



## **Interim Results**

For The Six Months

Ended 30 June, 2007

# Oracle Coalfields PLC

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### **Registered Office**

Richmond House  
Broad Street  
Ely,  
Cambridgeshire  
CB7 4AH

### **Auditors**

Price Bailey LLP  
Richmond House  
Broad Street  
Ely,  
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CB7 4AH

### **Solicitors**

Harvey Ingram  
Harvey Ingram LLP Solicitors  
20 New Walk  
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LE1 6TX

### **Registrars**

Capital Registrars  
The Registry  
34 Beckenham Road  
Kent  
BR3 4TU  
Tel. +44 (0)870 162 3100

### **Company Number**

5867160

### **Company Office**

23 St Matthew's Gardens  
Cambridge  
CB1 2PH

### **Corporate Advisor**

St Helen's Capital  
15 St Helen's Place  
London  
EC3A 6DE

### **Bankers**

The Royal Bank of Scotland  
Cambridge Branch  
1st Floor, Conqueror House  
Vision Park, Histon  
Cambridge CB2 1LG

### **Directors**

Shahrukh Khan  
Conrad Windham  
Anthony Charles Raby Scutt

### **Company Secretary**

Edward Taylor

### **Web Site**

[www.oraclecoalfields.com](http://www.oraclecoalfields.com)

## Highlights

Sindh Carbon Energy Ltd granted a 100 square kilometre exploration licence at the Indus East coalfield, KhoreWah, in the Sindh Province of Pakistan

Securing the services of international coal specialists, Dargo Associates Ltd

Investment of GBP595,000 from cornerstone investors

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## Post Period Highlights

Successful admission to PLUS in August 2007 at 3p per share

Private placing at 3p per share completed in September 2007 with investors raising GBP106,390

Drilling services contract signed within budget between Sindh Carbon Energy Ltd and Pakistan-based coal specialist, Deep Rock Drilling (PVT) Ltd

Work programme of Indus East coalfield, KhoreWah, to commence in late October 2007

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## Chairman's Statement

It gives me great pleasure to present my first Chairman's statement to investors at what is a very exciting time for Oracle Coalfields. The Company was formed on 5 July 2006 for the purpose of coal development and exploitation, and on 6 September 2006 entered into a joint venture agreement with a local Pakistani

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company, Sindh Koela Ltd, to pursue coal development opportunities in the Sindh Province of Pakistan. As part of the agreement with Sindh Koela Ltd, the parties formed a joint-venture company, Sindh Carbon Energy Ltd, which is 80% owned by Oracle Coalfields and 20% owned by Sindh Koela.

On 9 January 2007, Oracle Coalfields and Sindh Koela signed a Memorandum of Understanding with the Sindh Coal Authority in Pakistan, and on 8 February 2007, the joint venture company, Sindh Carbon Energy Ltd, was issued an Exploration Licence by the Directorate General of Mines and Mineral Development, Government of Sindh, over 100 square kilometres of the Indus East Coalfield, at KhoreWah. In 1992 the Geological Survey of Pakistan completed the drilling of two boreholes, KHW-1 and KHW-2, which returned a coal thickness of 3.2 metres and 0.95 metres respectively. The data available to us has led us and our coal development partners to believe that we are targeting a sizeable coal resource. Under Oracle Coalfields' agreement with Sindh Koela, once the development of a coal mine commences, Sindh Koela will commence the development of one or more mine-mouth power plants with an aggregate capacity of 150MW's, which could absorb the envisaged annual coal production.

In February 2007 we undertook a public offering to raise up to GBP1.2 million at 5p per share. We received strong support from investors during this fund-raising, but poor market conditions resulted in us falling slightly short of the minimum sum of GBP750,000 we

had set out to raise. It had been estimated by our coal specialists, Dargo Associates Ltd, that the proposed work programme would cost USD1.69 million, which included a contingency of 20%.

