Oracle Coalfields PLC

ENERGY FOR PAKISTAN

Interim Results
For The Six Months
Ended 30 June, 2012

ORACLE COALFIELDS PLC

(“Oracle” or the “Company” or the “Group”)

Contents

UNAUDITED INTERIM RESULTS FOR THE 6 MONTHS TO 30 JUNE 2012

Chairman's Statement

I am pleased to present the Company's interim results for the six months to the 30th June 2012.

The first six months of the year have been transformational for Oracle Coalfields PLC, marking progress from exploration towards development. This transformation is reflected by the completion of the Technical Feasibility Study by leading international consultants SRK Consulting; the issuance of the Mining Lease for Block VI Thar Coalfield; signing a Joint Development Agreement with Karachi Electric Supply Company; and the recent finalisation of the Implementation Plan by Dargo Associates Limited. The Company is now entering the implementation stage with mine development targeted for the first half of 2013.

Operational update (pre and post interim results)

We continue to make good progress towards meeting the objective of delivering a cost-effective coal mine on the Block VI coal deposit in the Thar Coalfield of Southern Pakistan.

The Technical Feasibility Study ("TFS") undertaken by SRK Consulting was completed in February and demonstrated the technical and economic viability of the project. The TFS was based on a 5 million wet tonnes per annum open pit mine for a mine-mouth power plant up to 900 MW. Capital expenditure at the time was estimated to be $610 million (including US$224m for mining equipment) with total cash cost of production estimated at US$42.21 per wet tonne with a mine life of 23 years.

In April, the Company through its local subsidiary, Sindh Carbon Energy Limited ("SCEL"), was granted a Mining Lease by the Director General, Mines & Mineral Development, Government of Sindh, Pakistan. The Mining Lease applies to 66.1 square kilometres of Block VI of the Thar Coalfield for coal mining and is granted under division 5 Part III of Sindh Mining Concession Rules, 2002. The Lease is for thirty years and may be renewed for a further thirty year period on the same terms and conditions as the current Mining Lease or on terms and conditions as may be mutually agreed between parties.

In June, the Company through its local subsidiary, SCEL, entered a Joint Development Agreement with the Karachi Electric Supply Company. The JDA is a significant step forward as its sets the framework for the coal mine and power plant development to focus on an identified customer. A key highlight of the JDA is that KESC will initially set up a 300 MW mine-mouth power plant on our Block VI with the potential to increase up to 1,100 MW over time. KESC is now progressing its power plant feasibility study.

Following the signing of the JDA with KESC, the Board engaged Dargo Associates Limited, a leading UK based coal consultancy, to prepare an Implementation Plan based on a smaller coal mine to provide sufficient coal for a 300 MW power plant.

In August, the Company released the Implementation Plan with a significant reduction in capital expenditure from $610 million (based on a 5 million wet tonnes per annum) to an initial US$176 million (based on a 2.4 million wet tonnes per annum), which represents a saving of US$434 million. Total cash cost of production is also reduced by US$18 per wet tonne, from $42 per wet tonne to $24 per wet tonne, over the mine life based on a 2.4 million wet tonnes per annum mine.

The Implementation Plan confirms that the project is technically sound with a strong commercial foundation. The mine continues to be based on an open pit design. The most cost-effective way to operate the mine initially is projected as a truck and shovel operation.

In view of the constructive developments during this period and planning for the next stage of development, the Company appointed Seymour Pierce as Nominated Adviser and Joint-Broker. The Board is grateful to Libertas Capital Partners for their past advice in connection with the Company's listing on the AIM market and the development of the Company generally.

Summary of Results

As normal for a pre-production mining company at our stage of development our financial results for the six months to the 30th June 2012 show an operational loss for Oracle Coalfields PLC after taxation of £408,423 (2011: loss £451,657). At the period end, the Group had cash and cash equivalents of £274,429 (2011: £3,334,935) and net assets of £3,818,160 (2011: £4,628,218). The basic loss per share was 0.19p (2011: loss 0.23p).

Funding Requirements

The Group will be requiring additional funds to cover its working capital needs for the next six months and is therefore considering a number of options and strategies in respect to future funding. We expect to make further announcements on our financing plan in due course.

