REGISTERED NUMBER: 05867160 (England and Wales)

GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

FOR

ORACLE POWER PLC GROUP OF COMPANIES

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

ORACLE POWER PLC GROUP OF COMPANIES

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

Oracle Power PLC (formerly Oracle Coalfields PLC) is registered as a public company under English Law. Its shares are quoted on the AIM market of the London Stock Exchange. Oracle Power PLC is incorporated and domiciled in England and Wales and its registered number is 05867160.

DIRECTORS:	Mr M W Steed - Chairman Ms N Memon – CEO (appointed NED 7 January 2019 appointed CEO 25 January 2019) Mr A Migge Mr G Lewis (appointed 18 March 2020) Mr S Khan (resigned 16 July 2019)	
SECRETARY:	Mr S Smith (resigned 19 September 2019) Mr A Warden (appointed 19 September 2019)	
REGISTERED OFFICE:	Tennyson House, Cambridge Business Park, Cambridge, CB4 0WZ.	
REGISTERED NUMBER:	05867160 (England and Wales)	
AUDITORS:	Price Bailey LLP Chartered Accountants & Statutory Auditors Tennyson House, Cambridge Business Park, Cambridge, CB4 0WZ	A. F. Ferguson & Co Chartered Accountants State Life Building 1-C I. I. Chundrigar Road Karachi Pakistan
NOMINATED ADVISER:	Strand Hanson Limited 26 Mount Row London, W1K 3SQ	
REGISTRAR:	Neville Registrars Limited 18 Laurel Lane, Halesowen West Midlands, B63 3DA	
BROKERS:	Brandon Hill Capital Limited 1 Tudor Street London, EC4Y 0AH	Shard Capital Partners LLP 20 Fenchurch Street London EC3M 3BY
SOLICITORS:	Charles Russell Speechlys LLP 5 Fleet Place London, EC4M 7RD	Haider Mota BNR D-79, Block No. 5, Karachi 75600, Pakistan
BANKERS:	Royal Bank of Scotland plc 1st Floor, Conqueror House Vision Park, Histon Cambridge, CB24 9NL	Habib Bank AG Zurich Moorgate Branch, Habib House 42 Moorgate London, EC2R 6JJ
	Habib Metropolitan Bank Habib Bank Plaza I.I.Chundrigar Road Karachi-75650, Pakistan	
PUBLIC RELATIONS:	St Brides Partners Ltd 51 Eastcheap London, EC3M 1JP	

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

I am pleased to present the results for Oracle Power Plc (the “Company” or “Oracle”) for the year ended 31 December 2019.

2019 has been an exciting year for Oracle. We have seen major changes in the management of our business and, towards the end of the year, we were delighted to welcome His Highness Sheikh Ahmed Dalmook Juma Al Maktoum, a senior member of the Dubai Royal Family, as a major investor in the Company. In addition, the scope of the development of Block VI has substantially increased to encompass a coal to fertiliser project as well as the coal to electricity project. Successful development of the former would assist in addressing Pakistan’s food security issues, whilst the latter would help address Pakistan’s energy security issues. Furthermore, by using an indigenous resource, we believe our project would contribute to a reduction in the use of the country’s foreign exchange reserves, as a result of a decrease in demand for imported fuel. Our Block VI is one of the largest, if not the largest, private projects in Pakistan and has priority status within the China-Pakistan Economic Corridor (“CPEC”).

Shahrukh Khan, who started the Company from nothing and built it up into a multimillion-pound listed Plc, decided that after nearly fifteen years he would step down and hand the reins to our new Chief Executive Officer, Naheed Memon. My Board colleagues and I are profoundly appreciative of his invaluable contribution to the development of Oracle over this time.

In order to re-invigorate the Company, we have changed many of our advisors, consultants and service providers and will shortly be moving to a more cost-efficient office.

I am delighted to welcome Mr Glen Lewis to the Board as a non-executive director. Glen comes with a wealth of knowledge of the coal mining industry and will be of great help with some of the more technical issues we will face. His experience in the industry will be an important part in strengthening the Board.

The Board has recognised that, in order to bring the development of the Thar Block VI projects to fruition, the major thrust of our operations needs to be based in Pakistan and not in London. Ms Memon has had a distinguished career in both the private and public arenas in Pakistan and is uniquely qualified to push our Company forward with the various government agencies in Pakistan.

Financially we are in good health. With the focus of our attention now in Pakistan we have managed to substantially reduce our overhead costs in London. In 2019, we raised a further £1,835,000, which included the £500,000 subscription from the private office of His Highness Sheikh Ahmed Dalmook Juma Al Maktoum, all of which should comfortably cover our working capital requirements to the end of the year. We may, however, seek to raise further funds to finance our contribution to the ongoing capital requirements of the project.

We have been approached by a number of people who are involved in power related projects and feel that Oracle would be a symbiotic partner. Whilst the Thar projects are, and should remain, our primary focus we are conscious of the need to have projects that have a faster turnaround.

Operational highlights of 2019 are described in the Chief Executive’s Report. Our work in 2020 is concentrated on formalising detailed agreements with our project partners (being the private office of His Highness Sheikh Ahmed Dalmook Juma Al Maktoum and China National Coal Development Company Ltd. (“China Coal”), including the formalisation of financing arrangements for their share of the requisite equity investment, as well as all project debt. We will also ensure that all Government permissions, licences and other approvals are in place, further details of which are described in the Chief Executive’s Report.

The Government of Imran Khan remains supportive of the development of Thar coal and of relations with China. The broad parameters of security remain as last year: there have been no major incidents and, overall, the army has maintained order.

We are most grateful to the Pakistani Authorities at both Federal and Provincial levels, to the Chinese Authorities through China Coal and the Joint Cooperation Committee (JCC) of CPEC for the constructive way in which they have all supported and continue to support our project.

Above all, I wish to thank our shareholders for their continued confidence, patience and support, enabling us to move the project towards realisation.

Mark W Steed
Chairman

It has been a very busy first year for me, during which, much has been accomplished, and more avenues for success and growth have opened up. Oracle Power's project in Pakistan continued to receive more support from government and investors, given its strategic importance, allowing us to progress key items on the path towards reaching definitive agreements with our partners in the Thar Block VI project.

In the fiscal year 2019, Pakistan posted a growth rate of 3.3%, which was slightly lower than the International Monetary Fund's global growth estimate of 3.5%, and a core inflation of 5.9%, according to the Pakistan Economic Survey. In view of falling income, rising inflation, a weakening currency, and an increased pressure on currency reserves, the Government of Pakistan ("Government"), made a categorical decision to reduce high import bills, of which oil and energy fuel is a large part. This decision provided even greater patronage to the development of Block VI, and encouraged investors to come forward.

The population of Pakistan increased to 216 million taking the number of people with no access to electricity to 65 million. The main reasons for this plight are a stark demand supply gap, inadequate transmission infrastructure, and a dilapidated distribution system. Looking ahead, the demand supply gap is bound to increase. Therefore, new power projects have been planned. Amongst these, those based on indigenous resources, such as Thar coal, have been ranked higher, by the Government, in the merit order for dispatch.

The latest power base-load forecast, released by the Government of Pakistan, has estimated additional demand that is attributed to the Governments' new electric vehicle policy, which stipulates that 30% of vehicles will run on electricity by the year 2030. The forecast also recognises the increased demand for power as a result of the Prime Minister's 'Naya (new) Pakistan Housing Scheme' initiative that plans for 5 million new houses to be built. In addition, industrial demand in the country's nine CPEC Special Economic Zones is also expected to grow, as efforts to mobilize large scale industry are underway. The forecast estimates a peak demand of 34,209 MWs by the year 2024-25. This requirement also accounts for the fact that almost 11,511 MWs of old furnace and diesel based generation will retire from the grid by 2047. In summary, the base case result shows that to meet a demand of 43,820 MWs by the year 2030, a generation capacity of 76,391 MWs is required.

In order to meet this demand by the year 2030, in line with the intent of increasing variable renewable energy (VRE) in the mix, in excess of 20,000 MWs of wind and solar energy, is planned. However, in order to mitigate the intermittency of VRE and to ensure substantial reserve provisioning, adequate base load energy is required to be optimised using close to 5000 MWs from re-gasified liquefied natural gas (RLNG), 6,000 MWs from Thar coal and more than 20,000 MWs of hydro power. Therefore, the latest energy capacity expansion plan is built on inclusion of VREs, minimal reliance on imported fuels and increased share of local coal and hydropower. Inclusion of VREs, hydro and Thar coal is aimed at making Pakistan energy secure and providing much needed relief to the end consumers.

In the overall new energy mix of the Government's plan, indigenous coal is set to increase from 3% in 2020 to 13% by the year 2030. Oracle's planned 1,320 MWs coal-based power is a confirmed source of power in such plans. Accordingly, our Company intends to progress its Thar Block VI project as expeditiously as possible in order to capitalise on the opportunity of selling power to the Government of Pakistan, at an attractive price, and contribute significantly towards addressing Pakistan's energy crisis, which, ultimately, would generate substantial value for our shareholders.

Currently, under the CPEC agreement a number of energy projects are in various stages of development throughout the country. Oracle's planned Block VI integrated coal mine and mine mouth power plant is on the Priority List of Energy Projects in CPEC and continues to be supported by both the Pakistan and Chinese governments, for development and financing.

The last 12 months have brought forth strong testaments of support and endorsement. The size and scale of the project has been enhanced as a result being identified for coal chemistry initiatives. On 6 November 2019, at the ninth JCC meeting on CPEC, Thar Block VI was included as a potential block for coal to gas to urea/fertilizer production, alongside and in parallel with the integrated coal mine and mine mouth power plant project.

Block VI is now the only block that is supported in CPEC for energy development as well as for oil and gas projects. It was listed as a flagship block in Thar for coal to gas, as input for urea, in the November meeting. Consequentially, the development of Oracle's Thar project is now aligned with Pakistan's energy and food security programmes

In December 2019, we were delighted to announce that Oracle had entered into a Joint Development Agreement ("JDA") with Sheikh Ahmed Dalmook Al Maktoum Private Office One Person Company LLP and China Coal (the "Consortium"), a subsidiary of China National Coal Group Corporation.

Further to the JDA, post period, in February 2020, Oracle entered into a Consortium Agreement ("CA") and submitted, to the Private Power Infrastructure Board ("PPIB") credentials of the Consortium partners with regard to building, owning and operating a 2x660 MW supercritical mine mouth plant in Block VI. It is expected that PPIB will issue a Letter of Intent ("LOI") soon.

On issuance of the LOI, the Consortium will proceed to apply to National Electric Power Regulatory Authority for a cost plus tariff and generation licence.

However, before the project can be awarded a tariff, a project SPV will need to be incorporated in accordance with the CA. The incorporation of an SPV would entail signing firm shareholder agreements with the Consortium partners, and consequential recognition of Oracle's investment in the development of this project to date. Moving forward, the PPIB would then issue a Letter of Support so that the Power Purchase Agreement ("PPA") can be finalised with the Central Power Purchasing Authority, along with the Implementation Agreement ("IA"). The IA guarantees payment under the PPA. All of this would enable the project SPV(s) to achieve financial close.

With respect to the new and significant opportunity to develop coal for gas, Oracle will begin work on this in collaboration with its Consortium partners once the coal to power phase of the project is underway. In the next phase, China Coal will conduct technical and commercial viability studies for coal to gas in Block VI and the Consortium will engage with the Government to establish mechanisms (such as pricing) to facilitate such a project.

The Company is cognisant of other opportunities in the power and natural resource sector and intends to capitalize on the experience of its team, to develop other commercially lucrative projects, with a quick turnaround and high returns. Oracle Power's management is committed to making the Company into a vibrant platform which develops multimillion dollar projects, in the medium to long term.

