Oracle Coalfields PLC

Energy for Pakistan

Annual Report 2014

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Chairman's Statement

For the year ended 31 December 2014

I am pleased to present Oracle Coalfields' (or the "Company") results for the period ending 31 December 2014. It has been a year of sharp contrast. The EPC Framework Agreement that we signed with our Chinese partners the Shandong Electric Power Company (SEPCO) in September gives us a clear outline of the overall cost and financing of the project. The Placing, announced after the year-end in February, provides us with sufficient funding to take the project through to financial close.

We are now working with SEPCO to finalise Term Sheets on the two EPC contracts (for the mine and for the power plant). When this work is complete we will progress financing arrangements with Sinosure, the China Export & Credit Insurance Corporation.

The underlying philosophy of our Company has always been to progress this project in a judicious manner in line with all relevant professional and international standards. In this same spirit we handled the unexpected and arbitrary decision by the Coal Mines Department to cancel our mining lease over Block VI in November 2014. As urgently as possible we followed due process and took the necessary actions, which led to the restoration of the lease in February 2015. In this respect we are grateful to many stakeholders for their support during this difficult and testing time. Regrettably, this development has delayed project progress by some months, but our keenness to deliver an integrated coal mine and power generation project at Thar Coalfield, Province of Sindh is as strong as ever.

Reflecting the position of the Company as a mining company, now moving towards financial close, the consolidated financial results for the year to 31 December 2014 show an operational loss after taxation for Oracle and its subsidiaries (the "Group") of £709,479 (2013: £1,038,342). The basic loss per share was 0.21p (2013: loss 0.37p).

At the end of 2014 the Group had cash and cash equivalents of £383,063 (2013: £538,789) and total assets less current liabilities of £4.09 million (2013: £4.19 million).

In September 2014, we raised further capital of £775,000 including contributions from shareholders and management. In February 2015 a further £3.37 million was raised. It is anticipated that, with these funds, the Company will have sufficient working capital to reach financial close, anticipated by the year-end. Towards the end of the year, the Company intends to approach the market for the major fund raising needed to develop the Block VI coal mine and power generation project. The Group is considering options to raise the necessary debt and equity, and has started discussions with potential investors from the Middle East and Far East, as well as being further strengthened by new shareholders in the Company's fund raising in February 2015.

The Government in Pakistan continues to demonstrate firm support for the development of the country's indigenous coal resource, recognising that it will be a fundamental game changer for the economic development of Pakistan. Support from China, both diplomatic and economic, remains strong.

The Board extends its thanks to the relevant authorities in the Province of Sindh and in Pakistan for their continued assistance. The Board welcomes the new shareholders who invested in the Company in September last year and in February this year, and continues to be very grateful for the patience and support of our longer standing shareholders.

Adrian Loader
Chairman

9 April 2015

Chief Executive's Statement

For the year ended 31 December 2014

Pakistan continues to be affected by electricity shortages which are reducing the potential for economic growth. The Government of Pakistan's National Power Policy 2013 states that the current shortfall in generating capacity is 5,500MW and is projected to rise. The Government is committed to eradicating this shortfall and to diversifying the electricity supply market with particular support for the development of indigenous fuel sources including the Thar Coalfield, Province of Sindh.

Following the submission of the Environmental and Social Impact Assessment (ESIA) for the coal mine in 2013 and the issuance of the No Objection Certificate in January 2014, the Company submitted its Resettlement Action Plan (RAP) to the Sindh Environmental Protection Agency (SEPA) in May 2014 as required before project implementation. The Environmental Impact Assessment (EIA) of the proposed power plant is being assessed and will be the subject of further studies this year to provide an EIA for the integrated mine and power project.

The Thar Coal and Energy Board (TCEB) prepared a Coal Pricing Mechanism (CPM) proposal for the Thar Coalfield in mid-2014 and this was followed by a round table meeting of leaseholders and interested parties in August 2014. The CPM was subsequently approved and the rules placed into a legal framework which was enacted by the Government of Sindh. The CPM puts into practice the previously announced internal rate of return (of 20%/20.5%) for the Thar Special Economic Zone. The Company is preparing its petition under the CPM for submission in the near future to agree the coal price for the Block VI project.

In September 2014 the Company signed an Engineering, Procurement and Construction (EPC) Framework Agreement with SEPCO for the construction of initially a 600MW mine-mouth power plant and for the development of a 4.0Mt per year open-pit mine to supply the power plant. In March 2015 this Agreement was extended to 31 December 2015. Work is ongoing to develop this agreement into EPC term sheets for both the mine and the power plant and we are working with our advisors Mott MacDonald UK on the power plant, and Turner and Townsend for the coal mine development. When these term sheets are in place, we will enter into detailed discussion on the indicative financing offered through Sinosure, and certain Chinese banks.

We continue to work with K–Electric (KE) to negotiate a Power Purchase Agreement (PPA) with the Company to purchase the entire output from the 600MW power plant for a period of 30 years which will require the finalisation of the coal price under the CPM to complete. It can then be presented to the National Electric Power Regulatory Authority (NEPRA) for approval.

These are all exciting steps in the development of an integrated coal and power development within the Block VI lease area in Thar, and the work in 2015 will concentrate on formalising agreements and contracts to bring the project into full implementation.

In late November 2014, the Company's subsidiary, Sindh Carbon Energy Limited (SCEL), received a notification for the cancellation of the Mining Lease at our Block VI licence. The Company responded to this notification in the form of an Appeal as per the Rules set out in the Sindh Mining Concession Rules 2002 which was followed by a Hearing in the presence of the Secretary, Energy Department, and Government of Sindh. Following the hearing, the Decision was made by the Secretary, Energy Department that the cancellation of the Mining Lease shall be rescinded *ab initio* subject to SCEL complying with submission of the Performance Guarantee and setting up of an office in Karachi. These two conditions were met by SCEL and in late February 2015, the Mining Lease was restored by the Coal Mines Development, Government of Sindh.

