

Oracle Coalfields PLC

Interim Results

For The Six Months
Ended 30 June, 2008



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Auditors

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Shahrukh Khan
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Company Secretary

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Web Site

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Highlights

Drilling has defined a JORC Compliant Measured Resource of 1.4 billion tonnes and a Proved Reserves of 371 million tonnes at the Block VI licence, Thar Coal-field, Tharparkar, Province of Sindh, Pakistan

Coal is of lignite quality and suitable for combustion in power generation

Work programme for a Bankable Feasibility Study on the Block VI licence planned to commence in fourth Quarter 2008.

Private placing completed in June 2008 with Orbis Equity Partners Limited raising GBP453,750

Chairman, Shahrukh Khan, presented at a World Bank and International Finance Corporation Investor Round-table on Pakistan's Power Sector in Washington D.C. during July 2008.

Chairman's Statement

The first six months of the year have been of great significance to the development of Oracle Coalfields. The most notable milestone that we have achieved has been the completion of the exploration work programme at Block VI of the Thar Coalfield, which has enabled the licence to be taken to the internationally recognised JORC (Joint Ore Reserve Committee) status.

Prior to the Block VI licence being awarded to our 80% owned Pakistan subsidiary, Sindh Carbon Energy Ltd, there was a substantial amount of work carried out by the China North East Geological Survey Bureau ("CNGB") contracted by the Sindh Coal Authority, which in 2006 completed a 35 borehole drilling programme. Accordingly, the seven borehole drilling programme that we undertook validated all historic drilling results, and enabled our UK-based independent coal consultants, Dargo Associates Ltd, to define a 1.423 billion measured JORC resource and a proved JORC reserve of 371 million tonnes across the prospective mine area at Block VI. In February-April 2008, a series of seven boreholes were drilled to depths of 200-240m, four of which were openholed to 100m, the other three being fully cored. The drilling was carried out by Deep Rock Drilling (Pvt) Ltd. of Karachi and the geophysical logging was performed by Geoscience Associates of Lahore. These boreholes were logged using calliper, density, resistivity and radioactivity sondes. The results of the drilling programme have confirmed the presence of the main lignite seam of 2-7m thickness, with a total lignite thickness in the

seven boreholes of 20-30 meters. The overburden thickness and lignite thickness confirm the findings of the CNGB drilling. These results validate the CNGB borehole data and can now be used together with this recent drilling by us to enable a lignite resource/re-serve assessment to be made. The mining area at our licensed block at Thar is amenable to opencast mining.

As discussed previously, the coal at the Block VI licence is of a lignite quality, ensuring that it is most suited to combustion in power generation. Further coal tests were carried out by TES Bretby Ltd in the UK, and the Fuel Research Centre, part of Pakistan Council of Scientific and Industrial Research (PCSIR), Karachi, which confirmed the coal quality is suitable for power generation and industry, especially for the cement sector. Rock samples were tested by Strata Surveys Ltd of the UK. It is intended that we will undertake an integrated coal mine and power plant project, giving due consideration to the benefits that a partner on the power plant side could bring to the project.

Since announcing the JORC classifications for Block VI in May 2008 we have been working on the strategy to take the licence forward toward production. Accordingly, we will now be working towards the completion of a Bankable Feasibility Study ("BFS"), the work for which is planned to start in the fourth Quarter of 2008. Work for the BFS will commence with subcrop drilling, followed by hydrogeology and geotechnical and geophysical reports and mine design. An independent Environmental Impact Assessment will also be com-

missioned complying with World Bank guidelines and Equator Principals and power plant study. We look forward to keeping investors regularly updated on the progress of the BFS.

Meanwhile, it is planned that drilling will recommence at the Indus East licence in the first quarter of 2009, and a drilling programme is in the process of being mapped out. Three boreholes have so far been drilled out of the 12 boreholes planned in the licence area. The drilling was carried out by Deep Rock Drilling (Pvt) Ltd. and the geophysical logging was performed by Geoscience Associates. Up to 300 meters depth drilling was carried out in each of the boreholes of which 100 meters of non-core drilled depth and the rest core drilled up to the final depth. The cumulative lignite thickness encountered ranged between 2.28 meters to 4.62 meters in two of the boreholes. Two boreholes were geophysically logged using spontaneous potential (SP) and single point resistance (SPR), natural gamma and gamma-gamma density. The log suite was restricted as logging could only take place in the cased part of the boreholes; the surrounding sediments were not self supporting. The deposit is deep and can only be mined by underground methods. Coal samples were also taken and analysed by PCSIR in Karachi. Due to the acquisition of the exploration licence for Block VI, Thar Coalfield, the drilling activities were moved to Thar but with the intention of returning to Indus East to complete the original exploration programme.

In June 2008, we raised GBP453,750 through a plac-

ing of 5,500,000 shares with Orbis Equity Partners Ltd (“Orbis”) at 8.25p. Additionally, 5,500,000 warrants have been issued to the investors that took part in the placing through Orbis and are exercisable at 14p in whole or in part at any time until 31 May 2010. The response to the placing far exceeded our expectations and is testament to the progress the company has made to date and the strategy that the company has in place, particularly to bring the Thar project into development.