Whilst I write this statement, the world is in the grips of a pandemic which has forced global economies to come to a grinding halt. Wherever we are, we face an unparalleled health and economic emergency. Although, the impact and intensity of COVID 19 is relatively less in Pakistan so far, legacy inefficiencies and economic fragility may likely result in negative growth in the short term. In these conditions, Oracle project, centered on the development of an indigenous asset, becomes more important as it can set up ways for Pakistan to become self-sufficient in energy and even food. Further, in the post COVID world, as the drivers of globalisation are negatively impacted, large domestic markets such as those of Pakistan, present relatively greater growth and income opportunities. The Board of Oracle is also cognisant of imminent new industry, and opportunities in the region and elsewhere, and remains focused on delivering higher value.

I remain grateful to both the Provincial Government of Sindh and the Federal Government of Pakistan for their continuing support for the Block VI project, which we strongly believe will produce cheaper abundant power and become an important feedstock for Pakistan's agriculture sector in the future.

I also extend my greatest thanks to the shareholders for their support and belief in the Company, and for placing their trust in its management.

Ms Naheed Memon,
Chief Executive Officer

The Directors present their Strategic Report of the Company and the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITY AND BUSINESS MODEL

The principal activity of the Group in the year under review was that of an energy project, based on the exploration and development of coal, and building a mine-mouth power plant in Pakistan. The exploration and development is primarily carried out in Pakistan, but the Group is controlled, financed and administered within the United Kingdom which remains the principal place of business. The Group's business model is to create value through a balanced portfolio of energy assets at various stages in the value cycle, through the procurement of exploration leases, exploitation work, development of commercially viable discoveries, and implementation and operation. The Group will seek judiciously to enhance value further through asset trade.

REVIEW OF THE BUSINESS

During the year the Group continued to utilise its funds to develop its Pakistan Thar mine project. The expenditures are either capitalised in accordance with IFRS, or expensed. The capitalised expenditures are shown as intangible fixed assets in the Statement of Financial Position and the expensed expenditures are shown as administrative expenses in the Statement of Profit or Loss and hence determine the loss for Oracle Power PLC Group of Companies after taxation of £1,090,146 (2018: £879,996).

The Chairman, in his Statement, and the Chief Executive Officer in her Report, have fully described the activities of the Company during the financial year.

SECTION 172(1) STATEMENT

The directors are well aware of their duty under section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the Company (the "Section 172 (1) Matters"

Induction materials provided on appointment include an explanation of directors' duties, and the board is regularly reminded of the Section.172(1) Matters, including as a rolling agenda item at every main board meeting.

Further information on how the directors have had regard to the Section.172(1) Matters can be found on pages 5 to 12. This information forms part of the Strategic report and has been approved for issue by the Board on 13 May 2020.

Section 172 Companies Act 2006

The board takes decisions with the long term in mind, and collectively and individually aims to uphold the highest standards of conduct. Similarly, the board understands that the Company can only prosper over the long term if it understands and respects the views and needs of its customers, distributors, employees, suppliers and the wider community in which it operates.

A firm understanding of investor needs is also vital to the Company's success along with a sustainable and environmentally responsible culture. This is detailed on page 10. The directors are fully aware of their responsibilities to promote the success of the Company in accordance with Section 172 of the Companies Act 2006. An in-depth review of these responsibilities and how the Company engages with its stakeholders was considered at the Company's board meeting on 22 June 2020. The text of Section 172 of the Companies Act 2006 has been sent out to each main board director.

The board ensures that the requirements are met, and the interests of stakeholders are considered as referred to elsewhere in this report and through a combination of the following:

- A rolling agenda of matters to be considered by the board through the year, which includes an annual strategy review meeting, where the strategic plan for the following year is developed;
- Standing agenda points and papers presented at each future board meeting, which will report on customers, employees and other colleagues, health and safety matters and investors;
- A review of certain of these topics through the Audit Committee and the Remuneration Committee agenda items referred to in this report;
- Detailed consideration is given to of any of these factors where they are relevant to any major decisions taken by the board during the year.

Key board decisions taken during the year, all of which have long term implications for the ultimate success of the Company, and the Section 172 and stakeholder considerations are set out below.

Key Board Decision Section 172 and Stakeholder Consideration

- Appointment of St Brides PR – Better communication with all stakeholders;
- Appointment of Glen Lewis - direct and relevant mining experience and further executive oversight;
- Consortium Agreement - Long term feasibility of project fulfilment and execution.

Relations with Shareholders

The Company's principal means of communication with shareholders is through the Annual Report and Financial Statements, the full-year and half-year announcements and the AGM. The board recognises that the AGM is an important opportunity to meet private shareholders. Each substantially separate issue is the subject of a separate resolution at the AGM and all shareholders have the opportunity to put questions to the board. All board directors endeavour to attend AGMs and answer questions put to them which may be relevant to their responsibilities. In addition, the directors are available to listen informally to the views of shareholders immediately following the AGM. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are published on the Company's corporate website. In the light of the continuing public health restrictions associated with Coronavirus this may not be possible at the 2020 AGM.

The board receives regular updates on the views of shareholders through briefings and reports from the executive directors, the Company's brokers and PR advisers. The Chief Executive Officer, the Chairman and the other directors make presentations to institutional shareholders and participate in Investor Road Shows both following the announcement of the full-year and half-year results and, at other times throughout the year. Not every officer participates in every investor presentation. The Chairman will participate in these presentations where appropriate and is always available to speak with shareholders.

Dialogue with individual institutional shareholders also takes place in order to understand and work with these investors to seek to comply with their investor principles where practicable.

Investor queries may be addressed to the Company Secretary at info@oraclepower.co.uk. A range of corporate information (including all Company announcements) is also available to shareholders, investors and the public on the Company's corporate website www.oraclepower.co.uk.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is principally engaged in the development of lignite coal resources in Block VI in the Thar Desert in the Sindh province in Pakistan through an open pit mine supplying a mine-mouth power plant. The principal strategic and operational risks and uncertainties facing the Group are described below, together with the steps taken for their mitigation. Information on financial risk management is set out in the Financial Instruments section in this report.

The principal risks and uncertainties for the Company are :

ISSUE	Likelihood of Issue Arising	Impact If Issue Arises
Financial Close	Medium	High
Project Completion	Medium	High
Operating	Low	Low/Medium
Economic	Low/Medium	Low
Financing	Low	High
Political, Legal and Regulatory	Medium	Medium/High
Environment & Corporate Social Responsibility	Low	High
COVID 19 Lockdown	High	Low

Following the signing of a new consortium agreement with China National Coal Development Company Ltd and Sheikh Ahmed Dalmook Al Maktoum Private Office One Person Company LLC, the immediate challenge for the Company is securing a new LOI and a binding Shareholder/JV Agreement to move to financial close and project completion. There are risks following the signing of the Consortium Agreement and therefore of not reaching financial close, principally in securing the further permission needed from the Pakistani Authorities and securing of finance. Also it will be necessary to draw up EPC contracts for the mine and the power plant. Economic risk is protected, including cost increase, through the Government of Pakistan's cost-plus pricing mechanism. However, the Government of Pakistan have nominated the project as a priority.

There remains political risk, such as a decline in relations between Pakistan and China leading to the pricing mechanism, or overseas remittance of dividends and debt servicing not being honoured.

The risks are detailed below, along with the key measures taken for mitigation.

Financial Close Risk
Risk
Following the signing of the consortium agreement with China National Coal Development Company Ltd and Sheikh Ahmed Dalmook Al Maktoum Private Office One Person Company LLC, the primary risk is consummating a binding Shareholders or JV Agreement. The principal elements in reaching this stage relate to a decision by the Company's Chinese partner that the technical, legal and regulatory aspects of the project are to their satisfaction.

In addition, higher authorities in China may decide not to proceed with activity in Pakistan and use the opportunity, before binding commitments are made, arbitrarily to withdraw.

Mitigation
The Company has used world leading consultants in feasibility work, to ensure a fully technically sound project. Recognising that major coal development is new for Pakistan, the Company has worked closely with the regulatory bodies and with professional advisers within Pakistan to ensure an effective regulatory regime. The immediately neighbouring Block II achieved delivery of their project. The developments at Block II so far support the soundness of technical feasibility studies that have been carried out on Block VI. Also the regulatory regime, as laid out, has been fully applied by the Pakistani Authorities. All this should be supportive for the Consortium Parties in making their decision to enter into a binding Shareholders or JV Agreement.

Arbitrary withdrawal is considered by Oracle unlikely, given the high profile commitments made by China to CPEC.

Project Completion Risk
Risk
The Block VI development comprises both a mine and a power plant. Various factors could give rise to delay in completion. These include:

- Delay in mine development either due to geological issues or project execution (e.g. equipment not available as planned);
- Lignite of lower quality than anticipated;
- Power plant not developed as planned or fails performance tests;
- Dewatering of mine does not work as planned or excess water cannot be effectively disposed of;
- Insufficient transmission line capacity; and
- The risks are increased by the inter-dependence of the mine and the power plant; the mine needs the power plant to be ready to commence full coal production and the power plant relies on coal from the mine being available to commence power generation.

Mitigation

- The Parties to the Consortium Agreement intend to bring leading EPC contractors into the running of the project;
- Neighbouring Block II has proved that the lignite should be of the anticipated quality, supporting previous studies on Block VI;
- The Company is in close contact with the relevant Government authorities regarding water management issues;
- Government takes responsibility for ensuring sufficient transmission line capacity through the Power Purchase Agreement and the Implementation Agreement. There is a CPEC priority project to provide an additional 4,000MW of transmission capacity for Thar, more than sufficient to meet all presently known Thar projects;
- The Company will take out the normal suite of insurance policies;
- As noted above, to the extent that delays lead to increased cost, these would be recoverable through the coal and electricity pricing mechanisms; and
- The project is on the Priority List of CPEC.

Operating Risk
Risk
Technical issues, similar to those described under Project Completion Risk, may affect the operation of both the mine and the power plant. Interdependence is also a key issue in the operational phase; failure to produce coal as planned would constrain power generation and failure of the power plant to operate to the assumed load factor will constrain coal production.

Water is an additional risk during production operations. Further hydrology work is planned before project completion, from which the hydrology dynamics will become clearer. The mine will require dewatering, and water is required for the power plant process. Whilst the mine water production is expected to meet the power plant needs, the amount of dewatering needed and any imbalance in the water production and utilisation may cause additional cost pressures.

Mitigation

- As with Project Completion Risk:
    - the intention is for both the mine and the power plant to be operated by leading contractors;
    - the Company will take out the normal suite of insurance policies;
    - to the extent that operational issues give rise to cost increases, these should also be recoverable through the coal and electricity pricing mechanisms; and
- The company will ask the government to meet its obligations if more water is required.

Economic Risk
Risk
The economic performance of the Company could be affected by movements in international markets. These include:

- Exchange rate movements, amongst the four currencies, US Dollar, Renmimbi, Pakistani Rupee, Pound Sterling, that affect the Company;
- Increased interest rates which, if arising during construction, would add to capital costs;
- Fall in international energy prices encouraging importation of either coal, gas or oil; and
- US$ inflation, which could raise capital and operating costs.

The potential income streams of the mine and the power plant are based on two key agreements: the Coal Sales Agreement for sales of coal to the power plant and the Power Purchase Agreement for sales of electricity to NTDC, under which the Internal Rate of Return is guaranteed by the Pakistani Government in US Dollar terms. Therefore at project level, the project will be protected against adverse currency movements, e.g. a strengthening Renminbi, which would increase the cost of Chinese equipment. At corporate level, Oracle's potential flow of dividends will be protected in US$ terms, so there is a risk of loss or gain in £ Sterling terms. The project would also be protected against adverse movements in interest rates and in US$ inflation.