Work is continuing on site in the pre-development stage to implement a Corporate Social Responsibility Programme (CSR) to provide early benefits to the local community in terms of water, basic healthcare and veterinary support. Land survey work is being undertaken in accordance with the RAP prepared in 2014 which will also align with the Resettlement Policy Framework published in draft by the Sindh Government and that will conform to international best practice.

The Company remains steadfast in its objective of developing one of the largest private sector integrated coal mine and power generation projects in Pakistan. This comes with the responsibility of maintaining high standards in delivering on the project and subsequently rewarding shareholders. Our project is strategically placed in Pakistan's energy mix that includes the project in the 'approved list' of the China-Pakistan Economic Corridor (CPEC). The CPEC is a bilateral arrangement between China and Pakistan, the essence behind which is to access Chinese funding in the development of infrastructure, including energy, for the economic corridor to be established from Pakistan's North to the South.

The Board is grateful to the support of the Government of Sindh in restoring the Mining Lease in a speedy and amicable manner and in providing continued support. The Company extends its thanks to the shareholders for their continued patience and support.

Shahrukh Khan
Chief Executive Officer

9 April 2015

Group Strategic Report

For the year ended 31 December 2014

The Directors present their strategic report of the Company and the Group for the year ended 31 December 2014.

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 for and development of coal, and building a mine-mouth power station 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 coal assets at the various stages in the value cycle, in the procurement of exploration leases, exploration work, development of commercially viable discoveries, their 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 Coalfields PLC Group of Companies after taxation of £709,479 (2013: £1,038,342).

The Chairman, in his statement, and the Chief Executive in his report, have fully described the activities of the Company during the financial year and the further steps now required to take the Company through to final investment decision.

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.

Environmental and social risk

Impact

The Thar coal mine project is subject to environmental regulations both in Pakistan and through international standards and conventions. Non-compliance could significantly impact the development of the mine and raising of debt financing. The development of the Block VI mine could negatively impact communities near its operation due to resettlements, population inflow and necessary infrastructure.

Mitigation

The completion of the ESIA in 2013 by Wardell Armstrong International and Hagler Bailly of Pakistan and its subsequent approval in January 2014 by the Sindh Environmental Protection Agency is another significant step towards project implementation.

A Resettlement Action Plan (RAP) was produced in 2014 in accordance with national and international standards in consultation with the affected communities and Oracle is developing a resettlement framework. Since 2012 Oracle has employed a Community Liaison Officer (CLO) to ensure the local community can be fully engaged in the process and this liaison is ongoing. The environmental impact of the integrated mine and power plant will require further work in 2015.

Technical risk

Impact

Co-completion risk exists where the success of one project depends on the completion of another. Both the mine and any associated power station cannot operate without the other. If the power station does not complete on time then the mine cannot start deliveries, and vice versa. There is a similar co-dependency in the operational phase. Both also depend on the construction of a high voltage transmission network to evacuate power from Thar mine-mouth power plants and this also needs to be completed for the power plant to operate. The National Transmission and Despatch Company is committed to this objective.

The mine must be de-watered prior to mine construction and during production. The water will be used for the mine and the power plant as well as being available for the local community. Surplus water produced must be disposed of safely.

Mitigation

During 2014 the Company has been actively seeking strategic relationships to facilitate the development of an integrated mine and power plant on the site.

In September 2014 the Company signed an EPC Framework Agreement with SEPCO for the initial construction initially of a 600MW mine-mouth power plant and for the development of a 4.0Mt per year open-pit mine to supply the power plant. Work is ongoing to develop this agreement into EPC termsheets for both the mine and the power plant and we are working with our advisors Mott MacDonald UK on the power plant, and Turner and Townsend on the mine development.

As reported last year the Company entered a JDA with KE initially to develop a 300MW power plant with the potential to increase this to 1,100MW over time. Additionally KE have proposed entering into a Power Purchase Agreement (PPA) with the Company to purchase the entire output from the power plant for a period of 30 years and the Company is working with KE to draw up the PPA agreement which will be presented to the National Electric Power Regulatory Authority (NEPRA) for approval later in 2015. It is to be noted that following the MOU with SEPCO, KE have agreed to collaborate with Oracle and SEPCO to develop SEPCO's 600 MW power plant.

Group Strategic Report
continued

Economic risk

Impact

There are inherent uncertainties in estimation of the capital and operating costs to reach first production, and the fiscal regime applicable to the project, which will only be resolved when the project contracts are negotiated and the fiscal regime legally confirmed.

Similarly the fiscal incentives for the construction and operation of the power plant will need to be confirmed prior to contract finalisation.

Offtake agreements need to be reached at sustainable commercial rates the mine-mouth power station to justify the project investment, with sufficient creditworthiness to meet lenders' risk criteria.

Mitigation

Following the signing of the EPC Framework Agreement with SEPCO for the development of the mine and power plant the estimates for capital and operating costs for the integrated project are in preparation. These will allow for the Fiscal Incentives announced for Thar coal and power developments in the Special Economic Zone to be included and factored into the coal price for supply to the power plant.

The TCEB has produced a CPM which was enacted by the Sindh Government in 2014. The CPM has adopted a cost plus approach to setting the coal price and also recognises the uncertainties of mining within its review mechanism. The Company intends to submit a price petition in accordance with the CPM in 2015.

Financing risk

Impact

The overall project is expected to cost in the region of US$1,500 million. The greater part of this will be covered by two EPC contracts with SEPCO, one or the mine and one for the power plant. Sinosure have offered outline terms on the basis of which, subject to detailed agreement, they will securitise up to 85% of the two EPC contracts. The balance will be met by some additional borrowing, but mainly through equity. Some third party equity is anticipated, but the greater part will be from Oracle Coalfields PLC.

The major risks to this plan are that the Company fails to come to final agreement with Sinosure and that the Company has difficulty in raising the equity required for the project.

Mitigation

The Company will work to reach full agreement with Sinosure to assure the EPC debt financing, and will similarly work to attract and secure third party equity. It will develop a strategy with its brokers, Brandon Hill and Peterhouse, to find the balance of equity through LSE AIM.

