

19 February 2009

Oracle Coalfields

Year End	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/07	0.0	(0.2)	(0.3)	0.0	N/A	N/A
12/08e*	0.0	(0.2)	(0.2)	0.0	N/A	N/A
12/09e*	0.0	(0.3)	(0.2)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items.

Investment summary: Striding ahead

Oracle Coalfields has delineated 371Mt of JORC compliant proven reserves of lignite coal at its flagship Block VI exploration licence and is progressing with a bankable feasibility study (BFS) and environmental impact assessment (EIA) for the development of an open pit coal mine in Pakistan's Thar Desert. The company is also in initial discussions with potential strategic partners for the development of a 300MW mine-mouth power plant. Due to the country's chronic shortage of electricity, the government supports the project and plans to increase coal's contribution to electricity supply from 1% currently to 17% by 2025.

Block VI: A company maker

In November 2007, Oracle Coalfields signed a memorandum of understanding (MoU) for the development of an integrated coal mine and 300MW power plant. Through its 80% owned subsidiary, Sindh Carbon Energy Ltd (SCEL), the company was awarded a three-year exploration licence over Block VI in the Thar Desert, convertible into a 30-year mining lease. On the basis of 35 boreholes drilled in 2006 and a further seven boreholes drilled last year, a JORC compliant proven reserve of 371Mt of lignite coal has been established. At initial production rates of 2.5Mtpa, the mine could easily support a 300MW power plant for well over 100 years.

Bankable feasibility study being commissioned

Oracle Coalfields is in the process of commissioning a BFS and EIA for an open pit mine at Block VI. Completion of these studies is expected by the beginning of 2010.

Sensitivities

All exploration projects present potential risks and Block VI is no different. However, we have confidence that the company is taking appropriate steps to address these risks, which include potential water issues and financing risks.

Valuation

Oracle Coalfields has an EV per tonne of Phase I reserves of 5p. Given that typical lignite coal mines can generate profit margins of £10-£20/tonne, investors could reasonably expect an uplift in the company's value as the project develops.

Price 5.5p
Market Cap £6m

Share price graph



Share details

Code ORCP
Listing PLUS
Sector Mining
Shares in issue 114.0m

Price

52 week High 10.5p Low 4.0p

Balance Sheet as at 31 December 2007

Debt/Equity (%) N/A
NAV per share (p) 0.5
Net cash (£m) 0.4

Business

Oracle Coalfields is a PLUS-quoted coal exploration and development company. Block VI, its main project, has total measured resources of 1.4 billion tonnes of lignite coal and is located in southern Pakistan's Thar coalfield.

Valuation

	2007	2008e	2009e
P/E relative	N/A	N/A	N/A
P/CF	N/A	N/A	N/A
EV/Sales	N/A	N/A	N/A
ROE	N/A	N/A	N/A

Revenues by geography

	UK	Europe	US	Other
0%	0%	0%	0%	0%

Analyst

Michael Starke 020 3077 5725
mstarke@edisoninvestmentresearch.co.uk

Investment summary: Striding ahead

Other than the Sindh government's current exploration programme, Oracle Coalfields is the only company actively exploring and developing lignite coal deposits in Pakistan's Thar Desert. While several other companies have had their exploration licences withdrawn for lack of progress, Oracle Coalfields' is valid until 13 November 2010. The company's pre-feasibility study completed last year indicates the economic viability of an integrated 2.5Mtpa open pit mine and 300MW power plant. With 42 boreholes already drilled in Block VI, the company is drilling a further 29 holes as part of the mine's BFS and EIA including sub-crop drilling as well as hydrogeological and geotechnical studies. The estimated capital expenditure for the 2.5Mtpa open pit mine is between £150m and £200m. Given the capital expenditure required for the 300MW power plant (estimated between £400m and £500m), Oracle Coalfields is in discussions with potential strategic partners for the development of this facility.

Valuation

Oracle Coalfields has an enterprise value per tonne of Phase I lignite coal reserves of approximately 5p/tonne (and even less if you include all of Block VI's proven reserves). A typical lignite coal mine can produce profit margins of between £10/t and £20/t. As such, investors could reasonably expect uplift in the company's value as the project develops. In addition, once an electricity tariff for the planned power plant is finalised with the National Electric Power Regulatory Authority (NEPRA), we will calculate the discounted value of the company's potential future cash flows. Without the tariff, it is too early to value Block VI on an NPV (net present value) basis. Nevertheless, we expect a significant re-rating of the company's shares once details of this tariff are announced. Because of the current and anticipated long-term deficits in Pakistan's electricity generation and the government's willingness to diversify fuel supplies from imported oil and gas, we are confident agreement will be achieved with NEPRA regarding a suitable electricity tariff.