Mitigation

- Cost variances resulting from exchange rate movements and US$ inflation should generally be recoverable through the coal and electricity pricing mechanisms;
- The risk posed by further importation of coal or oil for power generation is not considered to be high given the large price differentials and the present lack of power plants. The savings in foreign exchange to the country of import substitution through local energy production are clear; and
- The development of indigenous coal in Pakistan increases the country's security of energy supply.

Financing Risk
Risk
The Consortium Agreement signed with China National Coal Development Company Ltd and Sheikh Ahmed Dalmook Al Maktoum Private Office One Person Company LLC, two well financed partners, envisages financial (and political) support of the project from banks in the People's Republic of China and the framework of CPEC.

Mitigation
The Consortium Agreement evisages that the Chinese partner will be responsible for arranging all debt and for providing 73% of equity with Sheikh Ahmed Dalmook Al Maktoum Private Office One Person Company LLC 15% and Oracle 12%. Oracle will negotiate to apply its historical costs against the share to be provided by Oracle.

Political, Legal, Regulatory and Fiscal Risks
Risk
The Federal and Sindh Governments have demonstrated strong support for the integrated Thar coal mining and power plant development, and for maintaining the supportive regulatory and fiscal regime at present in place. Risks arise from:

- Change in regime;
- Shorter term, the funding and completion of local infrastructure;
- Longer term, when investment has been made, adversely varying the fiscal regime, the lease terms or the royalty and tax rates, making foreign exchange available to meet debt servicing requirements and dividend payments;
- Bureaucratic interpretation of regulations, including pricing mechanisms, also potentially leading to delay;
- Security and terrorism, particularly as operations in Thar take on a higher profile;
- Transfer of operatorship to Chinese partners and Oracle becoming a minority partner; and
- NGO activism.

Mitigation

- The Government have expressed their continued support for the development of indigenous coal and Thar. The Board believes that the shortage of power and the imperative to develop Thar is likely to be clear to any incoming government;
- Much of the planned major infrastructure is already in place;
- Longer term, there are strong international forces to ensure that foreign investment is properly protected, i.e. CPEC and Investment Treaties with China and the UK. The Company will consider whether political risk insurance could be a cost effective mitigant;
- Oracle has a strong working relationship with all relevant levels of Government and will use these relationships to address potential bureaucracy and delay;
- The Government has set up a special force with overall responsibility for security in Thar. Oracle is putting in place a comprehensive security plan which complements those of the Government agencies.

Environment & CSR

Risk

Energy projects of this nature have a major impact on the environment and impose significant corporate social responsibility on a company. If environmental risks are not properly addressed and corporate social responsibility mismanaged either of these can give rise to severe reputational damage and significant cost.

Mitigation

Oracle operates to international standards of environmental and social impact management and complies with the Pakistan Environmental Protection legislation, which mirrors international standards. The Environmental and Social Impact Assessment for the mine has been approved by the Sindh Environmental Protection Agency and the No Objection Certificate ("NOC") was issued in May 2013. For the power plant, the public hearing was held in August 2017 and the NOC is awaited.

From the outset, Oracle has understood the need to act as an exemplary corporate citizen. Oracle has long established a Community Liaison Officer and will continue to foster good relationships with local communities. Oracle will work to ensure that it works with other developers of Thar Coal, for example Sindh Engro in Block II in joining the Thar Foundation, set up to coordinate welfare initiatives.

COVID 19

Risk

Since the end of 2019 Coronavirus has had a dramatic effect on all aspects of life. With social distancing and restriction on travel and person to person meetings, business has had to be carried out in a very different way which can delay or stop critical decisions being made.

Mitigation

Oracle has been able to continue with aspects of the project despite the restrictions put in place to deal with the pandemic and has been able to carry out internal functions as normal. The Directors will continue to monitor the situation as it develops.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Objective: Oracle Power PLC is a responsible corporate entity and is continuing to apply international best practice to the Thar project. The Company is aware of the key role it has to play in developing this pioneering project, in minimising the impact that its operations can have on the natural and social environment and in creating opportunities for the local community.

Environmental and Social Impact Assessment ("ESIA")
Oracle commissioned Wardell Armstrong International Ltd. ("WAI") to produce an ESIA for the Block VI project. WAI worked with Hagler Bailly Pakistan, a local group of environmental consultants, based in Islamabad, to complete the ESIA to meet both national and international standards. The ESIA was completed and submitted in April 2013 to the Sindh Environmental Protection Agency, Government of Sindh ("SEPA"). A public hearing was held on site in June 2013, attended by the local people along with government representatives, SEPA, various non-governmental organisations ("NGO") and the Company's consultants as part of the public consultation process. The project along with its impacts and mitigation plans were presented to the public and all were given the opportunity to comment on the proposals and question the Company and the Government on all aspects of the proposed development. There was overall support for the project and the Company will continue its consultation with the local people as the project moves into the implementation phase.

Early in July 2013 SEPA held a Technical Committee Hearing in Karachi to examine the technical aspects of the ESIA and to take on board concerns raised at the public hearing which was attended by the Company and its consultants along with Government representatives. All the technical queries raised by the panel were addressed satisfactorily and the Company outlined how the Environmental Management Plan would be implemented and monitored through the life of the project.

Following these meetings SEPA has issued the "No Objection" Certificate giving formal approval for the ESIA in January 2014 which was another significant step towards mine development.

In 2016, Mott MacDonald were commissioned to prepare an ESIA for a 660MW mine mouth power plant which was completed in March 2017 and submitted to SEPA for approval. A public hearing was held on the site in July 2017 and was attended by the local communities and other stakeholders and was well received. Also, in March 2017, the mine ESIA was updated and brought up to international standards by WAI and aligned with the power plant ESIA. An update to the ESIAs will be required to reflect the larger mine and power plant.

Community and Consultation
In addition to the environmental characterisation of the site and its environs, a comprehensive social data gathering campaign has been completed. Background information on local demography, village structure, local culture, resources and socio-economics has been collected. In addition, an ongoing public consultation has been undertaken to gather the views and opinions of local stakeholders (both at a local and national level), and to disseminate information about the project.

Resettlement
Community response has generally been positive, with an interest in the project, and the associated community benefits that it will deliver. As a result of the location of the lignite seams, and the requirement for associated infrastructure, some relocation of local communities currently residing within Block VI, will be required. The Government of Sindh, Thar Coal and Energy Board, published the Resettlement Policy Framework in May 2015 which sets out the formal mechanism for resettlement in Thar and is generally in line with international performance standards.

A Resettlement Framework and Resettlement Action Plan ("RAP") was prepared and submitted to SEPA in April 2014 as required under the ESIA approval. The RAP has been prepared in line with the Government's Resettlement Framework Policy. The RAP has been prepared to ensure that the process is managed in line with best practice standards. A full programme of consultation, specifically dealing with this issue is being instigated. Communities will be resettled locally (i.e. within the Block area). In 2017 a census of the six local villages within Block VI was undertaken by Mott MacDonald of the number of people and their livestock holding along with a preliminary land ownership survey as required under the RAP.

The next stage of the process is to carry out a detailed land ownership survey of the mine and power plant areas to identify the land owners and their families, livestock, and agricultural assets prior to formal land acquisition procedures which will be instigated at the time of project implementation. This process is expected to begin in 2020. As part of the resettlement process, which will occur in full consultation with the affected communities and Project Affected Peoples, resettled communities will be given equivalent, alternative lands for their villages. It is intended to construct replacement villages, with full electricity, sanitation, and potable water supply together with culturally appropriate places of worship, with opportunities for a local market area. The exact design of resettlement villages will be decided in consultation with the affected communities.

Oracle Social Development Initiatives
Oracle appointed a Community Liaison Officer ("CLO") in 2012 to act as the local point of contact for stakeholders, and to receive information from, and disseminate information to, local community members. The CLO also acts as an intermediary to represent the interests of the local communities to Oracle. As part of Oracle's CSR initiatives, a strategy is being developed to identify, and support community development projects. This is an ongoing process and will continue as the project moves into implementation.

Benefits and Opportunities
Oracle is working with local groups to ensure that the Block VI project delivers sustainable benefits to the communities, and an overall improvement in local living conditions, whilst also positively responding to the energy crisis in Pakistan. This project will result in direct and indirect benefits to the local communities. Direct benefits will include employment at the mine and power plant, whilst indirect benefits may include revenues generated by local supply of goods and services to the operations.

Benefits and Opportunities include:

- Improvements and extension of the existing government primary schools in Block VI;
- Training of literate male and female community members for teaching;
- Extension of the building to support more students;
- Supply of stationery and other provisions;
- Bi-annual hygiene and healthcare awareness campaign in all communities;
- Setting up water filter systems in all communities;
- Awareness campaign on methods to improve livestock health and productivity in all communities; and
- Construction of a road to connect local villages and communities to the mine site access road proposed under the project.

ON BEHALF OF THE BOARD:

Mark W Steed - Chairman

Date: 22 June 2020

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2019.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2019.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the note 22 to the financial statements.

DIRECTORS
The Directors during the year under review and to the date of this report were:

Mr M Steed: Non-Executive Director and Chairman;
Ms Naheed Memon; appointed Non-Executive Director 7 January 2019; appointed Chief Executive Officer on 25 January 2019;
Mr A Migge: Non-Executive Director; Senior Independent Director;
Mr G Lewis : Non-Executive Director; appointed Independent Director 18 March 2020;
Mr S Khan: Chief Executive Officer until 25 January 2019; Executive Director thereafter until his resignation on 16 July 2019.

The beneficial interests of the Directors holding office on 31 December 2019 in the issued share capital of the company were as follows:

Ordinary 0.1p shares

	31 December 2019	1 January 2019
Mr M Steed	18,100,000	1,000,000
Ms N Memon	16,000,000	-
Mr A Migge	*8,800,000	-
Mr S Khan	32,841,049	32, 841,049

*This includes 4,400,000 warrants exercised on 31 December but issued on 8 January 2020.

Ordinary shares of 0.1p each under option
The Directors held no share options during the year.

INFORMATION ON DIRECTORS AND SENIOR MANAGEMENT

Mark Steed
Chairman
Mr Steed has had a career in the field of international stock and commodity markets, the management of offshore hedge funds, corporate finance and trading in securities in emerging economies. He has worked with and set up various portfolio and fund management companies, in the roles of Chief Executive Officer, Chief Financial Officer and Compliance Officer. Notably he has been involved in the setup of Amstel Securities LLP, City Capital Securities Limited, Shard Capital Partners LLP and the Sion Hall Family Office. Within the Company, Mr Steed, in addition to his role as Chairman, oversees corporate, financial and audit matters.

Naheed Memon
Chief Executive Officer
Ms Memon has had a career spanning public service and the private sector. Following a first degree in Computing Science at the University of Karachi, she completed a MSc in Economics, including a Distinction in Econometrics, at Birkbeck College, London and an MBA at Imperial College London. She has held various roles in her family conglomerate, the Kings Group of Industries, Pakistan, including Director of Marketing and Director of Information Systems. She was CEO of Advici Consulting Limited, a consulting practice based in London advising in marketing and investor facilitation. She has been a Financial Advisor with Merrill Lynch, Private Banking. She was CEO of Manzil Pakistan, a public policy think tank based in Karachi. She has served the Sindh Board of Investment (Government of Sindh), as Vice Chair from 2013 - 2016, then as Chair until August 2018.

Andreas Migge
Senior Independent Director
Mr Migge has had a career in Investment Banking and Private Equity with a focus on energy and natural resources. He has an international background, having worked in the US, Europe, Asia and the Middle East. Mr Migge has considerable international transaction experience, notably leading the acquisition of the power plants Lalpir and Pakgen in Pakistan, which was voted “Deal of the Year Asia”. In 2014, he was a founding investor and member of the sponsor team for the Reata Prospect, an on-going shale oil exploration project in the Permian Basin in the US. Mr Migge has also led investments in power projects in Iraq and coal mining restructuring projects in the US. He served in the Special Forces of the German Air Force and holds an MBA from Yale University. Within the Company, Mr Migge oversees technical and business development matters.