Pakistan is aware of the importance that its indigenous coal resources will play in easing the strains on the existing electrical capacity within the country, and this was highlighted by the World Bank and International Finance Corporation Investor Roundtable in Washington D.C. in July 2008, which was instigated to develop Pakistan’s strategy for power generation. Notable political figures from Pakistan were present, including the Prime Minister, His Excellency, Yousuf Raza Gilani, and His Excellency the Chief Minister, Government of Sindh, Syed Qaim Ali Shah as well as international financial institutions and companies with interest in mining and energy. On the invitation of the World Bank to attend the Investor Roundtable, I had the opportunity to present the Company and our plans for the future development of Block VI, Thar Coalfield to the high level delegation of the Government of Pakistan at the Roundtable. It was evident at the Investors’ Roundtable that the government of Pakistan has a real urgency to bring the Thar coalfield into production and become the key fuel for electricity in the country.

Pakistan Power Market

As per our previous commentary, Pakistan continues to experience widespread power shortages across the country. Over 2006-2007, Pakistan generated 19,420 MW of electricity, of which 37% was generated by natural gas and less than 1% was generated by coal. Current total installed generating capacity is expected to be enlarged to some 82,000 MW by 2025. Coal's contribution to the total generating capacity is expected to rise to 17%, comparing favourably with oil and gas, which are expected to see a decrease in their market share.

International Coal Market

The first half of 2008 saw gains for the coal sector of 60%, although more recently the sector has pulled back, giving back the bulk of the gains seen during the first half of the year. China continues to have an unremitting demand for coal, being both the world's largest producer and consumer. In 2007, China's demand for coal increased by 9%, and this year the Transportation Association of China has forecast the country's consumption will increase by a further 5.3% to 2.76 billion tons. Notably, coal powers 80% of China's electricity supply.

Both during, and in the run up to the summer Olympic Games in Beijing, China slashed its coal production, restricted consumption and substantially reduced electrical output from coal-fired power stations. Available statistics show that coal imports were cut by 36% from

May to June, and that coal imports in June were down 32% year-on-year. However, now that the Olympic Games have been completed, those power stations that had temporary restrictions on their output will now return to their original output prior to the Games, and seek to stockpile coal ahead of the ensuing winter. There is likelihood that China will become a net importer of coal to ensure its economic growth continues.

In addition to China's demand for coal for power plants, steel, and cement, there is also a substantial demand from India, which has substantially reduced its export of coal this year. Meanwhile, Australia has been the victim of severe flooding in many of its mines, and Vietnam is anticipated to reduce its exports by up to a third this year.

In light of the global demand for coal, most notably from China and India, coupled with the curtailing of exports from key producers such as Indonesia, Vietnam, and Australia, we foresee prices for coal strengthening with an increased global demand. In summation, the outlook for coal prices remains positive.

Financials

The financial results for the six months to 30 June 2008 show a loss of GBP 194,948 (2007: GBP108,558). The basic loss per share was 0.1788p. The loss is attributable to the development of the Company's coal licences in Pakistan and administrative expenses.

Outlook

I believe that the outlook for Oracle Coalfields is most positive, and that the Company is placed to deliver further growth for shareholders. We have now been listed on PLUS for a little over a year, and in that time have achieved a great deal, the value of which has been reflected in the more than doubling of the share price. Having taken our flagship property, Block VI, to a JORC classification, the focus is now on working diligently towards completing a Bankable Feasibility Study, the work for which is planned to commence in fourth Quarter of 2008. I look forward to keeping shareholders regularly updated on the Company's progress, and would like to take this opportunity to thank our shareholders for their patience and support, and also our local partners in Pakistan for their invaluable support in our progress in Pakistan.

Shahrukh Khan

Chairman

25 September, 2008

Results

Unaudited results for the 6 months to 30 June 2008

INCOME STATEMENT	6 MONTHS TO 30/06/2008	6 MONTHS TO 30/06/2007
	£	£
CONTINUING OPERATIONS		
Revenue	-	-
Administrative expenses	(199,280)	(108,912)
OPERATING LOSS	(199,280)	(108,912)
Finance costs	-	-
Finance income	4,332	354
LOSS BEFORE TAX	(194,948)	(108,558)
Taxation	-	-
LOSS FOR THE PERIOD	(194,948)	(108,558)
Basic loss per share	(0.1788p)	(0.2150p)
Diluted loss per share	(0.1510p)	

Notes

1. The financial information for the period ended 30 June 2008 has not been audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985, it has however been subject to a review by the company's auditors.
 2. Basic loss per share has been calculated using the weighted average number of shares of 109,060,071 (2007 – 50,604,395). Diluted loss per share has been calculated using the weighted average number of shares of 129,140,071 (2007 - Nil).
 3. The Directors of the issuer accept full responsibility for this announcement.
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Enquiries

Oracle Coalfields

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Independent Review to Oracle Coalfields Group of Companies

We have been engaged by the group to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2008 which comprises a consolidated income statement, and the related explanatory notes which have been reviewed. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the group in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. Our work had been undertaken so that we might state to the group those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with PLUS Market Rules. The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report have been

prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the group a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practises Board for use in the United Kingdom. A review of interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the period ended 30 June 2008 is not prepared, "in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the PLUS market rules."

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25 September 2008