Sensitivities

Although Pakistan is in a period of relatively stable civilian rule, long-standing hostilities with India and localised terrorist activity along the country's northern borders continue to give the impression of instability. However, Block VI is located in the relatively peaceful south-eastern part of the country. The current macro-economic environment has the potential to impact Oracle Coalfields' ability to raise the capital expenditure required for the development of the mine (£150m to £200m). At a project level, the company is addressing the issues of water supply and mine dewatering as part of the BFS and EIA.

Financials

Following a fund-raising in June last year of £454k, Oracle Coalfields had year-end net cash of approximately £150k, which should suffice until H209 at which point the company would need to raise additional funds to finance the BFS, EIA and ongoing working capital. As an exploration and development company, Oracle Coalfields is not yet cash generative and is unlikely to be so until 2012 at the earliest. We expect a loss per share of 0.2p for FY08 and FY09 at planned cash burn rates.

Block VI: A company maker

Since incorporation in 2006 and a subsequent listing in 2007, Oracle Coalfields has acquired two lignite coal exploration licences in southern Pakistan through its local subsidiary, Sindh Carbon Energy Ltd (SCEL). The company is focusing its efforts on the Block VI licence in the Thar Desert where it has already delineated 371Mt of proven reserves of lignite coal to JORC standards.

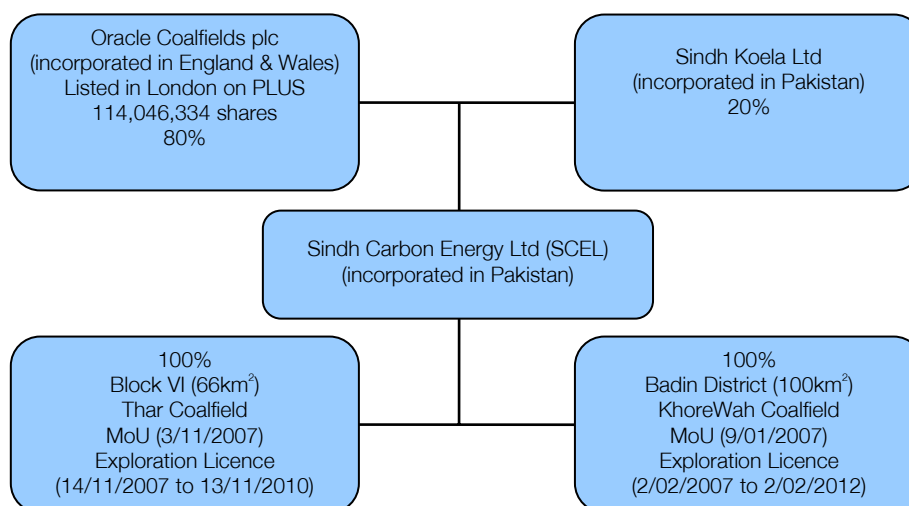
Listed on PLUS

Oracle Coalfields listed on the PLUS market on 2 August 2007 when 105.0m ordinary shares of 0.1p each were admitted to trading at 3p with an initial market capitalisation of £3.15m. Since then, the number of shares in issue has increased marginally to 114.0m, of which the company's directors hold 30.4%. Without the redemptions of a significant retail or institutional shareholder base, Oracle Coalfields has weathered the storm suffered by much of the junior mining sector over the last 12 months.

Strong local partner – Sindh Koela Ltd

Oracle Coalfields has an 80% stake in its local subsidiary, SCEL, while the remaining 20% is held by local partner Sindh Koela Ltd (Exhibit 1). The shareholders of Sindh Koela Ltd are established business-people having close relationships with local and regional business and political leadership. As such, the presence of a strong local partner should help to facilitate development of the company's projects.

Exhibit 1: Oracle Coalfields' organisational structure



Source: Company reports

MoUs and two coal exploration licences

On 3 November 2007, Oracle Coalfields' local subsidiary, SCEL, signed an MoU with the Sindh Coal Authority (SCA) and the Sindh government's Mines and Minerals Development Department (MMD) for the establishment of an integrated coal mine and mine-mouth power plant. The MMD subsequently granted SCEL an exploration licence over Block VI of the Thar coalfield in the Tharparkar District of southern Pakistan's Sindh province. Block VI lies approximately 400km east

of Karachi near the town of Mithi. The exploration licence was granted on 14 November 2007 for three years. The remaining period of this licence provides Oracle Coalfields with sufficient time to complete the BFS and EIA. In addition, the MoU provides for the exploration licence to be converted into a mining lease. Under the *Sindh Mining Concession Rules 2002*, the mining lease would be valid for 30 years and extendable for a further 10 years.