Political, legal and regulatory risk

Impact

Although the Federal and Sindh Governments have demonstrated strong support for the integrated Thar coal mining and power plant development, there is potential for the Group's operations and financial results to be affected by instability and changes to the legal, regulatory or fiscal frameworks in Pakistan. This includes political unrest, variation to the lease terms, and changes to the royalty and tax rates, and, as occurred in 2014, lease cancellation. The relevant federal and Sindh authorities need to fund and complete local infrastructure, including the power transmission line from the power plant.

The risk of terrorist attack on the Company and its staff in Pakistan, or on suppliers and customers, remains real and could restrict the Company's ability to manage at the site and the Karachi office.

Mitigation

The Company works closely with the Energy Department and maintains strong working relations with the Sindh Government. It was through these relationships that the Company ensured that the arbitrary cancellation of the Mining Lease was expeditiously reversed. The Thar Coalfield area has been declared a Special Economic Zone and the Sindh Government has already built roads and a rescue centre, started construction of an airport capable of taking B737 and C130 transport aircraft, and plans more road and transmission line upgrades.

Company staff are instructed to take a range of security precautions and generally keep a low profile in the country. As the profile of the project builds, the Company will implement further appropriate protection for its staff. Generally the Sindh Province has a low incidence of such attacks.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Objective: Oracle Coalfields 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 we have to play in developing this pioneering project, in minimising the impact our operations can have on the natural and social environment and in creating opportunities for the local community.

Environmental and Social Impact Assessment (ESIA)

The Company commissioned Wardell Armstrong International Ltd (WAI) to produce an ESIA for the Block VI project. WAI is working 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 in April 2013 and was submitted to SEPA in April 2013. A public hearing held on the site in June 2013 which was attended by local people along with government representatives, SEPA, various non-governmental organisations and our consultants as part of the public consultation process. The project along with its impacts and mitigation plans was 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 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 is another significant step towards mine development.

Community and consultation

In addition to the environmental characterisation of the site and its environs, a comprehensive social data gathering campaign is underway. Background information on local demography, village structure, local culture, resources and socioeconomics is being collected. In addition, an ongoing public consultation is underway, 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. Because of the location of the lignite seams, and the requirement for associated infrastructure, some relocation of local communities currently residing within the Block, will be required.

The Thar Coal and Energy Board, Government of Sindh published an Interim Resettlement Policy Framework in September 2013 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 is being developed in line with the draft Resettlement Policy framework, to ensure that the process is managed in line with best practice standards, and a full programme of consultation, specifically dealing with this issue is being instigated. Communities will be resettled locally within the Block area.

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 land for their villages. Oracle intends to construct replacement villages, with full electricity, sanitation, and potable water supply, and 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

The Company has 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 will also act as an intermediary, to represent the interests of the local communities to Oracle. As part of Oracle's Corporate Social Responsibility (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.

Group Strategic Report
continued

Benefits and opportunities

Oracle Coalfields PLC 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
- A compact link road to connect local villages and communities to the mine site access road proposed under project

On behalf of the Board:

Adrian Loader
Director

9 April 2015

Report of the Directors
For the year ended 31 December 2014

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2014.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2014.

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

DIRECTORS
The Directors during the year under review were:

Mr W A Loader	Chairman
Mr S Khan	Chief Executive
Mr A C R Scutt	Senior Independent Director
Mr M R Stead	Non-executive Director

The beneficial interests of the Directors holding office on 31 December 2014 in the issued share capital of the Company were as follows:

Ordinary 0.1p shares

	31 December 2014	1 January 2014
Mr S Khan	**33,081,153**	32,395,967
Mr W A Loader	**4,321,992**	2,967,460
Mr A C R Scutt	**1,173,857**	858,865
Mr M R Stead	**1,040,857**	765,865

In addition to the above, in his capacity as a joint honorary trustee, Mr A C R Scutt also holds 225,000 shares for The Acumen Brigade Investment Club and 165,000 shares for The Ridgeway Investors Group. Mr A C R Scutt is not a beneficial member of these investment clubs and has no beneficial interest in the shareholdings.

Ordinary 0.1p shares under option

	Number	Exercise price	Expiry date
Mr S Khan	6,000,000	5p	31.03.2017
Mr A C R Scutt	2,000,000	5p	31.03.2017
Mr W A Loader	1,000,000	10p	01.08.2016
Mr M R Stead	200,000	5p	31.03.2017
Mr M R Stead	250,000	10p	31.03.2017

Report of the Directors
continued

INFORMATION ON DIRECTORS AND SENIOR MANAGEMENT

Adrian Loader
Chairman

Mr Loader has extensive international experience with Royal Dutch Shell in strategy, business development, energy projects and new markets. He held regional responsibility for Shell Pakistan and, as President of Shell Canada, was responsible for Shell's oil sands open-pit mining operations. He previously served on the boards of Shell Canada, Alliance-Boots and Candax Energy and Compton Petroleum, the last two as Chairman. Mr Loader is currently a Director of Holcim, Sherritt International and Alderon Iron Ore, as well as being a member of the International Advisory Board of Garda World. Mr Loader is a Fellow of the Chartered Institute of Personnel and Development and holds a Masters degree in History from Cambridge University.

Shahrukh Khan
Chief Executive Officer

Mr Khan was educated in the USA and UK. He was awarded a BA in Business administration and Economics at Richmond, the American International University in London. Mr Khan has project finance experience in the natural resource and infrastructure related sector, predominantly in the Middle East, South Asia and China. He has specialist expertise in large and complex projects, including project valuation and investment appraisal, feasibility studies and other project finance related services.

Anthony Scutt
Senior Independent Director

Mr Scutt is a qualified Chartered Secretary and a Certified Internal Auditor with the US Institute of Internal Auditors. He has over 30 years of financial management experience with Shell International Petroleum and has worked in many parts of the world, including the Malagasy Republic, East and Central Africa, South Vietnam, Cambodia, the Philippines, Gabon and latterly as the Chief Internal Auditor of Shell UK. Mr Scutt then went on to become an investment analyst, writer and investor. Mr Scutt is a Non-executive Director of AIM-listed Starvest plc.