Looking Ahead

As mentioned above, the Implementation Plan was completed in August and sets the framework for the company based on a smaller coal mine with reduced capital and operating cost to develop the mine. The Baseline Studies undertaken by Hagler Bailley (Pvt.) Limited, the local environmental consultants, under the supervision of Wardell Armstrong International ("WAI") have also been completed. WAI are currently working on the Impact Study which is due to be finalised in the 4th quarter of this year following public consultation with the relevant local authorities in the Sindh Province.

We are proceeding with a pre-development programme at site that includes access road, development of a mine camp and works, and an open-hole drilling programme for geotechnical and hydrogeological purposes relating to the box-cut opening of the coal mine. We will provide regular updates on the progress of the predevelopment work programme. Additionally, a Community Social Responsibility (CSR) policy is being put in place to create jobs and serve local communities within our mining lease area.

The power generation deficit in Pakistan remains a major issue for the government. It is important for energy projects like ours to have the continued support of the Government of Pakistan. We thank the Coal & Energy Development Department, Government of Sindh, Thar Coal Energy Board and the Government of Sindh generally for the support we have received. The Government of Pakistan has put in place various fiscal incentives to attract local and foreign investors such as tax breaks and a 20.5% Internal Rate of Return on the coal project considered acceptable for projects with financial closure before December 2014, which is a welcome return for investors. That said, the pass-through coal cost to a power plant based on the US$24 per wet tonne production coal cost provides a competitive tariff rate for the power generator. Based on an Internal Rate of Return ("IRR") of 20.5%, the electricity tariff is estimated to be in line with the most recently published Pakistan National Electricity Power Regulatory Authority

("NEPRA") allowed tariff for electricity produced from local coal, and significantly below NEPRA's tariff for electricity generation using oil powered plants (approx. $0.225/kWh).

The Board believes that the Company has entered the “Implementation Stage” of its plan. Accordingly the Company is approaching potential investor partners and financing institutions to provide guidance in making the “Final Investment Decision” for the project.

The JDA with KESC is an important milestone and presnts an opportunity to progress towards securing the finance the project requires as the Company have an identified customer. The Board is convinced that the project is technically and commercially sound, and believes there is strong support in the local power generation sector to develop the coal mine in Block VI. We remain committed to pursuing the project and to delivering on forthcoming milestones. However, it should be noted that global market conditions for fund raising remain challenging, which could impact the execution of the project to mine development.

The first half of 2012 has been transformational for the Company as key milestones have been reached, and project risk has been noticeably reduced. In light of current market conditions, the challenge remains to raise the necessary funds to execute the project in a timely manner. We remain most grateful to our shareholders for their patience and assure them that we will continue to persevere in achieving the Company’s objectives.

Adrian Loader
Chairman
24 September 2012

CONSOLIDATED INCOME STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2012

	(Unaudited) 6 months to 30 June 2012 £	(Unaudited) 6 months to 30 June 2011 £	(Audited) Year ended 31 Dec 2011 £
CONTINUING OPERATIONS			
Revenue	-	-	-
Administrative expenses	(409,548)	(249,596)	(660,156)
OPERATING LOSS BEFORE EXCEPTIONAL ITEMS	(409,548)	(249,596)	(660,156)
Exceptional items	-	(204,524)	(293,429)
OPERATING LOSS	(409,548)	(454,120)	(953,585)
Finance costs	-	-	-
Finance income	1,125	2,463	5,493
LOSS BEFORE TAX	(408,423)	(451,657)	(948,092)
Tax	-	-	-
LOSS FOR THE PERIOD	(408,423)	(451,657)	(948,092)
Loss attributable to:			
Owners of the parent	(408,423)	(443,085)	(948,092)
Non-controlling interests	-	(8,572)	-
	(408,423)	(451,657)	(948,092)
Earnings per share:			
Basic loss per share	(0.19p)	(0.23p)	(0.46p)
Diluted loss per share	(0.17p)	(0.21p)	(0.42p)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 JUNE 2012