On 9 January 2007, Oracle Coalfields, jointly with Sindh Koela Ltd, signed an MoU with the SCA to establish the feasibility of an integrated coal mine and mine-mouth power plant (150MW) in the Badin district of the KhoreWah coalfield in Sindh. On 2 February 2007, SCEL was granted an exploration licence covering 100km² which has been extended to 2 February 2012. Currently, Oracle Coalfields is focusing its exploration and development efforts on Block VI, which is more advanced and closer to production than Badin.

Developing Block VI – pre-feasibility completed

On the basis of a pre-feasibility study (PFS) already completed, Block VI can easily support a 2.5Mtpa open pit mine capable of supplying 1.75Mtpa of lignite coal to a mine-mouth power plant and a further 0.75Mtpa to local industry. With a chronic electricity shortage in the country, there is strong government support for the development of a 300MW power plant on Block VI. Indeed, if necessary the mine could be further expanded to meet additional power (up to 1,100MW) and industrial demand. The project also benefits from an ongoing, regional government programme of infrastructural development, including roads, power lines and telecoms.

Block VI – exploration licence safe

Block VI covers 66km² of the Thar coalfield and was one of six blocks originally granted to various private companies by the MMD. Following a performance based review of government policy for the development of the Thar coalfield, all of the exploration licences were revoked by the MMD with the exception of Block VI. However, these revoked licences may, in future, be reissued to new parties. The rationale for the revocation is understood to be the lack of exploration activity and development undertaken at the other blocks. As a result of the progress made by Oracle Coalfields, its exploration licence was not revoked and remains valid. In a recent meeting with the Chief Minister Syed Qaim Ali Shah of Sindh, Oracle Coalfield's progress is well-regarded.

Simple geology makes for easy mining...

The main seam of Block VI has a cumulative lignite coal thickness of 20m to 28m (Exhibit 2) hosted within the sandstones and mudstones of the Bara Formation, which in turn predominantly overlies a basement of older, harder igneous rocks. Overlying the Bara Formation is up to 100m of younger, loosely consolidated sedimentary deposits derived from alluvium of the Indus River. The Bara Formation and its coal deposits are laterally extensive, almost flat and with little or no structural deformation. From this point of view, the coal deposits are ideal for open pit mining with a strip ratio of between 5:1 to 7:1.

Exhibit 2: Total lignite coal thickness – Block VI Prospective Mine Area

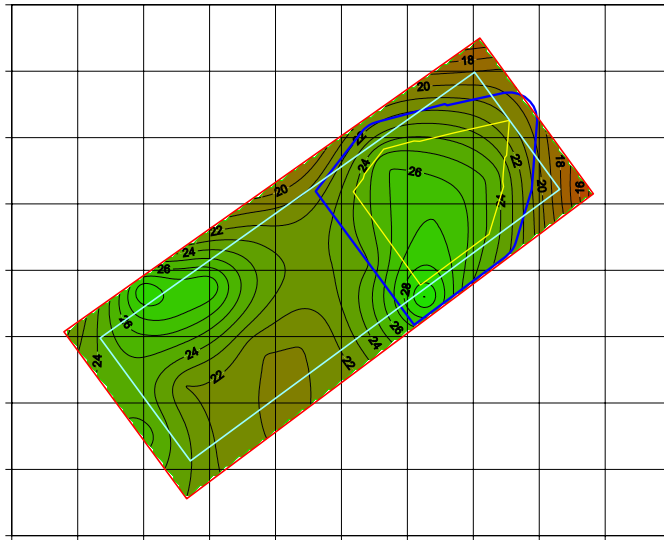
THAR COALFIELD BLOCK VI
PROSPECTIVE MINE AREA

Total Lignite Thickness m

Phase 1 Mine Area — (blue line)

Toe of Batter at 24 degrees — (cyan line)

Phase 1 Coal Area — (yellow line)



Source: Oracle Coalfields

... Although the mine will need to be dewatered

Three aquifers are present within Block VI. The shallowest occurs in loose sands at depths of 10m and is used locally for potable water supply. Beneath this are the saltier, middle aquifers of the Bara Formation, which are situated above the lignite coal seams at a depth of approximately 150m. The largest and deepest of the three aquifers occurs several metres below the lignite coal seams. As part of the BFS, a detailed hydrogeological study is being undertaken to assess the dewatering requirements during mining. Groundwater produced during dewatering, although slightly saline, could be treated and used in the mine and power plant.

