
Unaudited Half Year Financial Statement and Dividend Announcement for the Six Months Period Ended 30 June 2017

With effect from 1 April 2016, the functional currency and reporting currency of the Company and its subsidiaries have been changed from Singapore dollars (“SGD”) to United States dollars (“USD”). The change in functional and reporting currencies has been accounted for prospectively in the most recently audited financial statements for the financial period 9 months from 1 April 2016 to 31 December 2016 and shall continue to be accounted for in all subsequent financial periods.

In addition, the Company had on 9 November 2016 announced the change of its financial year end from 31 March to 31 December to align the financial year end of the Company with the existing reporting period of its US operating subsidiaries. As such, the current interim financial period covers a period of 6 months from 1 January 2017 to 30 June 2017 (“HY2017”) whereas the previous interim financial period covered a period of 6 months from 1 January 2016 to 30 June 2016 (“HY2016”).

Accordingly, the comparatives of the financial statements of the Company and of the Group for HY2016 are restated and presented in US\$.

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 30/6/2017 (Unaudited) US\$	Six months ended 30/6/2016 (Unaudited) US\$	
Revenue	-	-	NM
Cost of sales	-	-	NM
Gross profit	-	-	NM
Other items of income			
Other income	599,106	598,931	NM
Other items of expense			
General and administrative expenses	(384,173)	(732,240)	-48%
Other expenses	(86,601)	(1,719,040)	-95%
Share of results of associate, net of tax	-	36,877	-100%
Profit/(Loss) before income tax	128,332	(1,815,472)	NM
Income tax expense	-	-	NM
Profit/(Loss) for the financial period	128,332	(1,815,472)	NM
Other comprehensive income			
Foreign currency differences on translation of foreign operation	1,354	9,272	-85%
Other comprehensive income for the financial period, net of tax	1,354	9,272	-85%
Total comprehensive income for the financial period	129,686	(1,806,200)	NM
Profit/(Loss) attributable to owners of the parent	129,686	(1,806,200)	NM
Total comprehensive income attributable to owners of the parent	129,686	(1,806,200)	NM
Profit/(Loss) per share (in US cents)			
Basic	0.04	(0.51)	NM
Diluted	0.02	(0.51)	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 30/6/2017 (Unaudited)	Six months ended 30/6/2016 (Unaudited)	
	US\$	US\$	
Foreign exchange loss, net	(18,766)	(284,472)	-93%
Depreciation of plant and equipment	(238)	(287)	-17%
Impairment of available-for-sale financial assets	-	(1,373,095)	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 30/6/2017 (Unaudited) USDS\$	As at 31/12/2016 (Audited) US\$	As at 30/6/2017 (Unaudited) US\$	As at 31/12/2016 (Audited) US\$
Non-current assets				
Exploration and evaluation assets	63,857,432	62,800,679	-	-
Plant and equipment	1,285	1,523	1,285	1,523
Investment in subsidiaries	-	-	1	1
Investment in associate	-	-	-	-
Available-for-sale financial assets	5,059,508	5,059,508	-	-
Trade and other receivables	14,002,371	14,002,370	1,690,692	1,690,692
	82,920,596	81,864,080	1,691,978	1,692,216
Current assets				
Available-for-sale financial assets	28,342	507,549	28,342	507,549
Trade and other receivables	758,402	900,715	53,476,126	53,182,919
Cash and cash equivalents	991,121	1,227,379	23,656	259,727
	1,777,865	2,635,643	53,528,124	53,950,195
Total assets	84,698,461	84,499,723	55,220,102	55,642,411
Equity				
Share capital	60,909,734	60,909,734	60,909,734	60,909,734
Reserves	151,743	150,389	145,665	145,665
Accumulated losses	(5,597,038)	(5,725,370)	(6,159,709)	(5,700,999)
Total equity	55,464,439	55,334,753	54,895,690	55,354,400
Non-current liabilities				
Provision for restoration costs	547,197	547,197	-	-
	547,197	547,197	-	-
Current liabilities				
Bank borrowings	9,391,316	9,009,480	-	-
Trade and other payables	19,295,509	19,608,293	324,412	288,011
	28,686,825	28,617,773	324,412	288,011
Total liabilities	29,234,022	29,164,970	324,412	288,011
Total equity and liabilities	84,698,461	84,499,723	55,220,102	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 30/6/2017 (Unaudited)		As at 31/12/2016 (Audited)	
Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
9,391,316	-	9,009,480	-

