Oracle Coalfields PLC

ENERGY FOR PAKISTAN

Interim Results
For The Six Months
Ended 30 June, 2013

CHAIRMAN'S STATEMENT FOR THE 6 MONTHS TO 30 JUNE 2013

Chairman's Statement

I am pleased to present the Company's results for the six months to the 30th June 2013.

The Company successfully raised £934,000 (gross) by the issue of new shares in the first quarter of 2013. This money is being used to continue project development, particularly to complete the necessary environmental studies and to progress negotiations with prospective contractors and strategic partners.

At the AGM in May 2013 shareholders approved a further increase in share capital of 200 million shares, but the motion to set aside the pre-emption rights assigned to existing shareholders under the Companies Act 2006 did not receive the required 75 per cent majority.

After an orderly national election in Pakistan in May 2013, there was a peaceful transition to a new government which has reiterated its support for the continued development of a free market economy and for our Thar coalfield project in particular.

Operational update pre and post interim results

The main activity in this period was the finalisation of the environmental studies on the mine site and the submission of the Environmental and Social Impact Assessment to the Sindh Environmental Protection Agency (SEPA) in April 2013 for approval which is expected in the final quarter of 2013. The Company also attended a Public Hearing at the Block VI site arranged by SEPA. The Public Hearing was attended by local stakeholders mainly consisting of local communities and Non-Governmental Organisations (NGOs). The Public Hearing was followed by a Technical Committee Meeting with SEPA. Overall, the Company believes that there are no major impediments in progressing the project.

The Prefeasibility Study for a mine mouth power plant prepared in 2012 by Mott MacDonald UK was updated in the second quarter of 2013 to take into account the cost plus coal pricing mechanism announced by the Coal & Energy Development Department, Government of Sindh at the end of 2012.

We continue to work closely with the Thar Coal and Energy Board and the local communities in preparation for project implementation.

Summary of Results

As expected for a mining company at our stage of development our financial results for the six months to the 30 June 2013 show an operational loss for Oracle Coalfields PLC Group of Companies after taxation of £288,499 (2012: £408,423). At the period end, the Group had cash and cash equivalents of £296,009 (2012: £274,429) and total assets less current liabilities of £4,130,546 (2012: £3,818,160). The basic loss per share was 0.11p (2012: loss 0.19p).

Funding Requirements

As mentioned above, during the first quarter a further issue of equity was made in order to fund the company in 2013 and to settle a number of outstanding charges for finalisation of the feasibility study work on the mine. A total of 62,282,707 shares were issued at a price of 1.5p and raised a total of £934,000 (gross). Within this total 4,934,373 shares were subscribed by the Directors and Management of the Company.

As commented previously, the Board anticipates that it will be necessary to raise additional funds to meet the demands of working capital in preparing for the realisation of the Thar Coal project as mentioned below. The Board will revert to shareholders with a proposal in due course.

Looking Ahead

The first half of the year also saw a change of government in Pakistan. Following democratic elections, the new government of Nawaz Sharif came to power. The new government remains steadfast in dealing with the country's energy crisis, evident by addressing the country's circular debt issue with payments to the power generation companies. That said, the new government is keen to assist your Company in the development of the coal mine and power project and provides support, which is further evident by the government's representative at the Pakistan Embassy to China attending the signing of the Joint-Development agreement in Beijing, China as announced on 24 September 2013 and as mentioned below.

Post Balance Sheet events

A General Meeting of the Company was held in August 2013 and adjourned with a briefing to the shareholders on the progress of the Thar coalfield project.

As announced on 24 September 2013, Oracle signed a Joint Development Agreement (JDA) with China CAMC Engineering Co Ltd (CAMCE) for the development of its coal mine and power plant project. CAMCE is a subsidiary of China National Machinery Industry Corporation (SINOMACH), which is a major Chinese state-owned enterprise. The JDA, which will remain in place for a period of two years from 24 September 2013, includes a package of financial and construction measures; highlights include:

- CAMCE will assist Oracle in seeking the debt financing which is likely to come from Chinese banks for the construction of the mine and power plant and the capital expenditure shall be underwritten by SINOSURE, the Chinese export and credit insurance corporation.

- Debt will be used to finance up to two thirds of construction costs.