Exhibit 3: Overburden thickness – Block VI Prospective Mine Area

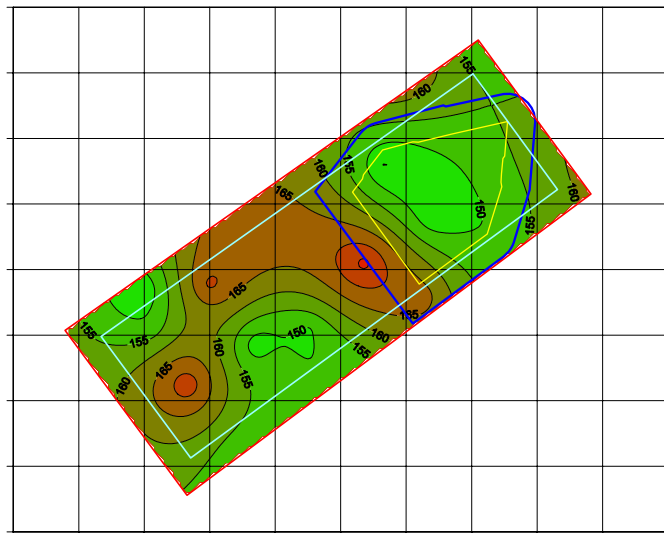
THAR COALFIELD BLOCK VI
PROSPECTIVE MINE AREA

Overburden Thickness m

Phase 1 Mine Area — (blue line)

Toe of Batter at 24 degrees — (cyan line)

Phase 1 Coal Area — (yellow line)



Source: Oracle Coalfields

Extensive exploration proves reserves

Since its discovery in 1980, the Thar coalfield, covering an area of approximately 9,100km², has been explored by the Geological Surveys of Pakistan (GSP) and the United States, RWE of Germany as well as the China Northeast Coalfield Geological Survey Bureau (CNGB) on behalf of

the China Shenhua Group and the SCA. The GSP estimated a total lignite coal resource for the entire Thar coalfield of 175 billion tonnes. In 2006, the CNGB calculated a total lignite coal resource for Block VI of 1.65 billion tonnes based on information collected from 35 boreholes. Rather than having to start from scratch, Oracle Coalfields designed an exploration programme to verify the results of the previous exploration. In 2008, the company drilled seven additional boreholes to depths of between 200m and 240m confirming the results of the previous drilling, which indicates that Block VI contains a number of lignite coal horizons. Of these, the main seam, with a cumulative thickness of between 20m and 28m and at a depth of approximately 150m (Exhibit 3), is the most economically significant and forms the basis of the company's mine plan. The prospective mine area (covering part of Block VI) was selected as it has the block's lowest stripping ratios (5:1 to 7:1 bcm/t).

Coal quality: Lignite or 'brown coal'

The quality of lignite coal at Thar's Block VI is between peat and bituminous coal and is suitable for local power generation. The lignite coal has a moisture content of 40%, which can be reduced to 14% by air drying. Furthermore, the ash content (7.5%) of Block VI's lignite coal is relatively low compared to typical lignite coals, while levels of sulphur (1.2%) are also low enough for power generation, provided emissions to air are treated. The lignite coal has an average calorific value of approximately 3,537kcal/kg, which, although lower than bituminous coals, is high enough for local power generation and other industrial uses (eg the cement industry). As a comparison, 1.7Mtpa of similar quality lignite coal is mined from the Bogutovo Selo open pit mine in Bosnia-Herzegovina's Ugljevik coal basin and supplied to a 300MW mine-mouth power plant.

Resources and reserves – measured and proven

International specialist coal consultant Dargo Associates has provided Oracle Coalfields with a JORC compliant estimate of Block VI's lignite coal resources and reserves (Exhibit 4). These estimates are based on the results of the 35 boreholes drilled by CNGB in 2006 and the seven further boreholes drilled by Oracle Coalfields in 2008. The resource/reserve estimates are based on the lignite coals of the main seam which has a cumulative thickness of between 20m and 28m. Block VI's total measured resources to JORC standards of 1.4 billion tonnes of lignite coal (with 10.2 billion tonnes overburden) estimated by Dargo Associates broadly confirms the CNGB's estimates of 1.7 billion tonnes lignite coal and 11.0 billion tonnes overburden in Block VI.

Exhibit 4: Lignite coal resources/reserves for Block VI (JORC)

Note: bcm = bank cubic metres, includes geological losses.

	Overburden	Lignite coal measured resources	Lignite coal proved reserves	Stripping ratio
	Mm ³	Mt	Mt	bcm/tonne
Block VI total area	10,200	1,423	-	7.17
Total Mine area	3,673	653	-	5.62
Phase I Open pit area	885	-	128	6.91
Phase II Open pit area	1,685	-	243	6.94

