binding term sheet, the long stop date is 31 December 2018 or such other date as the Group, TP Alaska and Neo may mutually agree in writing.

In addition, the Group is still in negotiations with its creditors and the Group has not received any legal demand from its creditors for repayment of the liabilities. The Group is exploring to raise financing either through additional debt or the capital markets.

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 HY2018.

13. Interested Person Transactions

There were no interested person transactions of more than S\$100,000 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 2018, funds/cash were mainly used for the following activities:-

	Budget US\$	Actual US\$
Land & Rentals	50,000	50,000
Seismic Costs	52,500	52,500
Base Camp Costs	239,500	82,500
Surface Development	967,500	-
Corporate administrative expenses	223,000	65,860
Total	1,532,500	250,860

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

For the next immediate quarter ending 30 September 2018 (“**3Q2018**”), the funds/cash are expected to be used for the following activities:-

	Budget US\$
Land & Rentals	62,500
Seismic Costs	60,000
Base Camp Costs	216,000
Surface Development	967,500
Corporate administrative expenses	177,700
Total	1,483,700

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 undertaken in the 2Q 2018.

In Q2 2018, 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 3Q 2018.

The decrease in corporate administrative costs was as a result of the delay in payment of aged payables until 3Q 2018.

- (b) Update on its reserves and resources, where applicable, in accordance with the requirements set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D.**

As at 30 June 2018, there are no material updates on the reserves and resources as to those disclosed in the Independent Qualified Person's Report dated 9 March 2018 and released on 3 April 2018.

- 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 2018 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

**Chong Wai Ching
Company Secretary
3 August 2018**

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") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

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

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).