- Subject to a competitive price being agreed, CAMCE and Oracle will sign an Engineering, Procurement and Construction (EPC) contract for coal and power plant project under which it is expected:

    - Mine and power plant development will commence in the second half of 2014,

    - Production at the open pit mining operation will start in 2015; and

    - The power plant will have a production capacity of 300 Mega Watts.

The Board extends its appreciation to the Coal & Energy Development, Sindh Coal Authority and Government of Sindh for their continued support. The Board also continues to be grateful for the patience and support of our shareholders.

Adrian Loader

Chairman of the Board

CONSOLIDATED INCOME STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2013

	(Unaudited) 6 months to 30 June 2013 £	(Unaudited) 6 months to 30 June 2012 £	(Audited) Year ended 31 Dec 2012 £
CONTINUING OPERATIONS			
Revenue	-	-	-
Administrative expenses	(290,310)	(409,548)	(743,663)
OPERATING LOSS	(290,310)	(409,548)	(743,663)
Finance costs	-	-	-
Finance income	1,811	1,125	1,864
LOSS BEFORE TAX	(288,499)	(408,423)	(741,799)
Tax	-	-	-
LOSS FOR THE PERIOD	(288,499)	(408,423)	(741,799)
Loss attributable to:			
Owners of the parent	(288,499)	(408,423)	(741,799)
Non-controlling interests	-	-	-
	(288,499)	(408,423)	(741,799)
Earnings per share:			
Basic loss per share	(0.11p)	(0.19p)	(0.35p)
Diluted loss per share	(0.10p)	(0.17p)	(0.33p)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 JUNE 2013

	(Unaudited) 6 months to 30 June 2013 £	(Unaudited) 6 months to 30 June 2012 £	(Audited) Year ended 31 Dec 2012 £
LOSS FOR THE PERIOD	(288,499)	(408,423)	(741,799)
OTHER COMPREHENSIVE INCOME			
Exchange difference arising on consolidation	6,820	(5,093)	(10,742)
Income tax relating to components of other comprehensive income	-	-	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	6,820	(5,093)	(10,742)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(281,679)	(413,516)	(752,541)
Total comprehensive income attributable to:			
Owners of the parent	(281,679)	(413,516)	(752,541)
Non-controlling interests	-	-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Notes	(Unaudited) As at 30 June 2013 £	(Unaudited) As at 30 June 2012 £	(Audited) As at 31 Dec 2012 £
ASSETS				
NON-CURRENT ASSETS				
Intangible assets		3,939,993	3,511,018	3,672,424
Property, plant and equipment		1,629	2,207	1,816
Loans and other financial instruments		60,910	61,427	60,149
		4,002,532	3,574,652	3,734,389
CURRENT ASSETS				
Trade and other receivables		47,584	49,918	52,016
Cash and cash equivalents		296,009	274,429	99,592
		343,593	324,347	151,608
TOTAL ASSETS		4,346,125	3,898,999	3,885,997
EQUITY				
SHAREHOLDERS' EQUITY				
Called up share capital	4	278,294	214,211	216,011
Share premium		6,898,709	6,029,702	6,070,418
Share scheme reserve		63,070	63,070	63,070
Translation reserve		(12,369)	(13,540)	(19,189)
Retained earnings		(3,113,187)	(2,491,312)	(2,824,688)
		4,114,517	3,802,131	3,505,622
Non-controlling interest		16,029	16,029	16,029
TOTAL EQUITY		4,130,546	3,818,160	3,521,651
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables		215,579	80,839	364,346
TOTAL LIABILITIES		215,579	80,839	364,346
TOTAL EQUITY AND LIABILITIES		4,346,125	3,898,999	3,885,997

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2013

	Called up share capital £	Retained earnings £	Share premium £	Share scheme reserve £
Balance at 31 December 2011	214,211	(2,082,889)	6,029,702	63,070
Changes in equity				
Issue of share capital	-	-	-	-
Total comprehensive income	-	(408,423)	-	-
Balance at 30 June 2012	214,211	(2,491,312)	6,029,702	63,070
Changes in equity				
Issue of share capital	1,800	-	40,716	-
Total comprehensive income	-	(333,376)	-	-
Balance at 31 December 2012	216,011	(2,824,688)	6,070,418	63,070
Changes in equity				
Issue of share capital	62,283	-	828,291	-
Total comprehensive income	-	(288,499)	-	-
Balance at 30 June 2013	278,294	(3,113,187)	6,898,709	63,070