Source: Oracle Coalfields

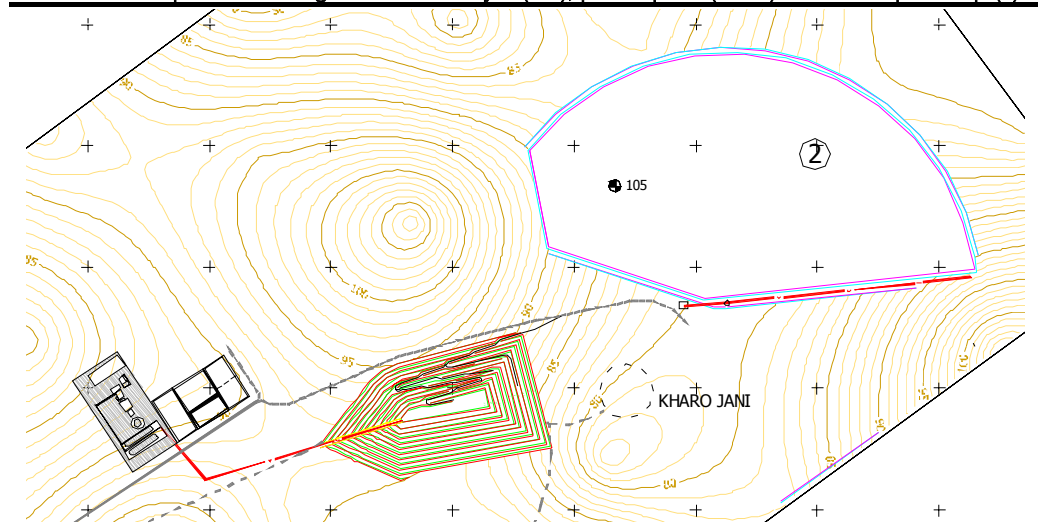
It is important to emphasise that the geology of Block VI is relatively straightforward with no known major structural displacements and, as such, the tonnage of the lignite coal resources and

overburden can be estimated with a high level of confidence. For this reason, Dargo Associates has justifiably categorised the resources as measured.

Two stage phased approach to mining

With a combination of less overburden and thicker lignite coal, the southern part of Block VI is the most suitable for open pit mining in two phases. Taking into account a conceptual mine plan (incorporating geological as well as mining losses) and an economic model, Dargo Associates has classified proven reserves of lignite coal in both Phase I and II prospective mine areas (Exhibit 5). This brings the total JORC compliant proven reserves of both areas to 371Mt. At initial mining rates of 2.5Mtpa, these two areas alone could support a mine life of well over 100 years.

Exhibit 5: Initial pit area with lignite coal conveyor (red), power plant (black) and out of pit dump (2)



Source: Oracle Coalfields

Mine plan: Long life, low cost

Using a combination of local and international contractors, Oracle Coalfields plans to mine the overburden waste and lignite coal using trucks and shovels as well as conveyors. Prior to first production, up to 65m bcm of overburden will need to be stripped. As this is partly unconsolidated, the overburden will fortunately not require extensive drilling and blasting. Assuming overburden removal starts in 2011, we expect initial lignite coal production in 2012, with full production of 2.5Mtpa in 2013. While most of the lignite coal (1.75Mtpa) would be used to supply the planned mine-mouth power plant, the remaining output of 0.75Mtpa could supply the industrial market, especially the cement industry, which currently relies on relatively expensive imports of seaborne coal. Initial estimates of the capital expenditure for the development of the mine are between £150m and £200m, although this will be further refined as part of the BFS.

300MW lignite fired power plant scheduled for 2013

Oracle Coalfields is in discussions with a number of potential strategic partners with a view to bringing onboard an experienced operator for the development of the power plant. While discussions are at an early stage, a strategic partnership would add impetus to the project's development.

Pakistan currently has in operation half a dozen sub-critical, conventional oil/gas fired power plants with individual electrical outputs of approximately 210MW. This technology is also suitable for burning the lignite coal that Oracle Coalfields intends to produce from Block VI. The proven reserves of Oracle Coalfields' Phase I and II mine areas are more than sufficient to support the development of the 300MW facility planned by the company. In order to conserve water, such a power plant can be air cooled, while available groundwater, once treated, could be used elsewhere on the plant and mine.

Initial estimates of the capital expenditure required for the development of the power plant are between £400m and £500m, while operating costs should be typical of other such plants in Asia and could be further reduced by drying the lignite coal prior to combustion. With first lignite coal production scheduled for 2012 and full production in 2013, we would expect development of the power plant to commence during 2010 for intended completion by 2013.

Next steps: The BFS and EIA take priority

Oracle Coalfields is in the process of appointing consultants and contractors to undertake the BFS and EIA, which it aims to complete by the beginning of 2010. A further 29 boreholes are planned as part of these studies, which include sub-crop drilling as well as hydrogeological and geotechnical assessments. The results of these will be used to develop the mine in accordance with the Equator Principles and Pakistan's environmental guidelines.