Roderick Stead
Non-executive Director

Mr Stead was awarded a BSc in Economics from the London School of Economics and is qualified accountant, FCCA. He brings experience in a variety of management roles in the oil, gas, coal, mining and forestry industries in different environments. This includes Board experience in over 16 companies with particular expertise in corporate governance issues, strategic business analysis and the management of major joint venture relationships. Mr Stead has extensive experience in project finance negotiations with investment banks, multilateral agencies, export credit agencies, commercial banks, law firms and accountants.

Simon Smith
Finance Manager

Mr Smith has background in finance from a twenty-five year career in Shell, in a variety of posts. He was Finance Director in Sierra Leone and in Egypt where he also deputised for the Chief Executive. He also worked in Shell's M&A unit, particularly on the sale of Billiton, Shell's Metals division, the sale of Shell's agrochemical interests and Shell's early expansion into eastern Europe. Latterly he headed up Group Finance HR. Mr Smith has an MA in Economics from Cambridge University and is a fellow of the Institute of Chartered Accountants in England and Wales.

Brian Rostron
Mining and Contracts Manager

Mr Rostron is a Mining Engineer with over 30 years' international experience and an expert on coal. He is a Chartered Engineer who has been responsible for the operational management of various coal mining companies with overall responsibility for production, financial performance, acquisitions and restructuring. Mr Rostron has previously worked with Miller Argent South Wales Ltd, H.J. Banks Mining, Scottish Coal Company, Coal Contractors Ltd as well as serving as the Director General of the Confederation of UK Coal Producers and was a UK member of Eurocoal Executive Committee.

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 consider that the Company's present cash balance should fund the Group through to final investment decision. They therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

SUBSTANTIAL 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 2014:

	Shareholding	% holding
Mr S Khan	33,081,153	8.50%
Generali Investments	29,400,000	7.56%
Mr A Neubauer	22,668,663	5.83%
Starvest plc	21,867,333	5.62%
Sunvest Corporation Limited	20,000,000	5.14%
Mr WPS Richards	18,000,000	4.63%
Newbridge Silverware Ltd	13,035,795	3.35%

AUTHORITY TO ISSUE SHARES

At the Annual General Meeting held on May 2014, shareholders gave authority for the Directors to allot equity securities for cash up to an aggregate nominal value of £100,000, and at the General Meeting held on 25 February, 2015, a further £535,000 was authorised.

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.

Report of the Directors
continued

REMUNERATION REPORT

This report has been prepared in accordance with the requirements of Schedules 2 Part 1 to the Companies Act 2006 (the 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 (the Act), a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the Financial Statements are to be approved.

Remuneration policy

Executive remuneration packages are designed to attract, motivate and retain Directors of the necessary calibre and to reward them for enhancing value to shareholders. The performance measurement of the Executive Director and key members of senior management and the determination of their annual remuneration package is undertaken by the Remuneration Committee. The remuneration of Non-executive Directors is determined by the Board within limits set in the Articles of Association.

Executive Directors are entitled to accept appointments outside the Company providing the Board's permission is sought.

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 undertakes additional assignments for the Company, the Non-executive's fee will be agreed by the Company 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 2014 was as follows:

	Salary & fees £	Bonuses £	Pensions £	Termination benefits £	Share based payments £	**2014 Total £**	2013 Total £
Executive							
Mr S Khan	112,702	–	–	–	–	**112,702**	150,292
Non-executive							
Mr M R Stead	27,352	–	–	–	–	**27,352**	27,388
Mr A C R Scutt	27,352	–	–	–	–	**27,352**	27,388
Mr W A Loader	61,492	–	–	–	–	**61,492**	61,528

As part settlement of the above salaries, the Directors received 2,928,253 new ordinary shares of 0.1p each in lieu of cash remuneration of £36,603. The settlement was on the same terms as a larger placement with the placing price of 1.25 pence per share.

Directors' service contracts

The Directors have contracts with an indefinite term and a stated termination notice period.

	Date of appointment	Notice period
Executive		
Mr S Khan	13.2.2007	1 month
Non-executive		
Mr M R Stead	1.11.2007	6 months
Mr A C R Scutt	22.12.2006	6 months
Mr W A Loader	1.8.2011	3 months

Performance Evaluation

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

CORPORATE GOVERNANCE REPORT

Throughout 2014 the Board has continued to demonstrate its commitment to maintaining high standards of corporate governance. The Company has complied substantially throughout the period with the corporate governance guidelines (Guidelines) for smaller quoted companies issued by the Quoted Companies Alliance. This statement describes how the Company applies the principles of the Guidelines and the Company's compliance with the specific provisions of the Guidelines. The principles set out in the Guidelines cover four areas: the Board, Directors' remuneration, accountability and audit, and relations with shareholders. With the exception of the Directors' Remuneration (which is dealt with separately in the Remuneration Report) the following report sets out how the Board has applied such principles.

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 2014 the Board consisted of four Directors being a Chief Executive Officer, Mr S Khan; and three Non-executive Directors including the Chairman, Mr W A Loader. The two other Non-executive Directors were Mr A C R Scutt, Senior Independent Director, and Mr M R Stead.

The Board has appointed Anthony Scutt, one of the independent Non-executive Directors to be the Senior Independent Director to provide a sounding board for the Chairman and to serve as an intermediary for the other Directors when necessary. He is available to shareholders if they have concerns which contact through the normal channels of Chairman or Chief Executive has failed to resolve or for which such contact is inappropriate.

The Board has considered the independence of Anthony Scutt and Roderick Stead and considers them to be fully independent, notwithstanding that they hold equity and warrants in the Company; indeed the Board is of the view that these interests serve to align their interests more closely with those of the Company.

Details of Directors' service contracts are given in the Remuneration Report.