	Translation reserve £	Total £	Non-controlling interest £	Total equity £
Balance at 31 December 2011	(8,447)	4,215,647	16,029	4,231,676
Changes in equity				
Issue of share capital	-	-	-	-
Total comprehensive income	(5,093)	(413,516)	-	(413,516)
Balance at 30 June 2012	(13,540)	3,802,131	16,029	3,818,160
Changes in equity				
Issue of share capital	-	42,516	-	42,516
Total comprehensive income	(5,649)	(339,025)	-	(339,025)
Balance at 31 December 2012	(19,189)	3,505,622	16,029	3,521,651
Changes in equity				
Issue of share capital	-	890,574	-	890,574
Total comprehensive income	6,820	(281,679)	-	(281,679)
Balance at 30 June 2013	(12,369)	4,114,517	16,029	4,130,546

CONSOLIDATED CASHFLOW STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2013

	Notes	(Unaudited) 6 months to 30 June 2013 £	(Unaudited) 6 months to 30 June 2012 £	(Audited) Year ended 31 Dec 2012 £
Cash flows from operating activities				
Cash generated from operations	1	(482,820)	(420,090)	(446,246)
Exchange rate fluctuation on cash held		76	(579)	(1,158)
Net cash from operating activities		(482,744)	(420,669)	(447,404)
Cash flows from investing activities				
Purchase of intangible fixed assets		(235,435)	(909,908)	(1,100,872)
Purchase of tangible fixed assets		-	(414)	(497)
Interest received		1,506	818	1,247
Net cash from investing activities		(233,929)	(909,504)	(1,100,122)
Cash flows from financing activities				
Share issue		956,908	-	42,667
Cost of share issue		(43,818)	-	(151)
Net cash from financing activities		913,090	-	42,516
(Decrease)/Increase in cash and cash equivalents		196,417	(1,330,173)	(1,505,010)
Cash and cash equivalents at beginning of period	2	99,592	1,604,602	1,604,602
Cash and cash equivalents at end of period		296,009	274,429	99,592

NOTES TO THE CASH FLOW STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2013

1. RECONCILIATION OF LOSS BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	(Unaudited) 6 months to 30 June 2013 £	(Unaudited) 6 months to 30 June 2012 £	(Audited) Year ended 31 Dec 2012 £
Loss before tax	(288,499)	(408,423)	(741,799)
Depreciation	83	-	166
Finance income	(1,811)	(1,125)	(1,864)
	(290,227)	(409,548)	(743,497)
(Increase)/Decrease in trade and other receivables	(17,779)	41,660	39,872
(Decrease)/Increase in trade and other payables	(174,814)	(52,202)	257,379
Cash generated from operations	(482,820)	(420,090)	(446,246)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of the statement of financial position amounts:

Period ended 30 June 2013

	(Unaudited) As at 30 June 2013 £	(Audited) As at 31 Dec 2012 £
Cash and cash equivalents	296,009	99,592

Period ended 30 June 2012

	(Unaudited) As at 30 June 2012 £	(Audited) As at 31 Dec 2011 £
Cash and cash equivalents	274,429	1,604,602

Period ended 31 December 2012

	(Audited) As at 31 Dec 2012 £	(Audited) As at 31 Dec 2011 £
Cash and cash equivalents	99,592	1,604,602

Cash and cash equivalents consist of cash in hand and balances with banks.

**NOTES TO THE FINANCIAL STATEMENTS UNAUDITED RESULTS
FOR THE 6 MONTHS ENDED 30 JUNE 2013**

1. INFORMATION

These interim consolidated financial statements for the six month period ended 30 June 2013 have been prepared using the historical cost convention, on a going concern basis and in accordance with the International Financial Reporting Standards ("IFRS") including IAS 34 'Interim Financial Reporting' and IFRS 6 ' Exploration for and Evaluation of Mineral Resources', as adopted by the European Union ("EU"). They have also been prepared on a basis consistent with the accounting policies expected to be applied for the year ending 31 December 2013, and which are also consistent with the accounting policies applied for the year ended 31 December 2012 except for the adoption of new standards and interpretations.