While the pre-feasibility study has demonstrated the technical and economic viability of the project, the BFS will examine each aspect of the mine and power plant in more detail. Assuming a positive outcome to the BFS, this study will be submitted to potential lenders in order to raise the capital expenditure required for the project. Given the amount of information generated during a BFS, we expect newsflow from Oracle Coalfields to increase over this period.

Pakistan: A nation developing

With the sixth-largest population in the world, Pakistan is emerging as a new democracy from a period of military rule. Notwithstanding its macro-economic issues and a history of poor corporate governance, the country's GDP continues to grow. With a legal system similar to English common law and a large proportion of the population able to speak English, doing business in the country is getting easier.

Stable civilian government, for now

Following more than eight years of military rule, Pakistan's former president, Pervez Musharraf, resigned in August last year. He was replaced by President Asif Ali Zardari, whose Pakistan People's Party won a clear majority in elections held in September, heralding the country's return to relatively stable, civilian government. However, there are isolated areas of unrest, especially along the northern borders with Afghanistan where government and military officials are taking action to control militants.

In addition, relations with neighbouring India have further soured following the recent terrorist attacks in Mumbai. Despite Pakistan's history of corruption, Oracle Coalfields operates within a framework of good corporate governance.

Macro-economic recovery, with the IMF's help

Although decades of political infighting and a lack of foreign investment have taken their toll on Pakistan, IMF reforms introduced in 2001 helped stimulate an economic revival. Between 2004 and 2007 the country experienced GDP growth of 6-8% but this is likely to be lower in 2009 as a result of the global economic slowdown. In addition, increased public spending, lower tax revenues and a devaluation of the rupee led Pakistan's foreign exchange reserves to drop to precariously low levels in the second half of 2008. A balance of payments crisis ensued and, in November last year, the IMF provided a bailout loan of US\$7.6bn. Initial indications are that Pakistan has met its fiscal targets as part of this bailout, suggesting the crisis is some way towards resolution.

Site visit: Evidence of good infrastructure

During a site visit in January this year, it was evident that the infrastructure of the Thar Desert has received significant government support over the last few years. In addition to metalled roads, overhead electricity power lines and a telecommunications network already in place, the government is currently developing a regional hospital to which Oracle Coalfields employees would have access. There are also plans afoot to develop a water canal to the area as well as an airstrip. Security in the province has improved considerably over recent years and it is quite safe for foreigners to travel to the site.

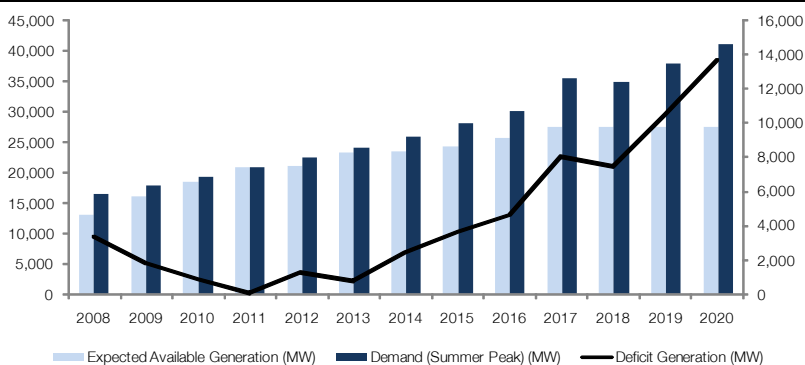
Domestic electricity demand outstrips supply

Development of Pakistan's electricity supply has not kept pace with the country's recent economic growth. Load shedding and black outs are all too frequent occurrences and the Pakistan government is actively seeking to expand the country's electricity supply and diversify away from imports of oil and gas.

Oil and gas dominate supply, but are expensive

Two thirds of Pakistan's domestic electricity supply is produced from oil and gas, while the majority of the remainder is supplied from hydroelectric sources (32%). Only minor amounts of electricity are supplied by the nuclear (2%) and coal (1%) sectors. Between now and 2020, the electricity generation deficit is expected to increase considerably (Exhibit 6). For this reason, the development of the Thar coalfield is seen as nationally important and has the backing of the Sindh government.

Exhibit 6: Forecast electricity supply and demand in Pakistan



Source: Private Power and Infrastructure Board, Government of the Islamic Republic of Pakistan

Valuation

Mining projects can typically be valued according to cash flows produced during the life of the mine. The net present value of the discounted cash flows depends on several key criteria, including the production profile, capital expenditure, operating costs and, ultimately, the future price assumptions for the commodity being mined. While the company has a good understanding of many of the key input variables, the electricity tariff for the power plant (c/kW) will need to be negotiated with the National Electric Power Regulatory Authority (NEPRA).