All Directors had access throughout the year to the advice and services of the Company Secretary, Mr T Everitt, who was responsible for ensuring that Board procedures and applicable regulations under the Company's Articles of Association or otherwise were 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 every two months and has 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 Nomination Committee, issue of shares and warrants, appointment of a financial advisor, approval of 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, except for the Nomination Committee which is chaired by the Chief Executive, Mr S Khan, and the Tender Board which additionally comprises of Mr B Rostron and Mr S Smith. They operate within defined terms of reference, details of which are posted to the Company's website, and they report regularly to the Board.

	Number of Meetings in 2014	Members (& attendance)
The Board	10	Mr A Loader (all), Mr S Khan (absent once) Mr A Scutt (all), Mr R Stead (absent once)
Nomination Committee	0	Mr S Khan (–), Mr A Scutt (–), Mr R Stead (–)
Remuneration Committee	1	Mr A Scutt (all), Mr R Stead (all)
Audit Committee	6	Mr R Stead (all), Mr A Scutt (all)
Tender Board	3	Mr R Stead (all), Mr B Rostron (all), Mr S Smith (all)

Nomination Committee

The Nomination Committee was established post-admission 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. It oversees the Company's Equality and Diversity Policy.

No meetings were needed during the year as matters were covered by Board Meetings.

Oracle Coalfields PLC is committed to eliminating discrimination and encouraging diversity amongst the Company's workforce. Diversity and equality in the workplace are good management practices and make sound business sense. The Company's aim is that each employee feels respected and able to give their best. To that end, the purpose of this policy is to provide equality and fairness for all in the Company's employment and not to discriminate on grounds of gender, marital status (including civil partnerships), race, ethnic origin, colour, nationality, national origin, disability, sexual orientation, religion or age. The Company opposes all forms of unlawful and unfair discrimination. All employees, whether part-time, full-time or temporary, will be treated fairly and with respect. Selection for employment, promotion, training or any other benefit will be on the basis of aptitude and ability. All employees will be helped and encouraged to develop their full potential and the talents and resources of the workforce will be fully utilised to maximise the efficiency of the organisation.

Report of the Directors
continued

Remuneration Committee
The Remuneration Committee is responsible for reviewing the remuneration of Board members and senior executives of the Company. This responsibility will extend to the review of the remuneration of Board members and senior executives of the Pakistani subsidiary – at present the Directors of Sindh Carbon Energy Limited are unpaid. It is policy that no individual participates in discussions or decisions concerning his own remuneration. None of the Committee has any conflicts of interest arising from cross-directorships or day-to-day involvement in running the business.

Re-election
All Directors are submitted for re-election at regular intervals, subject to continued satisfactory performance. All Directors are subject to election by shareholders at the first annual general meeting after their appointment.

Audit Committee Report
The Audit Committee of the Board met six times in 2014. The Audit Committee is composed of Mr Roderick Stead, Non-executive Director, as Chairman, and Mr Anthony Scutt, Senior Independent Director as a member. Other Directors and officers are invited to attend where appropriate, and Mr Simon Smith, as Finance Manager, was in attendance at all the 2014 meetings.

The role of the Audit Committee is to monitor the integrity of the financial statements, reviewing 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 consider and make 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 auditors. This extends to monitoring the effectiveness, remuneration and independence of the external auditors.

The Audit Committee is composed of Directors of Oracle Coalfields PLC, but also has a role to advise the Boards of group subsidiary companies particularly Sindh Carbon Energy Ltd.

The auditors of Oracle Coalfields PLC are Price Bailey who have served since the Company was founded. The Committee view is that Price Bailey have served the Company well and that their audit fee remains reasonable. The Committee met with Price Bailey in May and discussed future audit plans. The Committee concluded that with the limited size of this audit, the costs of re-tendering could not be justified at this stage, as this may require further visits to Pakistan. It was agreed, however, that the audit partner would be rotated. The Pakistani auditors of Sindh Carbon Energy Ltd, IECnet S.K.S.S.S., resigned in December. The Committee recommended to the Board of Sindh Carbon Energy Ltd the appointment of A.F. Ferguson & Co., the local affiliates in Karachi of Price Waterhouse Coopers. This firm had previously advised the Group on local taxation and the formation of the proposed subsidiary for the power plant project. This appointment has now been confirmed.

In the area of reporting and accounting the Committee agreed the change of the Company description from exploration to exploration and development. The 'going concern' assumption for the Company was discussed with the external auditors and modified wording on the 'emphasis of matter' was recommended to the Board. The proposal to make a provision against the loans to Sindh Koela was recommended to the Board of Sindh Carbon Energy Ltd. The reporting framework in Oracle Coalfields was reviewed in the light of the changes to the AIM rules in 2014.

In the area of internal control, the Committee monitors the internal control environment of the Group and considers this is sound given the small scale of current operations. The Company Internal Control Manual was finalised in 2014 and recommended to the Oracle Coalfields Board for approval. This has now been adopted.

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 major announcements are approved by the Chairman, the Executive Directors and the NOMAD.

Internal control
The Directors have overall responsibility for ensuring that the Group maintains a system of internal control 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 control, 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.

At the time of the AIM listing, the Board reviewed the system of financial internal controls in place and adopted a series of accounting and control procedures. These were further strengthened later during 2013 with a series of changes being made particularly in respect of commitments, payments, cashflow forecasting and monthly financial reporting.

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 Press Releases and through the website. The Chief Executive supported by the Group's brokers, presented to shareholders regularly during the year.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

AUDITORS

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:

Adrian Loader
Director

9 April 2015

Report of the Independent Auditors

to the members of Oracle Coalfields PLC Group of Companies

We have audited the financial statements of Oracle Coalfields PLC Group of Companies for the year ended 31 December 2014 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of 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 and the related notes. 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.

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.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement, the Chief Executive's Report the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

– the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
– the Group's 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.