	(Unaudited) 6 months to 30 June 2012 £	(Unaudited) 6 months to 30 June 2011 £	(Audited) Year ended 31 Dec 2011 £
LOSS FOR THE PERIOD	(408,423)	(451,657)	(948,092)
OTHER COMPREHENSIVE INCOME			
Exchange difference arising on consolidation	(5,093)	(3,820)	(3,884)
Income tax relating to components of other comprehensive income	-	-	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	(5,093)	(3,820)	(3,884)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(413,516)	(455,477)	(951,976)
Total comprehensive income attributable to:			
Owners of the parent	(413,516)	(446,905)	(951,976)
Non-controlling interests	-	(8,572)	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Notes	(Unaudited) As at 30 June 2012 £	(Unaudited) As at 30 June 2011 £	(Audited) As at 31 Dec 2011 £
ASSETS				
NON-CURRENT ASSETS				
Intangible assets		3,511,018	1,181,808	3,204,424
Property, plant and equipment		2,207	2,414	2,127
Loans and other financial instruments		61,427	62,721	62,705
		3,574,652	1,246,943	3,269,256
CURRENT ASSETS				
Trade and other receivables		49,918	107,633	91,271
Cash and cash equivalents		274,429	3,334,935	1,604,602
		324,347	3,442,568	1,695,873
TOTAL ASSETS		3,898,999	4,689,511	4,965,129
EQUITY				
SHAREHOLDERS' EQUITY				
Called up share capital	4	214,211	214,211	214,211
Share premium		6,029,702	5,940,351	6,029,702
Share scheme reserve		63,070	52,464	63,070
Translation reserve		(13,540)	(8,383)	(8,447)
Retained earnings		(2,491,312)	(1,577,882)	(2,082,889)
		3,802,131	4,620,761	4,215,647
Non-controlling interest		16,029	7,457	16,029
TOTAL EQUITY		3,818,160	4,628,218	4,231,676
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables		80,839	61,293	733,453
TOTAL LIABILITIES		80,839	61,293	733,453
TOTAL EQUITY AND LIABILITIES		3,898,999	4,689,511	4,965,129

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2012

	Called up share capital £	Retained earnings £	Share premium £	Share scheme reserve £
Balance at 31 December 2010	184,211	(1,134,797)	3,284,291	-
Changes in equity				
Issue of share capital	30,000	-	2,656,060	-
Equity-settled share-based payment transactions	-	-	-	52,464
Total comprehensive income	-	(443,085)	-	-
Balance at 30 June 2011	214,211	(1,577,882)	5,940,351	52,464
Changes in equity				
Issue of share capital	-	-	89,351	-
Equity-settled share-based payment transactions	-	-	-	10,606
Total comprehensive income	-	(505,007)	-	-
Balance at 31 December 2011	214,211	(2,082,889)	6,029,702	63,070
Changes in equity				
Issue of share capital	-	-	-	-
Equity-settled share-based payment transactions	-	-	-	-
Total comprehensive income	-	(408,423)	-	-
Balance at 30 June 2012	214,211	(2,491,312)	6,029,702	63,070

	Translation reserve £	Total £	Non-controlling interest £	Total equity £
Balance at 31 December 2010	(4,563)	2,329,142	16,029	2,345,171
Changes in equity				
Issue of share capital	-	2,686,060	-	2,686,060
Equity-settled share-based payment transactions	-	52,464	-	52,464
Total comprehensive income	(3,820)	(446,905)	(8,572)	(455,477)
Balance at 30 June 2011	(8,383)	4,620,761	7,457	4,628,218
Changes in equity				
Issue of share capital	-	89,351	-	89,351
Equity-settled share-based payment transactions	-	10,606	-	10,606
Total comprehensive income	(64)	(505,071)	8,572	(496,499)
Balance at 31 December 2011	(8,447)	4,215,647	16,029	4,231,676
Changes in equity				
Issue of share capital	-	-	-	-
Equity-settled share-based payment transactions	-	-	-	-
Total comprehensive income	(5,093)	(413,516)	-	(413,516)
Balance at 30 June 2012	(13,540)	3,802,131	16,029	3,818,160

CONSOLIDATED CASH FLOW STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2012