The tariff, in turn, will affect the price at which the power plant purchases lignite coal from the mine. Therefore, without confirmation of the tariff, an accurate determination of the project's cash flows cannot yet be undertaken. In such cases, investors typically calculate an 'in situ' value of the resources/reserves or an EV/tonne value. On this basis, Oracle Coalfields' enterprise value per tonne of Phase I lignite coal reserves is approximately 5p/tonne (and even lower if one considers all of Block VI's proven reserves). Given that typical lignite coal mines can generate profit margins of between £10/tonne and £20/tonne, investors could reasonably expect an uplift in the company's value as the project develops.

Sensitivities

Oracle Coalfields is an exploration and development company. While this presents a number of opportunities, there are also potential risks that need to be mitigated. At a political level, the project is located in a developing country that has had its fair share of issues. However, the election of a civilian government and support from the IMF appear to have set the country on a path to recovery. At a local level, water is a key issue that will need to be managed. There are indications that the government is planning to build a freshwater canal to the region in order to stimulate development. Nonetheless, using the appropriate air-cooled design, the power plant's water consumption can be dramatically reduced to levels that could be supplied from available groundwater. In itself, the groundwater presents a potential impediment to mining. However, with a good understanding of the local hydrogeology and a suitable dewatering scheme, the impacts can be mitigated. Furthermore, treated groundwater could be used in the mine and power plant.

By far the most important issue to be resolved is the agreement of an electricity tariff with NEPRA. Without this, the mine and power plant are unlikely to be developed. Given the shortage of electricity in the country and growing demand, the government is keen to establish additional electricity supply. We are therefore confident that negotiations with NEPRA will result in a positive outcome. In addition, the macro-economic environment may also impact on Oracle Coalfields' ability to raise the capital expenditure required for the development of the mine (estimated £150m to £200m).

Financials

As an exploration and development company, Oracle Coalfields is not yet cash generative, with no revenue expected in FY08 or FY09. In June 2008, Oracle Coalfields completed a private placement of £454k, providing the company with its working capital requirements for the remainder of 2008 and into the first half of 2009. During this period, Oracle Coalfields completed a pre-feasibility study at Block VI as well as legal due diligence on the two exploration licences. In addition and on the

basis of legal opinion received, Oracle Coalfields has been registered as a foreign entity with the State Bank of Pakistan allowing the company to repatriate its (80%) share of the dividends and capital of its local subsidiary, SCEL.

Other than relatively low corporate overheads (of c £150k in FY08 and c £175k in FY09), the remainder of the company's planned FY09 expenditure will be used to fund the BFS and EIA at Block VI. The company's year-end net cash position at 31 December 2008 was approximately £150k (0.15p/share) and the business is debt free. However, in order to complete the project's BFS, EIA and fund ongoing corporate overheads, Oracle Coalfields will need to raise additional working capital of approximately £750k in the first half of 2009. We expect a loss per share of 0.2p for FY08 and FY09 (Exhibit 7).

Exhibit 7: Financials

Note: 2007 for the period from 5 July 2006 to 31 December 2007.

Year end 31 December	£'000s	2007	2008e	2009e
		IFRS	IFRS	IFRS
PROFIT & LOSS				
Revenue		0	0	0
Cost of Sales		0	0	0
Gross Profit		0	0	0
EBITDA		(238)	(250)	(275)
Operating Profit (before GW and except.)		(238)	(250)	(275)
Intangible Amortisation		0	0	0
Exceptionals		0	0	0
Other		0	0	0
Operating Profit		(238)	(250)	(275)
Net Interest		12	18	11
Profit Before Tax (norm)		(226)	(232)	(264)
Profit Before Tax (FRS 3)		(226)	(232)	(264)
Tax		0	0	0
Profit After Tax (norm)		(226)	(232)	(264)
Profit After Tax (FRS 3)		(226)	(232)	(264)
Average Number of Shares Outstanding (m)		69.4	111.3	120.9
EPS - normalised (p)		(0.3)	(0.2)	(0.2)
EPS - FRS 3 (p)		(0.3)	(0.2)	(0.2)
Dividend per share (p)		0.0	0.0	0.0
Gross Margin (%)		N/A	N/A	N/A
EBITDA Margin (%)		N/A	N/A	N/A
Operating Margin (before GW and except.) (%)		N/A	N/A	N/A
BALANCE SHEET				
Fixed Assets		191	618	1,117
Intangible Assets		120	548	1,048
Tangible Assets		5	4	3
Investments		66	66	66
Current Assets		362	155	141
Stocks		0	0	0
Debtors		4	5	5
Cash		358	150	136
Current Liabilities		(10)	(10)	(10)
Creditors		(10)	(10)	(10)
Short term borrowings		0	0	0
Long Term Liabilities		0	0	0
Long term borrowings		0	0	0
Other long term liabilities		0	0	0
Net Assets		543	764	1,249
CASH FLOW				
Operating Cash Flow		(421)	(251)	(275)
Net Interest		11	18	11
Tax		0	0	0
Capex		0	(428)	(500)
Acquisitions/disposals		0	0	0
Financing		767	454	750
Dividends		0	0	0
Net Cash Flow		358	(207)	(14)
Opening net debt/(cash)		0	(358)	(150)
HP finance leases initiated		0	0	0
Other		0	0	0
Closing net debt/(cash)		(358)	(150)	(136)