These interim results for the six months ended 30 June 2013 are unaudited and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial statements for the year ended 31 December 2012 have been delivered to the Registrar of Companies and filed at Companies House and the auditors' report on those financial statements was unqualified and did not contain a statement made under Section 498(2) or Section 498(3) of the Companies Act 2006.

2. ACCOUNTING POLICIES

Reporting entity
Oracle Coalfields PLC is a company domiciled in United Kingdom. The address of the Company's registered office is Richmond House, Broad Street, Ely, Cambridgeshire, CB7 4AH. The Company primarily is involved in the exploration for coal.

Compliance with accounting standards
These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention.

Significant accounting judgements, estimates and assumptions
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for revenues and expenses during the year and the amounts reported for assets and liabilities at the balance sheet date. However, the nature of estimation means that the actual outcomes could differ from those estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement of any impairment on intangible assets and the estimation of share-based payment costs. The Company determines whether there is any impairment of intangible assets on an annual basis. The estimation of share-based payment costs requires the selection of an appropriate model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest.

Intangible fixed assets - exploration costs
Expenditure on the acquisition costs, exploration and evaluation of interests in licences including related overheads are capitalised. Such costs are carried forward in the statement of financial position under intangible assets and amortised over the minimum period of the expected commercial production of coal in respect of each area of interest where:

a) such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively by its sale;

b) exploration activities have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active operations in relation to the areas are continuing.

An annual impairment review is carried out by the directors to consider whether any exploration or development costs have suffered impairment in value where a site has been abandoned or confirmed as no longer technically feasible. Accumulated costs in respect of areas of interest that have been abandoned are written off to the income statement in the year in which the area is abandoned.

Exploration costs are carried at cost less any provision from impairment.

Property, plant and equipment
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Motor vehicles	- 20% on reducing balance
Computer equipment	- 30% on reducing balance

Investments
Fixed asset investments are stated at cost. The investments are reviewed annually and any impairment is taken directly to the income statement.

Financial instruments
Financial assets and liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

- Cash and cash equivalents comprise cash held at bank and short term deposits
- Trade payables are not interest bearing and are stated at their nominal value
- Equity instruments issued by the Company are recorded at the proceeds received except where those proceeds appear to be less than the fair value of the equity instruments issued, in which case the equity instruments are recorded at fair value. The difference between the proceeds received and the fair value is reflected in the share based payments reserve.

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Profit and losses of overseas subsidiary undertakings are translated into sterling at the average rate for the year. The statements of financial position of overseas subsidiary undertakings are translated at the rate ruling at the statement of financial position date. Differences arising from the translation of Group investments in overseas subsidiary undertakings are recognised as a separate component of equity.

Net exchange differences classified as equity are separated tracked and the cumulative amount disclosed as a translation reserve.

The principal place of business of the Group is the United Kingdom with sterling being the functional currency. Funds are advanced to Pakistan as required to finance the exploration costs which are payable in Rupees.

Share-based payment transactions
Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of all options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement or share premium account if appropriate, are charged with the fair value of goods and services received.

Cash and cash equivalents
Cash and cash equivalents for the purpose of the cash flow statement comprise cash and bank balances.

3. LOSS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares of 270,379,330 (30 June 2012 – 214,211,000 and 31 December 2012 – 214,504,260) outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares of 283,910,514 (30 June 2012 – 236,841,000 and 31 December 2012 – 228,035,444) adjusted to assume the conversion of all dilutive potential ordinary shares.

4. CALLED UP SHARE CAPITAL

	(Unaudited) 30 June 2013 £	(Unaudited) 30 June 2012 £	(Audited) 31 Dec 2012 £
Allotted, called up and fully paid			
278,293,707 Ordinary shares of 1p each	278,294	214,211	216,011

The number of shares in issue was as follows:

	Number of shares
Balance as 31 December 2011	214,211,000
Issued during the period	-
Balance at 30 June 2012	214,211,000
Issued during the period	1,800,000
Balance at 31 December 2012	216,011,000
Issued during the period	62,282,707
Balance at 30 June 2013	278,293,707