Amount repayable after one year

As at 30/6/2017 (Unaudited)		As at 31/12/2016 (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\$12.2 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 30/6/2017 (Unaudited) US\$	Six months ended 30/6/2016 (Unaudited) US\$
Cash flows from operating activities		
Profit/(Loss) before income tax	128,332	(1,815,472)
Adjustments for:		
Depreciation of plant and equipment	238	287
Impairment of available-for-sale financial assets	-	1,373,095
Finance costs	-	575
Share of results of associates	-	(36,907)
Loss on disposal of available-for-sale financial assets	67,835	-
Operating cash flows before working capital changes	196,405	(478,422)
Changes in working capital:		
Trade and other receivables	(37,325)	(125,597)
Trade and other payables	(312,784)	1,071,940
Net cash (used in)/generated from operating activities	(153,704)	467,921
Cash flows from investing activities		
Purchase of exploration and evaluation assets	(674,917)	(687,004)
Proceeds from sale of business	179,637	-
Proceeds from disposal of available-for-sale financial assets	411,372	-
Net cash used in investing activities	(83,908)	(687,004)
Net change in cash and cash equivalents	(237,612)	(219,083)
Cash and cash equivalents at beginning of financial period	274,503	519,852
Effects of exchange rate changes on cash and cash equivalents	1,354	9,272
Cash and cash equivalents at end of financial period	38,245	310,041

Cash and cash equivalents comprise:-

	Six months ended 30/6/2017 (Unaudited)	Six months ended 30/6/2016 (Unaudited)
	US\$	US\$
Cash and cash balances	991,121	1,262,917
Cash and cash equivalents as per statement of financial position	991,121	1,262,917
Less: Restricted cash	(952,876)	(952,876)
Cash and cash equivalents as per consolidated statement of cash flows	38,245	310,041

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)	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

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 2016	60,909,734	(39,369)	185,034	(3,433)	(3,415,036)	57,636,930
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(1,815,472)	(1,815,472)
Other comprehensive income						
Foreign currency translation differences relating to financial statements of foreign operations	-	-	-	9,272	-	9,272
Total comprehensive income for the period	-	-	-	9,272	(1,815,472)	(1,806,200)
At 30 June 2016	60,909,734	(39,369)	185,034	5,839	(5,230,508)	55,830,730

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

Company (Unaudited)	Share capital US\$	Treasury shares US\$	Share option reserve US\$	Accumulated losses US\$	Total US\$
At 1 January 2016	60,909,734	(39,369)	185,034	(3,250,720)	57,804,679
Total comprehensive income for the period					
Loss for the period	-	-	-	(2,385,472)	(2,385,472)
Total comprehensive income for the period	-	-	-	(2,385,472)	(2,385,472)
At 30 June 2016	60,909,734	(39,369)	185,034	(5,636,192)	55,419,207

- 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 2016 and 30 June 2017	354,939,065	60,909,734

There were 397,000 treasury shares at 30 June 2017 and 31 December 2016.

There were 261,000,000 (30 June 2016: 261,000,000) outstanding share options convertible into 261,000,000 (30 June 2016: 261,000,000) shares as at 30 June 2017.

Save as disclosed above, the Company did not have any other convertibles as at 30 June 2017 and 30 June 2016.

- 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 2017	Company 31 December 2016
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 HY2017 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 2016.

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 and the Company have applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those disclosed in the audited financial statements for the financial period ended 31 December 2016, except for the adoption of new/revised financial reporting standards (FRS) applicable for the financial period beginning 1 January 2017 as follows:

Amendments to FRS 7 *Statement of Cash Flows*
 Amendments to FRS 12 *Income Taxes*
 Amendments to FRS 112 *Disclosure of Interests in Other Entities*

The Group does not expect any significant financial impact on its financial position or performance from the adoption of these amendments to FRSs.