Glen Lewis
Independent Director
Mr Lewis is a senior Coal Mine Manager with a wealth of experience having worked in the coal industry since the 1980s. Throughout his career he has focused on operational mine management. He has developed a number of significant coal deposits, including United Colliery and Dartbrook Coal in the Hunter Valley in Australia. He was the Operations Manager at Oceanic Coal following its acquisition by Xstrata Coal in 1999. Mr Lewis continued to hold a number of senior roles with the company, culminating in his appointment as General Manager of Operations at Xstrata Coal in 2003. Here he held responsibility for six operating mines and several projects under construction, until his departure from the company in 2008. He was appointed Managing Director of NuCoal Resources Ltd (ASX:NCR) in 2010, overseeing the listing, capital raising, exploration and feasibility studies for a number of mining projects in the Hunter Valley. Glen stepped down as Managing Director in 2017 to focus on advisory opportunities in the public and private sector. He remains a Non-executive Director of NuCoal.

FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash and cash equivalents, loan investments and financial assets and various items such as trade receivables, trade payables, accruals and prepayments that arise directly from its operations.

The main purpose of these financial instruments is to finance the Group's operations. The Board regularly reviews and agrees policies for managing the level of risk arising from the Group's financial instruments which are summarised as follows:

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy throughout the year has been to ensure that it has adequate liquidity to meet its liabilities when due by careful management of its working capital.

Credit Risk
The Group's principal financial assets are the cash and cash equivalents and taxation receivable as recognised in the statement of financial position, and which represent the Group's maximum exposure to credit risk in relation to financial assets.

Capital Management
The Company's capital consists wholly of ordinary shares. The Board's policy is to preserve a strong capital base in order to maintain investor, creditor and market confidence and to safeguard the future development of the business, whilst balancing these objectives with the efficient use of capital.

Market Risk
Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices will affect the Group's and Company's income or value of its holdings in financial instruments.

GOING CONCERN

The Directors have considered the cashflow requirements of the Group over the next 12 months. It will be necessary to raise additional funds to bring the project to financial close. The Directors expect to meet the funding requirements and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

The long-term viability of the Group at the moment depends on the successful delivery of the Thar project. This includes finding partners who are able to provide the finance that the project requires, raising cash on the London Stock Exchange, bringing the project to financial close, successfully constructing the mine and the power plant, successful operations and addressing all of the risks outlined in this report (pages 5 to 12).

SIGNIFICANT SHAREHOLDINGS

The Directors are aware of the following who were interested, directly or indirectly, in 3% or more of the Group's ordinary shares on 31 December 2019:

	31 December 2019	
	Shareholding	% holding
Brandon Hill Capital Ltd	212,819,800	12.09%
Sheikh Ahmed Bin Dalmook Al Maktoum Private Office One Person Company LLC	200,000,000	11.37%
Power Equity Investments Ltd	153,846,154	8.74%
Dr K Laghari	95,652,174	5.44%
InterTrader Ltd	90,132,257	5.12%
Nazario Consultancy Ltd	62,159,230	3.53%

AUTHORITY TO ISSUE SHARES

Each year at the AGM the Directors may seek authority to allot shares, with the authority when granted lasting until the next AGM. At the GM held on 20 December 2019 the shareholders gave authority until the next AGM for the Directors to allot equity securities for cash up to an aggregate nominal value of £1,403,823 of which £180,000 were issued in the placing and a further £4,400 at the year end and the shares issued on 8 January 2020.

HEALTH AND SAFETY

There were no reported personal injuries or fatalities among the Company's staff or contractors during the year.

SIGNIFICANT AGREEMENTS

The Companies Act 2006 requires the Company to disclose any significant agreements which take effect, alter or terminate upon a change in control of the Company. The Company is not aware of, or party to, any such agreement.

REMUNERATION REPORT

This report has been prepared in accordance with the requirements of Schedule 2 Part 1 of the Companies Act 2006 (Schedule) and describes how the Board has applied the Principles of Good Governance relating to Directors Remuneration. In accordance with Section 439 of the Companies Act 2006 a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the Financial Statements are submitted for shareholder approval.

Remuneration Policy

The Remuneration Committee is focused on ensuring that the Group’s policies and procedures are effective for the Group’s business and that executive remuneration packages are designed to attract, drive, motivate and retain executive directors and senior management of the requisite calibre and expertise, and to reward them appropriately for creating and enhancing long-term value for shareholders. The performance measurement of the Chief Executive Officer and key members of the senior management team, and the determination of their annual remuneration package is undertaken by the Remuneration Committee.

The remuneration of the Non-Executive Directors is determined by the Board within limits set by the Articles of Association and in accordance with the general guidance principles adopted by the Quoted Companies Alliance for small and mid-size quoted Companies.

Non-executive Directors' Terms of Engagement
The Non-executive directors have specific terms of engagement. Their remuneration is determined by the Board. In the event that a Non-executive Director undertakes additional assignments for the Company, a fee will be agreed by the Board in respect of each assignment.

Aggregate Directors' Remuneration
The remuneration paid to the Directors, inclusive of Employer National Insurance contributions, in accordance with the service contracts, during the year ended 31 December 2019 was as follows:

	Salary & fees	Bonuses	Pensions	Termination benefits	Share based payments	2019 Total	2018 Total
	£	£	£	£	£	£	£
Executive							
Mr S Khan	86,420	-	7,655	100,000	-	194,075	145,300
Ms N Memon	118,381	-	-	-	-	118,381	-
Non-executive							
Mr M W Steed	23,238	-	2,406	-	-	25,644	28,001
Mr A Migge	25,833	-	-	-	-	25,833	25,000

Mr Khan was a director up to 16 July 2019

Directors' Service Contracts
The Directors have contracts with a two year term, renewable by mutual agreement and on an annual basis thereafter. Termination notice period is stated.

	Date of appointment	Notice period
Executive		
Ms N Memon	7 January 2019	12 months
Non-executive		
Mr M Steed	12 July 2017	3 months
Mr A Migge	2 August 2017	3 months
Mr G Lewis	18 March 2020	3 months

Performance Evaluation
The Board undertakes annually a formal evaluation of its performance and of its committees through a questionnaire and interview process involving individual Directors and Senior Managers that is overseen by the Senior Independent Director, Mr Migge.

Executive Incentives
The Remuneration Committee will be preparing, before the project's financial close, recommendations to the Board for submission for shareholders' approval in respect of performance bonus schemes and long term incentives packages for directors and managers. These proposals will be formulated after consultation with professional remuneration advisers and major shareholders.

CORPORATE GOVERNANCE REPORT
During 2019 the Board continued its commitment to maintaining high standards of corporate governance, complying with the requirements of the corporate governance guidelines (Guidelines) for smaller quoted companies issued by the Quoted Companies Alliance. The 10 principles set out in the Guidelines aim to assist small and growing companies in ensuring good governance practices and communicating such practices with shareholders and stakeholders. With the exception of Directors' Remuneration (which is dealt with separately in the Remuneration Report), this statement sets out how the Board has applied such principles and the Company's compliance with the specific provisions of the Guidelines.

Board and Board Committees
The Board of Directors
The Board of the Company is responsible for the Group's system of corporate governance. At 31 December 2019 the Board consisted of three Directors being the Chief Executive Officer, Ms N Memon, the Non-executive Chairman, Mr M Steed, and Non-executive Director Mr A Migge. Details of their careers are given in the Report of the Directors. During 2019, there were some changes to the membership of the Board. On 7 January 2019 Ms N Memon was appointed a Non-executive Director and then on 25 January 2019 she became Chief Executive Officer replacing Mr S Khan. On 16 July 2019 Mr S Khan resigned as an Executive Director. On 18 March 2020 Mr G Lewis was appointed as a Non-executive Director.

The Board has considered the independence of Mr Migge and Mr Lewis and considers them to be fully independent.

Details of Directors' service contracts are given in the Remuneration Report. None of the Board have any conflicts of interest arising from cross-directorships or day-to-day involvement in running the business. All Directors are subject to election by shareholders at the first Annual General Meeting after their appointment. All Directors are submitted for re-election after three years, subject to continued satisfactory performance. All Directors had access throughout the year to the advice and services of the Company Secretary, Mr S Smith, who resigned on 19 September 2019 and replaced by Mr A Warden, who are responsible for ensuring that Board procedures and applicable regulations under the Company's Articles of Association or otherwise are complied with. Each Director is entitled, if necessary, to seek independent professional advice at the Company's expense.

Board Meetings
The Board of Directors meets approximately every three months and five meetings were held in 2019. There is a defined schedule of matters reserved for its decision. The matters so reserved include responsibility for the overall Group strategy, approval of contracts, commitments to capital expenditure budgets over £10,000, appointment of Directors and staff, approval of remuneration of Directors on the recommendation of the Remuneration Committee, issue of shares and warrants, appointment of a financial adviser, approval of regulatory announcements to the market, and a final investment decision to proceed with project implementation.

Board Committees
The Board Committees are comprised of Non-Executive Directors. They operate within defined terms of reference, details of which are posted on the Company's website, and they report regularly to the Board. At this stage of the development of the Company the Board Committees are also charged with advising the Boards and management of the subsidiary companies.

It is anticipated that, as the subsidiary companies grow in size with development of the project, the subsidiaries will eventually form Board Committees of their own to advise the respective Boards. Such committees will include a Health, Safety and Environment Committee for each company based in Pakistan.

The meetings held in 2019 were as follows:

	Number of Meeting in 2019	Members (& attendance during period of appointment)
The Board	5	Mr Steed (all), Ms Memon(all), Mr Khan (2), Mr Migge (all)
Nomination Committee	2	Messrs Steed (all), Migge(all)
Remuneration Committee	1	Mr Migge (all)
Audit Committee	3	Mr Steed (all)
Tender Committee	0	Mr Migge

Nomination Committee
The Nomination Committee was established post-admission to AIM to review the structure, size and composition of the Board, including the skills, knowledge and experience required and to make recommendations to the Board with regard to any changes. The Committee also identifies and screens candidates for recommendation to the Board for the Remuneration and Audit Committees. The Nomination Committee also formulates proposals for succession planning of the Board and management. The Committee consists of Mr Steed as chairman and Mr Migge. The Committee met twice in 2019. The Committee also monitors the application of the Company policy on discrimination and encouraging diversity amongst the Company's workforce. No such issues were noted in 2019.

Remuneration Committee
The Remuneration Committee met once in 2019. The Committee consists of Mr Migge as chairman. It is responsible for reviewing the remuneration, performance bonuses, incentive schemes and pension provision for Board members and executives of the Company. The Committee responsibility extends to the review of the remuneration of the Company's appointees to the Boards of Sindh Carbon Energy Limited and Thar Electricity (Private) Ltd. The Committee engages the services of remuneration consultants for advice on policies concerning Board and executive remuneration, performance bonuses, incentive schemes and pensions. It is policy that no individual participates in discussions or decisions concerning their own remuneration.

Audit Committee Report
The Audit Committee of the Board met three times in 2019. The Committee is chaired by Mr Steed. Other Directors and officers are invited to attend where appropriate.

The role of the Audit Committee is to monitor the integrity of the financial statements, and to review any significant financial reporting issues, especially the consistency of, and changes to, accounting policy. The Committee also assesses the effectiveness of the Company's internal controls and risk management systems. The Committee considers and makes recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and replacement of the Company's external auditor. This extends to monitoring the effectiveness, remuneration and independence of the external auditors.

Whilst the Audit Committee is composed of Directors of Oracle Power PLC it also has a role to advise the Boards of the subsidiary companies, Sindh Carbon Energy Ltd. and Thar Electricity (Private) Ltd.