	Notes	(Unaudited) 6 months to 30 June 2012 £	(Unaudited) 6 months to 30 June 2011 £	(Audited) Year ended 31 Dec 2011 £
Cash flows from operating activities				
Cash generated from operations	1	(420,090)	(518,011)	(642,572)
Exchange rate fluctuation on cash held		(579)	-	(2,027)
Net cash from operating activities		(420,669)	(518,011)	(644,599)
Cash flows from investing activities				
Purchase of intangible fixed assets		(909,908)	(369,341)	(2,067,152)
Purchase of tangible fixed assets		(414)	-	-
Interest received		818	2,158	4,878
Net cash from investing activities		(909,504)	(367,183)	(2,062,274)
Cash flows from financing activities				
Loan repayments in the period		-	-	-
Share issue		-	3,000,000	3,000,000
Cost of share issue		-	(284,352)	(195,000)
Net cash from financing activities		-	2,715,648	2,805,000
(Decrease)/Increase in cash and cash equivalents		(1,330,173)	1,830,454	98,127
Cash and cash equivalents at beginning of period	2	1,604,602	1,504,481	1,506,475
Cash and cash equivalents at end of period		274,429	3,334,935	1,604,602

NOTES TO THE CASH FLOW STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2012

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

	(Unaudited) 6 months to 30 June 2012 £	(Unaudited) 6 months to 30 June 2011 £	(Audited) Year ended 31 Dec 2011 £
Loss before tax	(408,423)	(451,657)	(948,092)
Equity-settled shared-based payment transactions	-	22,876	33,482
Amortisation of intangible assets	-	42,861	-
Finance costs	-	-	-
Finance income	(1,125)	(2,463)	(5,493)
	(409,548)	(388,383)	(920,103)
Decrease/(Increase) in trade and other receivables	41,660	(71,235)	(54,563)
Increase/(Decrease) in trade and other payables	(52,202)	(58,393)	332,094
Cash generated from operations	(420,090)	(518,011)	(642,572)

2. CASH AND CASH EQUIVALENTS

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

Period ended 30 June 2012

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

Period ended 30 June 2011

	(Unaudited) As at 30 June 2011 £	(Audited) As at 31 Dec 2010 £
Cash and cash equivalents	3,334,935	1,506,475

Period ended 31 December 2011

	(Audited) As at 31 Dec 2011 £	(Audited) As at 31 Dec 2010 £
Cash and cash equivalents	1,604,602	1,506,475

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

NOTES TO THE FINANCIAL STATEMENTS UNAUDITED RESULTS
FOR THE 6 MONTHS ENDED 30 JUNE 2011

1. INFORMATION

These interim consolidated financial statements for the six month period ended 30 June 2012 have been prepared using the historical cost convention, on a going concern basis and in accordance with the International Financial Reporting Standards (“IFRS”) including IAS 34 ‘Interim Financial Reporting’ and IFRS 6 ‘ Exploration for and Evaluation of Mineral Resources’, as adopted by the European Union (“EU”). They have also been prepared on a basis consistent with the accounting policies expected to be applied for the year ending 31 December 2012, and which are also consistent with the accounting policies applied for the year ended 31 December 2011 except for the adoption of new standards and interpretations.

These interim results for the six months ended 30 June 2012 are unaudited and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial statements for the year ended 31 December 2011 have been delivered to the Registrar of Companies and filed at Companies House and the auditors’ report on those financial statements was unqualified and did not contain a statement made under Section 498(2) or Section 498(3) of the Companies Act 2006.

2. ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Share-based payment transactions
Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of all options granted. As long as all other vesting conditions are

satisfied, a charge is made irrespective of whether market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

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

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

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

3. LOSS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares of 214,211,000 (30 June 2011 – 196,973,430 and 31 December 2011 – 205,663,055) outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares of 236,841,000 (30 June 2011 – 218,109,508 and 31 December 2011 – 227,464,562) adjusted to assume the conversion of all dilutive potential ordinary shares.

4. CALLED UP SHARE CAPITAL

	(Unaudited) 30 June 2012 £	(Unaudited) 30 June 2011 £	(Audited) 31 Dec 2011 £
Allotted, called up and fully paid			
214,211,000 Ordinary shares of 1p each	214,211	214,211	214,211

The number of shares in issue was as follows:

	Number of shares
Balance as 31 December 2010	184,211,000
Issued during the period	30,000,000
Balance at 30 June 2011	214,211,000
Issued during the period	-
Balance at 31 December 2011	214,211,000
Issued during the period	-
Balance at 30 June 2012	214,211,000

Company information

Oracle Coalfields PLC is registered as a public limited company under English law. Its shares are listed on the AIM market of the London Stock Exchange (AIM:ORCP).

Oracle Coalfields PLC is incorporated and domiciled in England and its registered number is 05867160.

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