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 30/6/2017 (Unaudited)	Six months ended 30/6/2016 (Unaudited)
Profit/(Loss) for the financial period attributable to owners of the parent (US\$)	128,332	(1,815,472)
Weighted number of ordinary shares in issue during the respective financial period	354,939,065	354,939,065
Basic profit/(loss) per share (in United States cents)	0.04	(0.51)
Weighted number of ordinary shares in issue during the respective financial period (after adjusting for share options)	619,147,905	354,939,065
Diluted profit/(loss) per share (in United States cents)	0.02	(0.51)

As the Group was in a loss position HY2016, 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 2017 (Unaudited)	As at 31 December 2016 (Audited)	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
Net asset value per ordinary share based on issued share capital (in United States cents)	15.63	15.59	15.56	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 (HY2017 vs HY2016)

The decrease in general and administrative expenses in HY2017 was mainly due to a reduction in salaries and legal and professional costs.

The decrease in other expenses was mainly due to absence of impairment loss on available-for-sale financial assets and absence of foreign exchange losses on US\$ denominated assets as a result of a change in functional currency to US\$.

There were no share of results for HY2017 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 profit of US\$0.1 million for HY2017 as compared to a loss of US\$1.8 million in HY2106.

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\$12.2 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 2016.

Current assets

The decrease in available-for-sale financial assets was due to the disposal 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 bank loan facility matures in September 2017. The Group will continue to discuss with ING Capital for further extensions to align repayment with the payment of the tax credit receivable by the State of Alaska.

The Group had a negative working capital of approximately US\$26.8 million as at 30 June 2017.

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

A.	Mustang Project Deferred Acquisition Payment	13.1 million
B.	Project Vendor	5.2 million
C.	Deferred Income	0.6 million
	Total	18.9 million

A. 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.

B. Project Vendor

Given the current market conditions for both project developers and contractors, a supplier of services to the Mustang Project has agreed to the deferment of payment of the outstanding account. In return the Company will utilize the contractor's services when project development recommences.

C. Deferred Income

The Deferred Income liability relates to a non-refundable payment received by the Group in full in mid-2015 and is not a liability that requires repayment to a third party.

The Company is required to recognise this payment over the period commencing from its receipt until the anticipated time the Mustang Project commences production.

Review of the Statement of Cash Flows for the Group

Net cash used in operating activities in HY2017 was due to payments made to the Group's vendors.

Net cash used in investing activities in HY2017 was approximately US\$84,000 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 and disposal of available-for-sale financial assets.

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

Given the persistent low oil price environment, the working interest partners and the Operator of the Mustang Project are reviewing its development plan. As part of the development plan review, a Data Collection Program is planned on one of the existing wells, this is likely to happen in late 3Q2017 or early 4Q2017.

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 HY2017.

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 2017, funds/cash were mainly used for the following activities:-

	Budget US\$	Actual US\$
Land & Rentals	139,000	112,008
Seismic Costs	89,000	58,183
Base Camp Costs	144,000	124,800
Corporate administrative expenses	174,000	158,625
Total	546,000	453,616

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

For the next immediate quarter ending 30 September 2017 ("3Q2017"), the funds/cash are expected to be used for the following activities:-

	Budget US\$
Land & Rentals	52,000
Seismic Costs	24,000
Base Camp Costs	140,000
Data Collection Program	1,500,000
Corporate administrative expenses	160,000
Total	1,876,000

The above budget is again premised on no drilling activities being undertaken in 3Q 2017.

The Group is expected incur costs relating to the data collection of an existing well. This will allow the Group to plan for the next phase of operational activities.

The Company has minimised all non-essential expenditure both at its Singapore corporate head office and at Brooks Range Petroleum Corporation, its Anchorage based operating company in which it acquired a 50% interest in August 2015.

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 2017.

In Q2 2017, the variance between budgeted and actual for land & rentals, seismic expenses and base camp costs was a result of the deferment of non-essential activities.

The decrease in corporate administrative costs was as a result of the delay in payment of aged payables until 3Q 2017.

- (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 2017, there are no material updates on the reserves and resources as to those disclosed in the Independent Qualified Person's Report dated 29 March 2017 and released on 12 April 2017.

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

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 2017 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

**Lee Tiong Hock
Company Secretary
11 August 2017**

*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).