The auditors of Oracle Power PLC are Price Bailey who have served the Company since it was founded. Price Bailey have regularly rotated the audit engagement partner. The Committee view is that Price Bailey have served the Company well and that their audit fee remains reasonable. The Committee has therefore concluded that, with the limited size of this audit, the costs of re-tendering could not be justified at this stage.

A. F. Ferguson & Co., the local affiliates in Karachi of Price Waterhouse Coopers are auditors of Sindh Carbon Energy Limited and of Thar Electricity (Private) Ltd. Price Waterhouse Coopers (London) advise the Group on global tax matters and A. F. Ferguson & Co. advise the Group on Pakistani tax matters. These roles are considered by the Audit Committee to be compatible with their role as auditors of the subsidiary companies. In November 2019 the Partner and Manager in charge of the audit in Price Bailey attended the Audit Committee meeting to consider the year end timetable, discuss issues arising from the annual closing and possible post-balance sheet events. Recent changes in accounting standards were also discussed. No substantial impact on the Group accounts has been noted.

The 'going concern' assumption was reviewed by the Committee. The carrying values of the assets rely upon the successful raising of sufficient finance to reach an investment decision and the Report and Annual Accounts reflect that judgement.

In the area of internal controls, the Audit Committee monitors the internal control environment of the Group. The Committee also oversees the Group's adherence to Market Abuse Regulations. The Committee considers that internal controls are sound, both in Oracle Power PLC and in the subsidiary companies. The Committee monitors the Company's Internal Control Manual and makes amendments as they are needed.

The risk assessment exercise for the Company is undertaken annually under the supervision of the Audit Committee. The results of the most recent exercise are included in this Report in the section Principal Risks and Uncertainties.

The Audit Committee noted that following any future signing of the Definitive Agreements, as foreseen in the Consortium Agreement with China National Coal Development Company Ltd and Sheikh Ahmed Dalmook Al Maktoum Private Office One Person Company LLC the Audit Committee may in the future have more restricted access to the activities of Sindh Carbon Energy Limited and Thar Electricity (Private) Limited. At such time, the Audit Committee suggests that an internal audit process should be put in place, overseen by the external auditors or an internal auditor and also that one director appointed by Oracle who should participate in the audit process.

Management Meetings
The Senior Management of the Company meet regularly to discuss in detail project progress and all other aspects of the business and where appropriate put tables recommendations to the Board for their consideration and approval.

Tender Board
The Tender Board was chaired by Mr Migge. No meetings were called in 2019. The purpose of the Tender Board is to ensure the fair and objective consideration of bids received for services and goods of both capital and revenue expenditure. The Tender Board must be consulted on all contracts or purchases which could exceed £10,000. The Tender Board will recommend contract awards to the individuals authorised to commit the Company. In the case of contracts of £100,000 or more the final decision will be ratified by the Company Board of Directors.

Matters to be referred to the Tender Board are:
- lists of proposed tenderers
- lists of proposed vendors
- proposals to negotiate rather than tender contracts
- opening and recording of sealed bids (which may be delegated to appropriate officers)
- proposals to award contracts
- variations, claims and over expenditure on contracts when these exceed 7% of the original price
- renewal of existing contracts

For all major contracts (over £100,000) it is required that the list of contractors to be invited and the invitation to tender documents be submitted to the Tender Board. Arrangements for opening sealed bids and negotiating with contractors should be agreed with the Tender Board. Normally tenders should be received in sealed envelopes directly by the Secretary of the Tender Board and filed securely.

Accountability and Audit
Financial Reporting
The Board is responsible for presenting a balanced and understandable assessment of the Company's position and prospects, extending to interim financial reports and other announcements. All announcements are approved by the Chairman, the Board and the Nominated Adviser.

Internal Controls
The Directors have overall responsibility for ensuring that the Group maintains a system of internal controls to provide them with reasonable assurance that the assets of the Group are safeguarded and that the shareholders' investments are safeguarded. The system includes internal controls covering financial, operational and compliance areas, and risk management. There are limitations in any system of internal controls, which can provide reasonable but not absolute assurance with respect to the preparation of financial information, the safeguarding of assets and the possibility of material misstatement or loss.

The Board has delegated responsibility for the monitoring of internal control to the Audit Committee, and this is covered in the Audit Committee Report. The Board considers that an internal audit function would not be appropriate at this stage of the Group's development, but keeps the matter under review.

Relations with Shareholders
The Directors place great importance on maintaining good communications with both institutional and private investors. The Group reports formally to shareholders twice a year and more regular communication is provided through regulatory announcements and through the website. The Chief Executive, supported by the Group's brokers, makes interim presentations to shareholders as needed. St Brides Partners Ltd was appointed during the year to act as the Company’s public relations consultants and are now the primary point of contact.

DIRECTORS' RESPONSIBILITIES STATEMENT
The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

The auditors, Price Bailey LLP, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Group's forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mark W Steed Chairman

Date: 22 June 2020

Opinion

We have audited the financial statements of Oracle Power plc Group of Companies (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows, Notes to the Consolidated Statement of Cash Flows, Notes to the Company Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 2 in the financial statements, which indicates that the Group will need to raise additional funds to bring their project to financial close. Whilst the directors expect to meet funding requirements, based upon the current economic environment there exists a material uncertainty which may cast significant doubt as to whether the Group will be able to raise sufficient funds and therefore continue as a going concern. Our opinion is not modified in respect of this matter.

Given the uncertainties noted above we considered going concern to be a Key Audit Matter. We have assessed management’s forecasts and underlying assumptions. In doing so we considered factors such as historical operating expenditure and the group’s ability to raise funding in the near future.

We found our results from the above and the disclosures in the financial statements in respect of the above to be appropriate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant addressed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: overall audit strategy, the allocation of resources in the audit, the directing of efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Carrying value of Exploration Assets and Project Feasibility

The group has substantial exploration assets on which the success of the group is underpinned.

As explained in Note 2 to the financial statements the assessment of whether there are indicators of impairment in relation to exploration assets requires the exercise of significant judgement by management.

Given the significant value of the exploration assets the assessment of whether there are indicators of impairment represented a key audit matter for our audit.

Directors have assessed whether there is an indicator of impairment of the project and have concluded this is not the case.

Our procedures included:

Review of management's assessment of indicators of impairment under IFRS6 in respect of the exploration project.

Review of the status and validity of the exploration licences.

Challenge of the management's assessment and consideration of evidence provided including a review of key partner contracts and plans to take the project to financial close.

We evaluated the adequacy and appropriateness of the disclosures provided within the financial statements in Notes 2 and 9.

Our application of materiality

We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonably knowledgeable users that are taken on the basis of Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We based materiality on net assets of the group and concluded materiality to be £420,000. We consider that net assets provides us with the most relevant performance measure to stakeholders of the entity given the stage of the Group's activity and growth.

We apply the concept of materiality both in the planning and performance of the audit, and in evaluating the effects of misstatements.

During the course of the audit we reassessed materiality from planning to reflect the final reported performance of the group. There was no change made to our planning materiality.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment. We determined materiality and assessed the risk of material misstatement in the financial statements. In particular we looked at where the directors had made subjective judgements within accounting estimates. We addressed the risk of management override of internal controls including whether there was evidence of bias by the directors that represented a risk of material misstatements due to fraud.

The group has operating entities based in Pakistan. We assessed there to be three significant components being the Oracle Power Plc with operations in the UK and Sindh Carbon Energy Ltd and Thar Electricity (Private) Ltd with operations in Pakistan.

The parent entity was subject to a full scope audit by the group auditor.

A full scope audit was performed on the significant components Sindh Carbon Energy Ltd and Thar Electricity (Private) Ltd by A.F. Ferguson & Co., the local affiliates in Karachi of Price Waterhouse Coopers. Detailed group reporting instructions for the testing of the significant areas were sent to the component auditor and we discussed their findings with the component audit partner. The group audit team also performed the audit procedures over the significant risk areas and consolidation.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Annual Report, other than the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Clapson FCA (Senior Statutory Auditor)
for and on behalf of Price Bailey LLP
Chartered Accountants & Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date: 22 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
CONTINUING OPERATIONS			
Revenue	-	-	
Administrative expenses		(1,087,623)	(881,041)
OPERATING LOSS		(1,087,623)	(881,041)
Finance costs	5	(4,220)	(602)
Finance income	5	1,697	1,647
LOSS BEFORE INCOME TAX	6	(1,090,146)	(879,996)
Income tax	7	-	-
LOSS FOR THE YEAR		(1,090,146)	(879,996)
Loss attributable to:			
Owners of the parent		(1,090,146)	(879,996)
Non-controlling interests		-	-
		(1,090,146)	(879,996)
Loss per share expressed in pence per share:	8		
Basic		(0.08)	(0.08)
Diluted		(0.08)	(0.08)

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
LOSS FOR THE YEAR	(1,090,146)	(879,996)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss:		
Exchange difference on consolidation	(184,991)	(251,214)
Income tax relating to items of other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX	(184,991)	(251,214)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	(1,275,137)	(1,131,210)
Total comprehensive income/(loss) attributable to:		
Owners of the parent	(1,275,137)	(1,131,210)
Non-controlling interests	-	-
	(1,275,137)	(1,131,210)

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

	Notes	2019 £	2018 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	4,633,022	4,742,818
Property, plant and equipment	10	9,845	12,278
Loans and other financial assets	12	393,723	391,843
		5,036,590	5,146,939
CURRENT ASSETS			
Trade and other receivables	13	141,208	70,689
Cash and cash equivalents	14	413,858	48,899
		555,066	119,588
TOTAL ASSETS		5,591,656	5,266,527
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	15	1,759,751	1,141,822
Share premium	16	15,512,025	14,538,219
Translation reserve	16	(532,235)	(347,244)
Share scheme reserve	16	190,653	22,839
Retained earnings	16	(11,512,373)	(10,422,227)
TOTAL EQUITY		5,417,821	4,933,409
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	173,835	333,118
TOTAL LIABILITIES		173,835	333,118
TOTAL EQUITY AND LIABILITIES		5,591,656	5,266,527

The financial statements were approved and authorised for issue by the Board of Directors on 22 June 2020 and were signed on its behalf by:

....
Mark W Steed Chairman

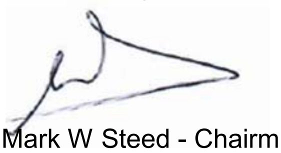
The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

	Notes	2019 £	2018 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	3,332,126	3,312,816
Property, plant and equipment	10	2,782	1,756
Investments	11	3,702,847	3,702,947
Loans and other financial assets	12	1,604,275	1,527,134
		8,642,030	8,544,653
CURRENT ASSETS			
Trade and other receivables	13	285,901	198,414
Cash and cash equivalents	14	384,058	45,248
		669,959	243,662
TOTAL ASSETS		9,311,989	8,788,315
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	15	1,759,751	1,141,822
Share premium	16	15,512,025	14,538,219
Share scheme reserve	16	190,653	22,839
Retained earnings	16	(9,067,436)	(8,001,171)
TOTAL EQUITY		8,394,993	7,701,709
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	916,996	1,086,606
TOTAL LIABILITIES		916,996	1,086,606
TOTAL EQUITY AND LIABILITIES		9,311,989	8,788,315

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £1,066,265 (2018 – loss of £848,762).