Emphasis of matter – Exploration costs

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 9 to the financial statements concerning the valuation of the exploration costs. The Group has sufficient reserves to bring the exploration part of the project to financial close, however to justify sufficient value to justify the carrying value of the intangible assets the Group needs to raise additional finance, both debt and equity for the opening up of the mine and construction of the power plant. Based upon the current economic climate there exists a material uncertainty which may cast significant doubt as to whether the Group will be able to generate sufficient funds. The financial statements do not include the adjustments that would be necessary if the Group was unable to raise these funds.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion 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.

Matters on which we are required to report by exception
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.

Paul Cullen FCCA (Senior Statutory Auditor)
for and on behalf of Price Bailey LLP
Chartered Accountants & Statutory Auditors
Richmond House
Ely
Cambridgeshire
CB7 4AH

13 April 2015

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	Notes	2014 £	2013 £
CONTINUING OPERATIONS			
Revenue	2	**–**	–
Other operating income		**491**	82
Administrative expenses		**(712,016)**	(1,041,434)
OPERATING LOSS		**(711,525)**	(1,041,352)
Finance income	4	**2,046**	3,010
LOSS BEFORE INCOME TAX	5	**(709,479)**	(1,038,342)
Income tax	6	**–**	–
LOSS FOR THE YEAR		**(709,479)**	(1,038,342)
Loss attributable to:			
Owners of the parent		**(709,479)**	(1,028,042)
Non-controlling interests		**–**	(10,300)
		(709,479)	(1,038,342)
Earnings per share expressed in pence per share:	8		
Basic		**-0.21**	-0.37
Diluted		**-0.21**	-0.37

The notes form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	2014 £	2013 £
LOSS FOR THE YEAR	**(709,479)**	(1,038,342)
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified to profit or loss:		
Exchange difference on consolidation	**(121,645)**	(3,272)
Income tax relating to item of other comprehensive income	**–**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	**(121,645)**	(3,272)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(831,124)**	(1,041,614)
Total comprehensive income attributable to:		
Owners of the parent	**(831,124)**	(1,031,314)
Non-controlling interests	**–**	(10,300)
	(831,124)	(1,041,614)

The notes form part of these financial statements.

Consolidated Statement of Financial Position

31 December 2014

	Notes	**2014** £	2013 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	**3,809,019**	3,755,014
Property, plant and equipment	10	**934**	1,228
Investments	11	**–**	–
Loans and other financial assets	12	**–**	–
		3,809,953	3,756,242
CURRENT ASSETS			
Trade and other receivables	13	**66,816**	40,952
Cash and cash equivalents	14	**383,063**	538,789
		449,879	579,741
TOTAL ASSETS		**4,259,832**	4,335,983
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	16	**389,009**	327,009
Share premium	17	**8,346,733**	7,672,130
Translation reserve	17	**(144,106)**	(22,461)
Share scheme reserve	17	**63,070**	63,070
Retained earnings	17	**(4,562,209)**	(3,852,730)
		4,092,497	4,187,018
Non-controlling interests	15	**5,729**	5,729
TOTAL EQUITY		**4,098,226**	4,192,747
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	**161,606**	143,236
TOTAL LIABILITIES		**161,606**	143,236
TOTAL EQUITY AND LIABILITIES		**4,259,832**	4,335,983

The notes form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 9 April 2015 and were signed on its behalf by:

Shahrukh Khan
Director

Company Statement of Financial Position

31 December 2014

	Notes	2014 £	2013 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	**2,721,660**	2,632,542
Property, plant and equipment	10	**–**	165
Investments	11	**868,631**	868,631
Loans and other financial assets	12	**1,181,214**	1,136,214
		4,771,505	4,637,552
CURRENT ASSETS			
Trade and other receivables	13	**135,545**	94,332
Cash and cash equivalents	14	**382,510**	517,356
		518,055	611,688
TOTAL ASSETS		**5,289,560**	5,249,240
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	16	**389,009**	327,009
Share premium	17	**8,346,733**	7,672,130
Share scheme reserve	17	**63,070**	63,070
Retained earnings	17	**(4,449,703)**	(3,757,636)
TOTAL EQUITY		**4,349,109**	4,304,573
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	**940,451**	944,667
TOTAL LIABILITIES		**940,451**	944,667
TOTAL EQUITY AND LIABILITIES		**5,289,560**	5,249,240

The notes form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 9 April 2015 and were signed on its behalf by:

Shahrukh Khan
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Called up share capital £	Retained earnings £	Share premium £	Translation reserve £	Share scheme reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2013	216,011	(2,824,688)	6,070,418	(19,189)	63,070	3,505,622	16,029	3,521,651
Loss for the year	–	(1,028,042)	–	–	–	(1,028,042)	(10,300)	(1,038,342)
Other comprehensive income								
Exchange difference on consolidation	–	–	–	(3,272)	–	(3,272)	–	(3,272)
Total comprehensive income	–	(1,028,042)	–	(3,272)	–	(1,031,314)	(10,300)	(1,041,614)
Transactions with owners								
Issue of share capital	110,998	–	1,601,712	–	–	1,712,710	–	1,712,710
Total transactions with owners	110,998	–	1,601,712	–	–	1,712,710	–	1,712,710
Balance at 31 December 2013	327,009	(3,852,730)	7,672,130	(22,461)	63,070	4,187,018	5,729	4,192,747
Loss for the year	–	(709,479)	–	–	–	(709,479)	–	(709,479)
Other comprehensive income								
Exchange difference on consolidation	–	–	–	(121,645)	–	(121,645)	–	(121,645)
Total comprehensive income	–	(709,479)	–	(121,645)	–	(831,124)	–	(831,124)
Transactions with owners								
Issue of share capital	62,000	–	674,603	–	–	736,603	–	736,603
Total transactions with owners	62,000	–	674,603	–	–	736,603	–	736,603
Balance at 31 December 2014	**389,009**	**(4,562,209)**	**8,346,733**	**(144,106)**	**63,070**	**4,092,497**	**5,729**	**4,098,226**