However, after the publication of the Pre-Feasibility Study, we identified a local Pakistan company with coal experience in the Sindh Province, Deep Rock Drilling (PVT) Ltd, as recommended by the Sindh Coal Authority and the Mines and Minerals Department of the Government of Sindh, who would be able to complete the necessary work programme at a far lower cost than previously envisaged.

On 20th August 2007, we announced that Sindh Carbon Energy Ltd had signed a drilling services contract, within the designated budget of GBP200,000, with Deep Rock Drilling (PVT) Ltd, fulfilling what we had promised in our Admission Document. We look forward to commencing the work programme of the Indus East coalfield in late October 2007, which will enable Sindh Carbon Energy Ltd to evaluate and assess the commercial viability of the project.

Our larger investors who took part in the public offer at 5p saw great merit and potential in the Company, and provided funding of GBP595,000 to enable admission to PLUS via an introduction to proceed in August 2007 at 3p per share. We are pleased that, since admission to PLUS, the shares have performed well, rising to their current mid-price of 3.75p. We are also delighted in having recently raised GBP106,390 from inves-

tors in a private placing, meaning that we have raised GBP701,390 to date, ensuring that Oracle Coalfields is well funded.

We have been encouraged by the positive press coverage and media attention that we have received in Pakistan, which reflects the gravitas of the Indus East project, the importance of indigenous coal as a fuel for the local electricity market and the significant longer-term opportunities it offers to Pakistan's economy and for local employment.

### **Pakistan's Coal Resources**

Pakistan has been blessed with an abundance of coal, with resources in the Sindh Province estimated at over 180 billion tonnes. The Indus East coalfield area, where Sindh Carbon Energy holds its exploration licence, is estimated to have 1.77 billion tonnes of coal resources, whilst the neighbouring Thar coalfield area is estimated to have a phenomenal resource of over 175 billion tonnes of coal.

The coal in the Sindh Province is lignite to sub-bituminous in rank, meaning that it is one of the lower ranked coals in terms of calorific value. Lignite coals are noted for their high moisture content, often in excess of 60%, as well as having a very high ash content. Sub-bituminous coals, meanwhile, have a lower moisture content than lignite coals, typically averaging 20%, whilst having a greater fixed carbon content and lower ash content than lignite coal. The two boreholes at the

Indus East coalfield, as drilled by the Geological Survey of Pakistan in 1992, have returned a mean calorific value of 3,300 kcal/kg, with an average ash content of 10%, moisture content of 47% and a sulphur content of 2.9%.

Both Oracle Coalfields and our partners, Sindh Koela, recognise the environmental responsibilities associated with the development of coal and meeting the emission guidelines from the World Bank for power stations that absorb the production. As such we continue, on an ongoing basis, to investigate cleaner fossil fuel technologies, such as fluidised bed boilers and flue gas desulphurisation, for example. Our research to date indicates that the use of a fluidised bed boiler for a power station will largely eliminate sulphur dioxide emissions. Subject to the success of the work programme, inclusive of the feasibility study to conclude the commercial viability of the project, this is an area that we will place increasing importance and efforts on.

### **The International Coal Market**

Sindh Carbon Energy Ltd will work with Sindh Koela Limited on a fixed-price basis, as explained in the Pre-Feasibility report by Dargo Associates, and as such is not expected to be affected by the fluctuations in world coal prices. Furthermore, Sindh Koela Limited will work with the Sindh Coal Authority and the Mines and Minerals Department of the Government of Sindh, and the Private Power and Infrastructure Board, to obtain a fixed tariff per kilowatt hour that ensures a healthy profit

margin for the power plant(s) and the neighbouring coal mining operation.