The financial statements were approved and authorised for issue by the Board of Directors on 22 June 2020 and were signed on its behalf by:



Mark W Steed - Chairman

The notes form part of these financial statements

ORACLE POWER PLC GROUP OF COMPANIES (REGISTERED NUMBER: 05867160)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained earnings £	Share premium £	Translation reserve £	Share scheme reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2018	961,884	(7,355,072)	11,622,166	(96,030)	-	5,132,948	12,841	5,145,789
Loss for the year	-	(879,996)	-	-	-	(879,996)	-	(879,996)
Other comprehensive income								
Exchange difference on consolidation	-	-	-	(251,214)	-	(251,214)	-	(251,214)
Total comprehensive loss	-	(879,996)	-	(251,214)	-	(1,131,210)	-	(1,131,210)
Transactions with owners								
Issue of share capital	179,938	-	2,916,053	-	-	3,095,991	-	3,095,991
Share warrants granted	-	-	-	-	22,839	22,839	-	22,839
Arising on acquisition of non-controlling interest	-	(2,187,159)	-	-	-	(2,187,159)	(12,841)	(2,200,000)
Total transactions with owners	179,938	(2,187,159)	2,916,053	-	22,839	931,671	(12,841)	918,830
Balance at 31 December 2018	1,141,822	(10,422,227)	14,538,219	(347,244)	22,839	4,933,409	-	4,933,409
Loss for the year	-	(1,090,146)	-	-	-	(1,090,146)	-	(1,090,146)
Other comprehensive income								
Exchange difference on consolidation	-	-	-	(184,991)	-	(184,991)	-	(184,991)
Total comprehensive loss	-	(1,090,146)	-	(184,991)	-	(1,275,137)	-	(1,275,137)
Transactions with owners								
Issue of share capital	617,929	-	973,806	-	-	1,591,735	-	1,591,735
Share warrants granted	-	-	-	-	167,814	167,814	-	167,814
Total transactions with owners	617,929	-	973,806	-	167,814	1,759,549	-	1,759,549
Balance at 31 December 2019	1,759,751	(11,512,373)	15,512,025	(532,235)	190,653	5,417,821	-	5,417,821

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained earnings £	Share premium £	Share scheme reserve £	Total equity £
Balance at 1 January 2018	961,884	(7,152,409)	11,622,166	-	5,431,641
Loss for the year	-	(848,762)	-	-	(848,762)
Total comprehensive loss	-	(848,762)	-	-	(848,762)
Transactions with owners					
Issue of share capital	179,938	-	2,916,053	-	3,095,991
Share warrants expired	-	-	-		
Share warrants granted	-	-	-	22,839	22,839
Total transactions with owners	179,938	-	2,916,053	22,839	3,118,830
Balance at 31 December 2018	1,141,822	(8,001,171)	14,538,219	22,839	7,701,709
Loss for the year	-	(1,066,265)	-	-	(1,066,265)
Total comprehensive loss	-	(1,066,265)	-	-	(1,066,265)
Transactions with owners					
Issue of share capital	617,929	-	973,806	-	1,591,735
Share warrants granted	-	-	-	167,814	167,814
Total transactions with owners	617,929	-	973,806	167,814	1,759,549
Balance at 31 December 2019	1,759,751	(9,067,436)	15,512,025	190,653	8,394,993

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes to the Statement of Cash Flows	2019	2018
		£	£
Cash flows from operating activities			
Cash generated from operations	1	(1,320,826)	(834,162)
Interest paid		(4,220)	(602)
Net cash from operating activities		(1,325,046)	(834,764)
Cash flows from investing activities			
Purchase of intangible fixed assets		(70,949)	(154,115)
Purchase of tangible fixed assets		(1,524)	-
Proceeds from disposal of fixed assets		941	
Interest received		1,696	1,647
Net cash from investing activities		(69,836)	(152,468)
Cash flows from financing activities			
Proceeds of share issue		1,759,851	909,953
Issue of loans		-	-
Net cash from financing activities		1,759,851	909,953
Increase/(Decrease) in cash and cash equivalents		364,959	(77,279)
Cash and cash equivalents at beginning of year		48,899	126,178
Effect of foreign exchange rate changes	2	-	-
Cash and cash equivalents at end of year	2	413,858	48,899

The notes form part of these financial statements

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes to the Statement of Cash Flows	2019	2018
		£	£
Cash flows from operating activities			
Cash generated from operations	1	(1,397,684)	(910,059)
Interest paid		(4,220)	(602)
Net cash from operating activities		(1,401,904)	(910,661)
Cash flows from investing activities			
Purchase of intangible fixed assets		(19,310)	(65,219)
Purchase of tangible fixed assets		(1,524)	-
Investment in subsidiary		-	-
Interest received		1,697	1,647
Net cash from investing activities		(19,137)	(63,572)
Cash flows from financing activities			
Proceeds of share issue		1,759,851	909,953
Issue of loans		-	
Net cash from financing activities		1,759,851	909,953
Increase/(Decrease) in cash and cash equivalents		338,810	(64,280)
Cash and cash equivalents at beginning of year	2	45,248	109,528
Effect of foreign exchange rate changes		-	-
Cash and cash equivalents at end of year	2	384,058	45,248

The notes form part of these financial statements

NOTES TO THE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

Group

	2019	2018
	£	£
Loss before income tax	(1,090,146)	(879,996)
Depreciation charges	498	692
Gain on foreign exchange movement	(2,184)	(25,051)
Finance costs	4,220	602
Finance income	(1,697)	(1,647)
Profit on disposal of tangible assets	(673)	
Non-cash share based payments	-	8,876
	(1,089,982)	(896,524)
(Increase)Decrease in trade and other receivables	(120,631)	4,207
(Decrease)/Increase in trade and other payables	(110,213)	58,155
Cash generated from operations	(1,320,826)	(834,162)

Company

	2019	2018
	£	£
Loss before income tax	(1,066,265)	(848,762)
Depreciation charges	498	692
Gain on foreign exchange movement	(2,184)	(25,051)
Finance costs	4,220	602
Finance income	(19,102)	(19,286)
Non-cash share based payments	-	8,876
	(1,082,833)	(882,929)
(Increase)/Decrease in trade and other receivables	(120,080)	4,772
(Decrease)/Increase in trade and other payables	(119,510)	37,351
Increase in loans to subsidiaries	(75,261)	(69,253)
Cash generated from operations	(1,397,684)	(910,059)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statements of Cash Flows in respect of cash and cash equivalents are in respect of these Statements of Financial Position amounts:

	Group		Company	
Year ended 31 December 2019				
	31/12/19	1/1/19	31/12/19	1/1/19
	£	£	£	£
Cash and cash equivalents	413,858	48,899	384,058	45,248
Year ended 31 December 2018				
	31/12/18	1/1/18	31/12/18	1/1/18
	£	£	£	£
Cash and cash equivalents	48,899	126,178	45,248	109,528

1. STATUTORY INFORMATION

Oracle Power PLC is a public company, limited by shares and registered and domiciled in England and Wales. It is the ultimate holding company of the Oracle Power Plc Group. The Group is primarily involved in an energy project, based on the exploration and development of coal and building a mine-mouth power plant in Pakistan. The presentation currency of the financial statements is the Pound Sterling (£).The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Going concern
The Directors have considered the cashflow requirements of the Group over the next 12 months and believe there are sufficient existing funds to meet overhead requirements. It will be necessary to raise additional funds to bring the project to financial close. The Directors expect to meet the funding requirements and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

The Directors have also considered the COVID-19 global pandemic and whether any adjustments are required to reported amounts in the financial statements. As at the reporting date no global pandemic had been declared. Subsequent to the reporting date with social distancing and restrictions on travel and in person meetings business has had to be carried out in a very different way which can delay or stop critical decisions being made.

The Directors have been able to continue with aspects of the project despite the restrictions put in place to deal with the pandemic. They have been able to carry out all internal functions as normal and progress the project.

Compliance with accounting standards
These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to reporting groups 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 statement of financial position 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 principal risk and uncertainty of the intangible assets (exploration assets) is that the Group may not reach financial close – as disclosed in Note 9. The board have tested the intangible assets for impairment and concluded that no impairment provision is required.

The Group determines whether there is any impairment of intangible assets on an annual basis.

At the balance sheet date the intangible assets are carried forward at their cost of £4,633,022.

2. **ACCOUNTING POLICIES - continued**

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Business acquisitions have been accounted for in accordance with IFRS 3, 'Business Combinations'. Fair values are attributed to the Group's share of net assets. Where the cost of acquisition exceeds the fair values attributed to such assets, the difference is treated as purchased goodwill and is capitalised. In the case of subsequent acquisitions of minority interests, the difference between the consideration payable for the additional interest in the subsidiary and the minority interest's share of the assets and liabilities reflected in the consolidated statement of financial position at the date of acquisition of the minority interest has been treated as goodwill.

Intangible fixed assets - exploration costs
Expenditure on the acquisition costs, exploration and evaluation of interests in licences, including related finance and administration costs, 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 profit and loss account in the year in which the area is abandoned.

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

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

Fixtures and fittings	- 15% on reducing balance
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 statement of profit or loss. Investments in subsidiaries are fully consolidated within the Group financial statements.

2. ACCOUNTING POLICIES - continued

Financial instruments
Financial assets and liabilities are recognised on the statement of financial position when the Group 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
- Receivables denominated in foreign currency are retranslated at the balance sheet date
- 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 average rates 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 separately 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 locally.

Leasing commitments
All leases held are either short-term leases or are for low value assets. The rentals paid are charged to the statement of profit or loss on a straight line basis over the period of the lease.

Employee benefit costs
The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

Share-based payment transactions
Where equity settled share warrants are awarded to employees, the fair value of the warrants at the date of grant is charged to the statement of profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of warrants that eventually vest. Market vesting conditions are factored into the fair value of all warrants 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.

2. **ACCOUNTING POLICIES - continued**

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

Where equity instruments are granted to persons other than employees, the statement of profit or loss is 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.

New standards and interpretations applied
In preparing these financial statements the Company has reviewed all new standards and interpretations.

New Standards, Interpretations and Amendments effective from 1 January 2019
The following new and revised Standards and Interpretations have been adopted in these financial statements but their adoption has not had any significant impact on the amounts reported in these financial statements:
- IFRS 16 Leases (issued January 2016)
- IAS 19 Employee Benefits (amended 2018)
- IFRS 3 Business Combinations (amended 2018)
- IFRS 11 Joint Operations (amended 2014)
- IFRS 9 Financial Instruments (amended 2017)
- IAS 12 Income Tax (amended 2016)
- IAS 32 Borrowing Costs (amended 2011)

The other new and revised Standards and Interpretations are not considered to be relevant to the Company's financial reporting and operations and are not detailed in these financial statements.

IFRS 16 Leases
In the context of the transition to IFRS 16, the Group has decided not to apply the new guidance to leases whose term will end within twelve months of the date of initial application. In such cases the leases will be accounted for as short-term leases and the lease payments associated with them will be recognised as an expense from short-term leases. The following reconciliation to the opening balance for the lease liabilities as at 1 January 2019 is based upon the operating lease obligations as at 31 December 2018:

	1 January 2019
	£
Operating lease obligations as at 31 December 2018	105,212
Short-term leases	(105,212)
Lease liabilities at 1 January 2019	-

The group has applied the short-term lease exemption in IFRS 16 and expensed lease payments rather than recognising a right of use asset and a lease liability. Details of the lease payments expensed as a result of this expedient is included in Note 18.

New Standards, Interpretations and Amendments that are not yet effective and have not been adopted early
The following new and revised Standards and Interpretations are relevant to the Company but not yet effective for the year commencing 1 January 2019 and have not been applied in preparing these financial statements:
- IAS 1 Presentation of Financial Statements (amended 2018)
- IAS 8 Accounting Policies (amended 2018)

The Directors do not consider that the implementation of any of these new standards will have a material impact upon reported income or reported net assets.

3. SEGMENTAL REPORTING

The principal activity of the Group is an energy project, based on the exploration and development of coal mining and building a mine-mouth power plant in Pakistan. All expenditure is in respect of this one activity and the £4,633,022 (2018: £4,742,818) intangible non-current assets of the Group are wholly attributable to the project in Pakistan.

To-date the Group has raised a total £18.4m and spent £17.6m on this project, Thar Block VI.