Source: Company accounts/Edison Investment Research

Growth	Profitability	Balance sheet strength	Sensitivities evaluation	
N/A	N/A	N/A	Litigation/regulatory	●
			Pensions	○
			Currency	◐
			Stock overhang	○
			Interest rates	○
			Oil/commodity prices	●

Growth metrics	%	Profitability metrics	%	Balance sheet metrics		Company details	
EPS CAGR 05-09e	N/A	ROCE 08e	N/A	Gearing 08e	N/A	Address:	
EPS CAGR 07-09e	N/A	Avg ROCE 05-09e	N/A	Interest cover 08e	N/A	Richmond House	
EBITDA CAGR 05-09e	N/A	ROE 08e	N/A	CA/CL 08e	N/A	Broad Street, Ely	
EBITDA CAGR 07-09e	N/A	Gross margin 08e	N/A	Stock turn 08e	N/A	Cambridgeshire, CB7 4AH	
Sales CAGR 05-09e	N/A	Operating margin 08e	N/A	Debtor days 08e	N/A	Phone	0136 650 0722
Sales CAGR 07-09e	N/A	Gr mgn / Op mgn 08e	N/A	Creditor days 08e	N/A	Fax	0192 384 1355
						www.oraclecoalfields.com	

Principal shareholders		%	Management team
Mr Shahrukh Khan		26	Chairman and CEO: Mr Shahrukh Khan Mr Khan has over 10 years' experience in project finance, with a particular focus on the natural resources and infrastructure sectors. He has worked on a number of international deals with a total value exceeding US\$5bn, predominantly in the Middle East, South Asia and China.
Starvest plc		18	
Sunvest Corp Pty Ltd		18	
Mr Andrew Neubauer		16	
Mr Conrad Windham		4	
			Non-Executive Director: Mr Anthony Scutt
			Mr Scutt has over 30 years of financial management expertise with Shell International Petroleum and has worked in both the UK and many developing countries. Anthony then went on to become an investment analyst, writer and investor. He is a non-executive director of AIM-listed Starvest plc and Beowulf Mining plc, and of PLUS-quoted Agricola Resources plc, Plus Investors plc and Uranium Prospects plc.
Forthcoming announcements/catalysts	Date *		Non-Executive Director: Mr Roderick Stead
Final Results	April 2009		Mr Stead has held numerous management roles in the coal mining, oil & gas and forestry industries. He has over 30 years' experience with the Royal Dutch Shell Group of companies with key finance and management positions as well as substantial experience in project finance negotiations, management of major joint venture relationships and strategic alliances as well as corporate governance.
Interim Results	September 2009		
BFS and EIA complete	Q1 2010		
<i>Note: * = estimated</i>			

EDISON INVESTMENT RESEARCH LIMITED

Edison is Europe's leading independent investment research company. With a team of 50 including over 30 analysts supported by a department of supervisory analysts, editors and assistants, Edison writes on more than 200 companies across every sector. Working directly with corporates, investment banks and fund managers, Edison's research is read by every major institutional investor in the UK, as well as by the private client broker and international investor communities. Edison was founded in 2003 and is authorised and regulated by the Financial Services Authority.

DISCLAIMER

Copyright 2009 Edison Investment Research Limited. All rights reserved. This report has been commissioned by Oracle Coalfields and prepared and issued by Edison Investment Research Limited for publication in the United Kingdom. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison Investment Research Limited at the time of publication. The research in this document is intended for professional advisers in the United Kingdom for use in their roles as advisers. It is not intended for retail investors. This is not a solicitation or inducement to buy, sell, subscribe, or underwrite securities or units. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment. A marketing communication under FSA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison Investment Research Limited has a restrictive policy relating to personal dealing. Edison Investment Research Limited is authorised and regulated by the Financial Services Authority for the conduct of investment business. The company does not hold any positions in the securities mentioned in this report. However, its directors, officers, employees and contractors may have a position in any or related securities mentioned in this report. Edison Investment Research Limited or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance.

Edison Investment Research

Lincoln House, 296-302 High Holborn, London, WC1V 7JH ■ tel: +44 (0)20 3077 5700 ■ fax: +44 (0)20 3077 5750 ■ www.edisoninvestmentresearch.co.uk
Registered in England, number 4794244. Edison Investment Research is authorised and regulated by the Financial Services Authority.