With respect to the international market, it is envisaged that coal prices will rise over the course of 2007 and 2008; a result of power plants having decreasing stockpiles and strategic production cuts. Power plants had built up healthy stockpiles, but, as a result of a fallback in production and supply, such stockpiles are decreasing, having the effect of sending prices up as firms look to secure their supply. Additionally, prices for steam coal and metallurgical coal, used in the production of steel, have also risen this year when compared against 2006 prices. The strong economic growth in China and India, as well as the demands from the steel industry should continue to see a strong market for coal.

### **Pakistan's Electricity Market**

Pakistan has an estimated installed electricity generation capacity of 19,342 MW (2004 – 2005). Studies have concluded that over the next twenty years, peak demand for electricity will grow by over 400% to 75,636 MW. It is clear, therefore, that if Pakistan is to avoid the consistent load shedding of the early 1990s, where peak demand exceeded the supply capability by 15-25%, and which the load shedding is very much apparent today, it is imperative that the country brings new power plants on stream. During 2004-2005, 50.8% of all electricity in Pakistan was generated by natural gas, whilst only 0.2% was generated by coal.

It is reckoned that by 2025, Pakistan will have an installed electricity capacity of 82,000 MW, and that coal's contribution will rise from its current sub 1% to around 17%, being 13,940 MW. We look forward to playing an important role in developing Pakistan's vast coal resources, and working alongside our local partners, Sindh Koela Limited, to assist with the development of environmentally friendly coal fired power plants.

### **Financials**

The financial results for the six months to 30 June 2007 show an operating loss of GBP108,912. The basic loss per share was 0.215p. The loss is attributable to administrative expenses involved with the flotation on PLUS, as well as the setting up of Sindh Carbon Energy Ltd, securing the Indus East coal exploration licence, and associated visits to Pakistan.

### **Outlook**

My board and I are positive about the outlook for the company. The initial raising of GBP595,000, and the GBP106,390 received from investors in our recent private placing, totalling GBP701,390, places the company in a sound financial position to be able to fulfil what has been set out in the Admission Document as regarding the work programme.

We believe that Sindh Carbon Energy Ltd has a prospective licence at Indus East, and we look forward to commencing our work programme with Deep

Rock Drilling (Pvt) Ltd at the end of October 2007. We envisage providing investors with a strong flow of news once our exploration programme commences.

I would like to take this opportunity to thank my Board for their hard work in developing the company, and our loyal shareholders for their continued support. We also thank Sindh Koela Limited for its invaluable contribution and support in our progress in Pakistan, and we especially thank the Mines and Minerals Department, Government of Sindh, and the Sindh Coal Authority for their assistance. We view the future of the company with optimism, and look forward to developing the Indus East coalfield, with a view to becoming a leading coal producer in Pakistan.

**Shahrukh Khan**  
**Chairman**  
**24 September, 2007**

**Oracle  
Coalfields  
unaudited  
results for  
the 6 months  
to 30 June  
2007**

Profit and Loss Account 6 Months to 30/6/07

Turnover	Nil
Gross Profit	Nil
Administration Expenses	(108,912)
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Operating Loss	(108,912)
Interest Receivable	354
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Loss on Ordinary Activities	(108,558)
Taxation	-
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Loss on Ordinary Activities after tax	(108,558)
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Basic Loss per Share	(0.215p)
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## Notes

1. The financial information for the period ended 30 June 2007 has not been audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.
2. Basic loss per share has been calculated using the weighted average number of shares of 50,604,395.
3. The Directors of the Issuer accept responsibility for this announcement

## Enquiries

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### **Corporate Adviser**

St Helen's Capital Plc  
Barry Hocken, Director  
Telephone: 020 7628 5582

# Oracle Coalfields Independent Review Report

We have been instructed by the company to review the financial information set out on page 1 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatement or material inconsistencies with the financial information

## **Directors Responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for ensuring that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## **Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with

Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

### **Review conclusion**

On the basis of our review we are not aware of any material modification that should be made to the financial information as presented for the six months ended 30 June 2007.

Price Bailey LLP  
Chartered Accountants  
Richmond House  
Broad Street  
Ely, Cambs.