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	373,375	397,500
Social security costs	31,724	40,118
Pension contributions to money purchase schemes	17,289	10,683
Compensation for loss of office	147,000	12,500
	569,388	460,801

The average monthly number of employees of the Company during the year was as follows:

	2019	2018
Directors	4	4
Administration and production	1	3
	5	7

	2019	2018
	£	£
Directors' remuneration	253,872	187,500
Company contributions to Directors' pension money purchase schemes	10,061	5,708
Compensation to director for loss of office	100,000	12,500

The number of Directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	1

Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Remuneration	86,420	125,000
Company Pension contributions to money purchase schemes	7,655	4,900
Compensation to director for loss of office	100,000	-

Details of remuneration for each Director are included in the Report of the Directors.

5. NET FINANCE COSTS

	2019	2018
	£	£
Finance income:		
Deposit account interest	1,697	1,647
Finance costs:		
Loan interest	(4,220)	(602)
Net finance income/(costs)	(2,523)	1,045

6. LOSS BEFORE INCOME TAX

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

	2019	2018
	£	£
Depreciation - owned assets	2,437	3,568
Auditors' remuneration	18,831	18,879
Foreign exchange differences	(2,184)	(25,051)

The depreciation charges shown above include £1,939 (2018:£2,876) which have been capitalised as exploration costs by the subsidiary company in accordance with the accounting policy.

7. INCOME TAX

Analysis of tax expense
No liability to UK corporation tax arose for the year ended 31 December 2019 nor for the year ended 31 December 2018.

Factors affecting the tax expense
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£	£
Loss before income tax	(1,090,146)	(879,996)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(207,128)	(167,199)
Effects of:		
Inter company items eliminated	3,307	3,352
Potential deferred taxation on losses for year	(210,480)	163,847
Tax expense	-	-

The Group and Company has estimated UK excess management charges of £8,688,609 (2018: £7,622,334) to carry forward against future income. The overseas subsidiaries have losses of £107,226 (2018: £100,746) which will be carried forward to offset future profits. There is no charge for foreign taxation for the year (2018: nil).

8. 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 outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. In addition to the weighted average number of shares, the weighted average potentially dilutive instruments amounted to 235,938,530 (2018: 3,825,604). No adjustment is made where the effect would be to dilute the loss attributable to the ordinary shareholders.

Reconciliations are set out below.

	Earnings £	2019 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(1,090,146)	1,334,995,596	(0.08)
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(1,090,146)	1,334,995,596	(0.08)

	Earnings £	2018 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(879,996)	1,101,312,862	(0.08)
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(879,996)	1,101,312,862	(0.08)

There is no difference between the basic and diluted loss per share.

9. INTANGIBLE ASSETS

Group

	Exploration costs £
COST	
At 1 January 2019	4,742,818
Additions	70,949
Exchange differences	(180,745)
At 31 December 2019	4,633,022
NET BOOK VALUE	
At 31 December 2019	4,633,022

	Exploration costs £
COST	
At 1 January 2018	4,839,316
Additions	160,630
Exchange differences	(257,128)
At 31 December 2018	4,742,818
NET BOOK VALUE	
At 31 December 2018	4,742,818

The Group exploration costs of £4,633,022 are currently being carried forward at cost in the financial statements. The Group will need to raise funds to reach financial close. Also, financial close involves the raising of finance, both debt and equity for the opening up of the mine and the construction of the power plant. If the Group is unable to raise this finance, some of the assets may require impairment.

Company

	Exploration costs £
COST	
At 1 January 2019	3,312,816
Additions	19,310
At 31 December 2019	3,332,126
NET BOOK VALUE	
At 31 December 2019	3,332,126

9. INTANGIBLE ASSETS - continued

Company

	Exploration costs £
COST	
At 1 January 2018	3,247,597
Additions	65,219
At 31 December 2018	3,312,816
NET BOOK VALUE	
At 31 December 2018	3,312,816

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2019	1,385	24,651	4,285	30,321
Additions	-	-	1,524	1,524
Disposals	-	(4,263)	-	(4,263)
Exchange differences	-	(3,010)	(90)	(3,100)
At 31 December 2019	1,385	17,378	5,719	24,482
DEPRECIATION				
At 1 January 2019	647	14,236	3,160	18,043
Charge for year	74	1,909	454	2,437
Depreciation on disposal	-	(4,004)		(4,004)
Exchange differences	-	(1,762)	(77)	(1,839)
At 31 December 2019	721	10,379	3,537	14,637
NET BOOK VALUE				
At 31 December 2019	664	6,999	2,182	9,845

10. **PROPERTY, PLANT AND EQUIPMENT - continued**

Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2018	1,385	29,249	4,410	35,044
Additions	-	-	-	-
Exchange differences	-	(4,598)	(125)	(4,723)
At 31 December 2018	1,385	24,651	4,285	30,321
DEPRECIATION				
At 1 January 2018	462	13,802	2,704	16,968
Charge for year	185	2,826	557	3,568
Exchange differences	-	(2,392)	(101)	(2,493)
At 31 December 2018	647	14,236	3,160	18,043
NET BOOK VALUE				
At 31 December 2018	738	10,415	1,125	12,278

Company

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2019	1,385	3,615	5,000
Additions	-	1,524	1,524
At 31 December 2019	1,385	5,139	6,524
DEPRECIATION			
At 1 January 2019	647	2,597	3,244
Charge for year	74	424	498
At 31 December 2019	721	3,021	3,742
NET BOOK VALUE			
At 31 December 2019	664	2,118	2,782

10. PROPERTY, PLANT AND EQUIPMENT - continued

Company

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2018	1,385	3,615	5,000
Additions	-	-	-
At 31 December 2018	1,385	3,615	5,000
DEPRECIATION			
At 1 January 2018	462	2,090	2,552
Charge for year	185	507	692
At 31 December 2018	647	2,297	3,244
NET BOOK VALUE			
At 31 December 2018	738	1,018	1,756

11. INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2019	3,702,947
Disposals	(100)
At 31 December 2019	3,702,847
NET BOOK VALUE	
At 31 December 2019	3,702,847

	Shares in group undertakings £
COST	
At 1 January 2018	1,502,947
Additions	2,200,000
At 31 December 2018	3,702,947
NET BOOK VALUE	
At 31 December 2018	3,702,947

11. **INVESTMENTS - continued**

Company

The Company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

Sindh Carbon Energy Limited
Registered office: 44/2, Street B-6, Phase V, Off Khyaban e Shaheen, Defense Housing Authority, Karachi, Pakistan.
Nature of business: Coal exploration and mining.

Class of shares:	% holding
Ordinary shares of Rs. 10 each	100.00 (2018: 100.00)

	2019 £	2018 £
Aggregate capital and reserves	617,279	616,943
Profit/(Loss) for the year	336	(3,920)

The subsidiary company was incorporated in Pakistan on 23 January 2007 for the exploration and future extraction of coal in Pakistan. Oracle Power PLC agreed to acquire 80% of the ordinary share capital of the company at par, fully paid by cash.

On 14 March 2016 Oracle Power PLC took up a rights issue to acquire a further 9,000,000 ordinary shares of the company at par for consideration of £603,141. The acquisition was settled through a reduction of the inter-company loan and increased the holding in the subsidiary to 98%.

On 12 March 2018 Oracle Power PLC acquired the remaining 2% of Sindh Carbon Energy Limited. This was acquired via a share for share exchange where Oracle Power PLC issued 95,652,174 shares in exchange for the remaining 199,999 ordinary shares of Sindh Carbon Energy Limited.

The investment in share capital for the 100% holding amounts to £2,867,256 (2018: £2,867,256).

Revive Financial Limited
Registered office: Tennyson House, Cambridge Business Park, Cambridge, CB4 0WZ
Nature of business: Administration and financial support

Class of shares:	% holding
Ordinary shares of 1p each	100.00

	2019 £	2018 £
Aggregate capital and reserves	804,516	804,516

The company was incorporated on 8 October 2013 but has not yet commenced trading and has no profit or loss for the year (2018: Nil).

The company was acquired under the terms of a share exchange agreement whereby shares in Oracle Power PLC were allotted to the shareholders of Revive Financial Limited in exchange for their shareholdings in Revive Financial Limited. The company became a subsidiary of Oracle Power PLC upon the completion of the share exchange on 18 October 2013.

Following the share for share exchange, Revive Financial Limited made a loan of £804,516 to Oracle Power PLC. The loan of £804,516 (2018: £804,516) which remains outstanding is interest free and is repayable within 30 days of giving written notice of demand for repayment.

The investment in share capital for the 100% holding amounted to £804,516.

11. INVESTMENTS - continued

Company

Thar Electricity (Private) Limited
Registered office: PIA Building, 3rd Floor, 49, Blue Area, Fazlul Haq Road, Islamabad, Pakistan
Nature of business: Energy production

	%
Class of shares:	holding
Ordinary shares of Rs. 10 each	100.00

	2019	2018
	£	£
Aggregate capital and reserves	(9,579)	(2,769)
Loss for the year	(6,804)	(9,675)

The subsidiary company was incorporated in Pakistan on 17 June 2015 for the future generation of electricity in Pakistan. Oracle Power PLC agreed to acquire 100% of the ordinary share capital of the company at par, fully paid by cash.

The investment in share capital for the 100% holding amounted to £31,075.

12. LOANS AND OTHER FINANCIAL ASSETS

Group

	2019	2018
	£	£
Financial assets	393,723	391,843

The financial asset of £393,723 (2018: 391,843) represents a performance guarantee for US$500,000 issued in favour of Director General, Coal Mines Development Department to cover company obligations under the mining lease. The guarantee was originally valid up to the earliest of the date commercial operations begin, three years from the date of issue, or 2 February 2018. This has been further extended to 31 January 2021. This performance guarantee is secured by a deposit by Oracle Power PLC with the issuing bank.

12. LOANS AND OTHER FINANCIAL ASSETS - continued

Company

	Loans to group undertakings £
At 1 January 2019	1,135,291
New in year	75,261
At 31 December 2019	1,210,552

	Loans to group undertakings £
At 1 January 2018	1,066,038
New in year	69,253
At 31 December 2018	1,135,291

Other financial assets were as follows:

	2019 £	2018 £
Financial assets	393,723	391,843

In addition to the items disclosed for the Group, during the period Oracle Power PLC made loans to its subsidiaries totalling £33,800 (2018: £48,600) to Sindh Carbon Energy Limited and £40,024 (2018: £20,653) to Thar Electricity (Private) Limited.

The amounts outstanding at the statement of financial position date were £1,078,473 (2018: £1,044,673) due from Sindh Carbon Energy Limited and £132,079 (2018: £90,618) due from Thar Electricity (Private) Limited, of which £32,408 is denoted in USD of $42,980. Interest accrues on a daily basis at a rate of 1% over the Bank of England base rate. The loans are unsecured and although they are repayable on demand, they are unlikely to be repaid until the project becomes successful and the subsidiaries start to generate revenues.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Current:				
Other receivables	118,138	25,242	262,831	152,967
VAT	18,806	7,159	18,806	7,159
Prepayments and accrued income	4,264	38,288	4,264	38,288
	141,208	70,689	285,901	198,414

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank deposit account	365,845	35,248	365,845	35,248
Bank accounts	48,013	13,651	18,213	10,000
	413,858	48,899	384,058	45,248

15. CALLED UP SHARE CAPITAL

	2019 £	2018 £
Allotted, issued and fully paid		
1,755,350,959 (2018: 1,141,821,582) Ordinary shares of 0.1p each	1,759,751	1,141,822

In February 2019, 117,647,052 ordinary shares of 0.1p each were allotted at .425p per share as fully paid for cash at a premium to nominal value of 0.325p per share during the year.

In August 2019, 200,000,000 ordinary shares of 0.1p each were allotted at 0.25p per share as fully paid for cash at a premium to nominal value of 0.15p per share during the year.