The notes form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2014

	Called up share capital £	Retained earnings £	Share premium £	Share scheme reserve £	Total equity £
Balance at 1 January 2013	216,011	(2,786,785)	6,070,418	63,070	3,562,714
Loss for the year	–	(970,851)	–	–	(970,851)
Total comprehensive income	–	(970,851)	–	–	(970,851)
Transactions with owners					
Issue of share capital	110,998	–	1,601,712	–	1,712,710
Total transactions with owners	110,998	–	1,601,712	–	1,712,710
Balance at 31 December 2013	**327,009**	**(3,757,636)**	**7,672,130**	**63,070**	**4,304,573**
Loss for the year	–	(692,067)	–	–	(692,067)
Total comprehensive income	–	(692,067)	–	–	(692,067)
Transactions with owners					
Issue of share capital	62,000	–	674,603	–	736,603
Total transactions with owners	62,000	–	674,603	–	736,603
Balance at 31 December 2014	**389,009**	**(4,449,703)**	**8,346,733**	**63,070**	**4,349,109**

The notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 £	2013 £
Cash flows from operating activities			
Cash generated from operations	1	**(655,341)**	(935,211)
Net cash from operating activities		**(655,341)**	(935,211)
Cash flows from investing activities			
Purchase of intangible fixed assets		**(200,746)**	(272,169)
Cash acquired with subsidiary		**–**	804,516
Interest received		**2,046**	2,395
Net cash from investing activities		**(198,700)**	534,742
Cash flows from financing activities			
Proceeds of share issue		**738,397**	934,240
Cost of share issue		**(42,419)**	(94,393)
Net cash from financing activities		**695,978**	839,847
(Decrease)/increase in cash and cash equivalents		**(158,063)**	439,378
Cash and cash equivalents at beginning of year	2	**538,789**	99,592
Effect of foreign exchange rate changes		**2,337**	(181)
Cash and cash equivalents at end of year	2	**383,063**	538,789

The notes form part of these financial statements.

Company Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 £	2013 £
Cash flows from operating activities			
Cash generated from operations	1	**(669,708)**	(931,378)
Net cash from operating activities		**(669,708)**	(931,378)
Cash flows from investing activities			
Purchase of intangible fixed assets		**(118,162)**	(147,784)
Loan to subsidiary		**(45,000)**	(143,904)
Interest received		**2,046**	2,395
Net cash from investing activities		**(161,116)**	(289,293)
Cash flows from financing activities			
Loan from subsidiary		**–**	804,516
Proceeds of share issue		**738,397**	934,240
Cost of share issue		**(42,419)**	(98,415)
Net cash from financing activities		**695,978**	1,640,341
(Decrease)/increase in cash and cash equivalents		**(134,846)**	419,670
Cash and cash equivalents at beginning of year	2	**517,356**	97,686
Cash and cash equivalents at end of year	2	**382,510**	517,356

The notes form part of these financial statements.

Notes to the Consolidated Statement of Cash Flows

For the year ended 31 December 2014

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

Group	**2014 £**	2013 £
Loss before income tax	**(709,479)**	(1,038,342)
Depreciation charges	**165**	166
Shares issued in lieu of remuneration	**36,603**	72,369
Impairment of exploration costs	**–**	217,519
Impairment of loans	**–**	58,334
Impairment of accrued interest receivable	**–**	5,904
Finance income	**(2,046)**	(3,010)
	(674,757)	(687,060)
(Increase)/decrease in trade and other receivables	**(25,808)**	5,722
Increase/(decrease) in trade and other payables	**45,224**	(253,873)
Cash generated from operations	**(655,341)**	(935,211)

Company	**2014 £**	2013 £
Loss before income tax	**(692,067)**	(970,851)
Depreciation charges	**165**	166
Shares issued in lieu of remuneration	**36,603**	72,369
Impairment of exploration costs	**–**	183,326
Impairment of loans	**–**	41,029
Impairment of accrued interest receivable	**–**	5,904
Finance income	**(19,458)**	(19,002)
	(674,757)	(687,059)
(Increase)/decrease in trade and other receivables	**(23,801)**	5,735
Increase/(decrease) in trade and other payables	**28,850**	(250,054)
Cash generated from operations	**(669,708)**	(931,378)

2. CASH AND CASH EQUIVALENTS

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

	Group		Company	
Year ended 31 December 2014	**31 December 2014 £**	1 January 2014 £	**31 December 2014 £**	1 January 2014 £
Cash and cash equivalents	**383,063**	538,789	**382,510**	517,356

Year ended 31 December 2013	**31 December 2013 £**	1 January 2013 £	**31 December 2013 £**	1 January 2013 £
Cash and cash equivalents	**538,789**	99,592	**517,356**	97,686

The notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

1. ACCOUNTING POLICIES

Reporting entity

Oracle Coalfields PLC Group is a group domiciled in United Kingdom. The parent is a public limited company with the registered office at Richmond House, Broad Street, Ely, Cambridgeshire, CB7 4AH. The Group primarily is involved in the exploration for coal.

Going concern

The Directors have considered the cashflow requirements of the Group over the next 12 months. The Directors consider that the Group has funds to bring the project to financial close and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

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 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 Group 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.

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.

Notes to the Consolidated Financial Statements
continued

1. ACCOUNTING POLICIES continued

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 statement of profit or loss.

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.
– 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.
– Derivative assets designated at fair value are loans made in Pakistan Rupees and their values are subject to foreign exchange fluctuations.

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 in Rupees.

Hire purchase and leasing commitments
Rentals paid under operating leases are charged to the statement of profit or loss on a straight line basis over the period of the lease.

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 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 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 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.

1. ACCOUNTING POLICIES continued

New standards and interpretations applied
In preparing these financial statements the Company has reviewed all new standards and interpretations, but there are no standards effective for the year commencing 1 January 2014 requiring new interpretations to be applied.