In November 2019, 100,000,000 ordinary shares of 0.1p each were allotted at 0.25p per share as fully paid for cash at a premium to nominal value of 0.15p per share during the year

In December 2019, 180,000,000 ordinary shares of 0.1p each were allotted at 0.25p per share as fully paid for cash at a premium to nominal value of 0.15p per share during the year.

In December 2019, 15,882,325 ordinary shares of 0.1p each were allotted at 0.85p per share as fully paid for cash at a premium to nominal value of 0.75p per share.

In December 2019, 4,400,000 ordinary shares of 0.1p each were allotted at 0.5p per share as fully paid for cash at a premium to nominal value of 0.4p per share.

The number of shares in issue are as follows:

	2019 No.	2018 No.
At 1 January	1,141,821,582	961,883,698
Issued during the year	617,929,377	179,937,884
At 31 December	1,759,750,959	1,141,821,582

In February 2019, 117,647,052 investor warrants with exercise price 0.85p per warrant and a vesting period of 2 years were issued, and 5,822,352 broker warrants with exercise price 0.425p and a vesting period of 3 years were issued.

In August 2019, 200,000,000 investor warrants with exercise price 0.5p per warrant and a vesting period of 2 years were issued, and 10,000,000 broker warrants with exercise price 0.25p and a vesting period of 2 years were issued.

In December 2019, 420,000,000 investor warrants with exercise price 0.25p per warrant and a vesting period of 2 years were issued, and 14,000,000 broker warrants with exercise price 0.25p and a vesting period of 2 years were issued.

At 31 December 2019 the total warrants in issue were 759,772,857.

16. RESERVES

The following is a description of each of the reserve accounts that comprise equity shareholders' funds:

Share capital	The share capital comprises the issued ordinary shares of the company at par.
Share premium	The share premium comprises the excess value recognised from the issue of ordinary shares at par.
Translation reserve	Cumulative gains and losses on translating the net assets of overseas operations to the presentation currency.
Share scheme reserve	Cumulative fair value of warrants charged to the statement of comprehensive income net of transfers to the profit and loss reserve on exercised and cancelled/lapsed warrants
Retained earnings	Retained earnings comprise the group's cumulative accounting profits and losses since inception.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Current:				
Trade payables	105,633	167,714	87,480	147,537
Amounts owed to group undertakings	-	-	804,516	804,616
Social security and other taxes	-	36,073	-	36,073
Other payables	474	77,226	-	76,702
Accruals and deferred income	67,728	52,105	25,000	21,678
	173,835	333,118	916,996	1,086,606

18. LEASING AGREEMENTS

Expense incurred under leasing agreements

Group

	2019	2018
	£	£
Short term leases	93,117	92,878
Low value assets	717	-
	93,834	92,878

Company

	2019	2018
	£	£
Short term leases	93,117	92,878
Low value assets	717	-
	93,834	92,878

Minimum lease payments fall due as follows:

Group

	2019	2018
	£	£
Within one year	34,192	90,212
Between one and five years	1,720	15,000
After five years	-	-
	35,912	105,212

Future minimum lease payments fall due as follows:

Company

	2019	2018
	£	£
Within one year	34,192	90,212
Between one and five years	1,720	15,000
After five years	-	-
	35,912	105,212

The Company renegotiated its three year lease surrendering some office space early for a reduced monthly rent of £3,629 and extended the end to 31 August 2020.

19. FINANCIAL RISK MANAGEMENT

The carrying value of the group's financial assets and liabilities are recognised at the balance sheet date of the years under review are categorised as follows:

	2019	2018
	£	£
Financial assets – at amortised cost		
Cash and bank balances	413,858	48,899
Loans and receivables	118,138	25,242
Receivables denominated in foreign currency	393,723	391,843
Financial liabilities – at amortised cost		
Trade and other payables	106,107	244,940

The main purpose of these financial instruments is to finance the Group's operations. The Board regularly reviews and agrees policies for managing the level of risk arising from the Group's financial instruments as summarised below.

a) Market Risk
Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices will affect the Group's income or value of its holdings in financial instruments.

19. **FINANCIAL RISK MANAGEMENT - continued**

i) Foreign Exchange Risk
The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures. The Group is exposed to currency risk on cash and cash equivalents, loans, receivables and payables that are denominated in currencies other than sterling which is the functional currency of the Group.

The Group's net exposure to foreign currency risk at the reporting date is as follows:

	2019	2018
	£	£
Pakistan Rupees	39,800	3,651
US Dollars	393,723	391,843
	433,523	395,494

Sensitivity analysis
A 10 percent strengthening of sterling against the Pakistan Rupee and US Dollar at 31 December 2019 would have increased/(decreased) equity and profit and loss by the amounts shown below:

	Equity		Profit and loss	
	2019	2018	2019	2018
	£	£	£	£
Pakistan Rupees	(3,980)	(365)	-	-
US Dollars	(39,372)	(39,187)	(39,372)	(39,187)

A 10 percent weakening of sterling against the Pakistan Rupee and US Dollar at 31 December 2019 would have an equal but opposite effect on the amounts shown above.

Differences that arise from the translation of these foreign currency cash equivalents and loans to sterling at the year-end rates are recognised in other comprehensive income in the year and the cumulative effect as a separate component in equity. The Group does not hedge this translation exposure in profits and equity.

ii) Interest Rate Risk
The Group has no interest bearing accounts and therefore no interest rate risk.

19. FINANCIAL RISK MANAGEMENT - continued

b) Credit Risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral. Credit risk in relation to cash held with financial institutions is considered low, given the credit rating of these institutions.

The Group's principal financial assets are the cash and cash equivalents and taxation receivable as recognised in the statement of financial position, and which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Company has made unsecured loans to its subsidiaries of £1,078,473 (2018: £1,044,673) to Sindh Carbon Energy Limited and £98,235 (2018: £90,618) to Thar Electricity (Private) Limited. Although they are repayable on demand, they are unlikely to be repaid until the project becomes successful and the subsidiaries start to generate revenue.

c) Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy throughout the year has been to ensure that it has adequate liquidity to meet its liabilities when due by careful management of its working capital.

The following tables illustrate the contractual maturity profiles of its financial liabilities, all of which are repayable within one year, as at 31 December:

	2019	2018
	£	£
Maturity up to one year:		
Trade and other payables	105,633	244,940
Tax liabilities	-	36,073
	105,633	281,013

d) Fair Values of Financial Assets and Liabilities
The carrying value of all financial assets and liabilities in the financial statements approximate their fair values.

Capital Management
The Company's capital consists wholly of ordinary shares, together with their associated share premium. The Board's policy is to preserve a strong capital base in order to maintain investor, creditor and market confidence and to safeguard the future development of the business, whilst balancing these objectives with the efficient use of capital.

20. CONTINGENT LIABILITIES

On 3 February 2015 a performance guarantee for US$500,000 was issued in favour of Director General, Coal Mines Development Department to cover company obligations under the mining lease. The guarantee was originally valid up to the earliest of the date commercial operations begin, three years from the date of issue, or 2 February 2018. This has been extended to 31 January 2021. This performance guarantee is secured by a deposit by Oracle Power PLC with the issuing bank.

21. RELATED PARTY DISCLOSURES

During the year Oracle Power PLC accrued interest of £18,611 (2018: £16,349) in respect of loans totalling £1,078,473 (2018: £1,044,673) made to Sindh Carbon Energy Limited and £3,529 (2018: £1,293) in respect of loans totalling £132,079 (2018: £90,618) made to Thar Electricity (Private) Limited. At the Statement of Financial Position date the total interest outstanding amounted to £147,784 (2018: £132,613) for Sindh Carbon Energy Limited and £4,087 (2018: £1,852) for Thar Electricity (Private) Limited.

Oracle Power PLC owes £804,516 (2018: £804,516) to its subsidiary Revive Financial Limited in respect of a loan. The loan is interest free and is repayable within 30 days of receiving a written notice demanding repayment.

Key management personnel compensation
The Directors and key management personnel of the Group during the year were follows:

Mr M W Steed (Non-Executive Director and Chairman)
Ms Naheed Memon (Non-Executive then Chief Executive Officer)
Mr A Migge (Non-Executive Director)
Mr S Khan (Chief Executive Officer, then director until resigned 16 July 2019)
Mr S Smith (Company Secretary and Finance Manager, resigned 19 September 2019)
Mr B Rostron (Mining and Contracts Manager, resigned 19 July 2019)

The aggregate compensation made to key management personnel of the Group is set out below:

	2019 £	2018 £
Short-term employee benefits	379,776	347,500
Post-employment benefits	15,176	8,683
Termination benefits	147,000	12,500
	541,952	368,683

Details of key management personnel compensation are disclosed in the Remuneration Report included in the Directors Report.

Key management personnel equity holdings
Details of key management personnel beneficial interests in the fully paid ordinary shares of the Company are disclosed in the Directors Report.

22. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date the existence of the infectious disease COVID-19 (Coronavirus) has become widely known and begun to rapidly spread throughout the world including the UK. The Group consider this to be a non-adjusting event after the reporting date. Since the reporting date this has caused increasing disruption to populations, to business and economic activity. As this situation continues to develop it is not yet practicable to estimate the potential impact this may have on the Group. See note 2 to the consolidated financial statements.

Since the reporting date the group has issued the following shares:

Date	Number	Price per share	Gross Fund raise
8 January 2020	4,400,000	0.50p	22,000
15 January 2020	38,162,192	0.50p	190,810
15 January 2020	6,000,000	0.25p	15,000
20 January 2020	10,000,000	0.50p	50,000
31 January 2020	16,000,000	0.25p	40,000
27 February 2020	10,000,000	0.25p	25,000
12 March 2020	29,000,000	0.25p	72,500

Other than the above, there has not arisen in the interval between the year end and the date of this report any other item, transaction or event of a material nature, likely, in the opinion of the Directors of the Group to affect:

i) The Group's operations in future financial periods; or
ii) The results of those operations in future periods; or
iii) The Group's state of affairs in future financial periods.

23. SHARE-BASED PAYMENT TRANSACTIONS

The Company has a share warrant programme that entitles the holders to purchase shares in the Company with the warrants exercisable at the price determined at the date of granting the warrant. The terms and conditions of the grants active in the year are as follows; there are no vesting conditions to be met and all warrants are to be settled by the issue of shares:

Grant date	Number of instruments	Contractual life of warrants
3 April 2018	1,712,143	3 years
2 August 2018	2,250,000	3 years
23 October 2018	8,563,662	5 years
21 February 2019	5,882,352	3 years
12 August 2019	10,000,000	2 years
23 December 2019	14,000,000	2 years

The number and weighted average exercise prices of share warrants is as follows:

	Weighted average exercise price 2019	Number of warrants 2019	Weighted average exercise price 2018	Number of warrants 2018
Outstanding at 1 January	2.42p	12,525,805		-
Granted during the period	0.28p	29,882,352	2.42p	12,525,805
Expired during the period		-		-
Exercised during the period		-		-
Outstanding at 31 December	0.92p	42,408,157	2.42p	12,525,805

During the year no relevant share warrants were exercised (2018: Nil) and no share warrants expired during the year (2018: Nil).

The fair value of commission on share payments cannot be measured directly, so has been measured indirectly using a Black-Scholes model with the following inputs

Fair value grant date	21 February 2019	12 August 2019	23 December 2019
Share price	1p	1p	1p
Exercise price	0.425p	0.25p	0.25p
Expected volatility	48.04%	19.75%	59.85%
Warrant life	3 years	2 years	2 years
Risk-free interest rate	0.88%	0.33%	0.55%

The expected volatility was determined by reviewing actual volatility of the Company's share price since its listing on AIM to the date of granting the warrant. In calculating the fair value, consideration was given to the market trends at the grant date of the warrant.

There is no expense for the year (2018: 22,839) for services received in respect of equity settled share-based payment transactions as the figure is not material.