New Standards and Interpretations adopted with no effect on the financial statements
The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements:

- IAS 27 Separate Financial Statements (revised 2011 and 2012)
- IAS 28 Investments in Associates (revised 2011)
- IAS 32 Financial Instruments Disclosures (amended 2011)
- IAS 36 Impairment of Assets (amended 2013)
- IAS 39 Financial Instruments: Recognition and Measurement (amended 2013)
- IFRS 10 Consolidated Financial Statements (issued 2011 and amended 2012)
- IFRS 11 Joint Arrangements (issued 2011 and amended 2012)
- IFRS 12 Disclosure of Interests in Other Entities (issued 2011 and amended 2012)
- IFRIC 21 Levies (issued 2013)

New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the year commencing 1 January 2014 and have not been applied in preparing these financial statements:

- IAS 1 Presentation of Financial Statements (amended 2013 and 2014)
- IAS 16 Property, Plant and Equipment (amended 2013 and 2014)
- IAS 19 Employee Benefits (amended 2013 and 2014)
- IAS 24 Related Party Disclosures (amended 2013)
- IAS 27 Separate Financial Statements (amended 2014)
- IAS 28 Investments in Associates and Joint Ventures (amended 2014)
- IAS 34 Interim Financial Reporting (amended 2014)
- IAS 38 Intangible Assets (amended 2013 and 2014)
- IAS 40 Investment Property (amended 2013)
- IAS 41 Agriculture (amended 2014)
- IFRS 1 First-time adoption of International Financial Reporting Standards (amended 2013)
- IFRS 2 Share-based Payment (amended 2013)
- IFRS 3 Business Combinations (amended 2013)
- IFRS 5 Non-current Assets Held for Sale and Discounted Operations (amended 2014)
- IFRS 7 Financial Instruments Disclosures (amended 2011, 2013 and 2014)
- IFRS 8 Operating Segments (amended 2013)
- IFRS 9 Financial Instruments (amended 2014)
- IFRS 10 Consolidated Financial Statements (amended 2014)
- IFRS 11 Joint Arrangements (issued 2011 and amended 2014)
- IFRS 12 Disclosure of Interests in Other Entities (amended 2014)
- IFRS 13 Fair Value Measurement (amended 2013)
- IFRS 14 Regulatory Deferral Accounts (issued 2014)
- IFRS 15 Revenue from Contracts with Customers (issued 2014)

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.

2. SEGMENTAL REPORTING

The principal activity of the Group is the exploration for and development of coal in Pakistan. All expenditure is in respect of this one activity and the £3,809,953 (2013: £3,756,242) non-current assets of the Group are wholly attributable to the project in Pakistan (2013: £3,756,077 relate to the project in Pakistan and £165 relates to assets held in the UK).

Notes to the Consolidated Financial Statements
continued

3. EMPLOYEES AND DIRECTORS

	2014 £	2013 £
Wages and salaries	**378,989**	352,380
Social security costs	**42,228**	41,835
	421,217	394,215

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

	2014	2013
Directors	**4**	4
Administration and production	**3**	3
	7	7

	2014 £	2013 £
Directors' remuneration	**205,000**	238,000

Information regarding the highest paid Directors is as follows:

	2014 £	2013 £
Emoluments etc	**100,000**	133,000

4. NET FINANCE INCOME

	2014 £	2013 £
Finance income:		
Deposit account interest	**2,046**	2,395
Other loan interest	**–**	615
	2,046	3,010

5. LOSS BEFORE INCOME TAX

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

	2014 £	2013 £
Hire of plant and machinery	**908**	–
Other operating leases	**41,550**	35,078
Depreciation – owned assets	**410**	446
Auditors' remuneration	**11,250**	10,750
Foreign exchange differences	**–**	(82)
Impairment of exploration costs	**–**	217,519
Impairment of loans	**–**	58,334
Impairment of accrued interest receivable	**–**	5,904

The depreciation charges shown above include £245 (2013: £280) which have been capitalised as exploration costs by the subsidiary company in accordance with the accounting policy.

6. INCOME TAX

Analysis of tax expense
No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2014 nor for the year ended 31 December 2013.

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:

	2014 **£**	2013 £
Loss on ordinary activities before income tax	**(709,479)**	(1,038,342)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.500% (2013 – 23.250%)	**(152,538)**	(241,415)
Effects of:		
Interest capitalised in subsidiary	**3,744**	3,718
Potential deferred taxation on losses for year	**148,794**	225,724
Foreign losses of subsidiary	**–**	11,973
Tax expense	**–**	–

The main rate of UK corporation tax changed from 24% to 23% on 1 April 2013 and from 23% to 21% on 1 April 2014 giving an effective rate for the year of 21.50% (2013: 23.25%).

The Group and Company has estimated UK excess management charges of £3,919,897 (2013: £3,227,995) to carry forward against future income.
The overseas subsidiary has losses of £51,498 (2013: £51,498) which will be carried forward to offset future profits. There is no charge for foreign taxation for the year (2013: nil).

7. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the statement of profit and loss and the statement of comprehensive income of the parent company are not presented as part of these financial statements. The parent company's loss for the financial year was £692,067 (2013: £970,851).

Notes to the Consolidated Financial Statements
continued

8. EARNINGS 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. No adjustment is made where the effect would be to dilute a loss attributable to the ordinary shareholders.

Reconciliations are set out below.

			2014
	Earnings £	**Weighted average number of shares**	**Per-share amount pence**
Basic EPS			
Earnings attributable to ordinary shareholders	**(709,479)**	**345,014,973**	**-0.21**
Effect of dilutive securities	**–**	**–**	**–**
Diluted EPS			
Adjusted earnings	**(709,479)**	**345,014,973**	**-0.21**

			2013
	Earnings £	Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(1,038,342)	282,644,053	-0.37
Effect of dilutive securities	–	–	–
Diluted EPS			
Adjusted earnings	(1,038,342)	282,644,053	-0.37

9. INTANGIBLE ASSETS

Group	Exploration costs £
COST	
At 1 January 2014	3,755,014
Additions	180,981
Exchange differences	(126,976)
At 31 December 2014	**3,809,019**
NET BOOK VALUE	
At 31 December 2014	**3,809,019**

Group	Exploration costs £
COST	
At 1 January 2013	3,672,424
Additions	402,089
Impairments	(217,519)
Exchange differences	(101,980)
At 31 December 2013	**3,755,014**
NET BOOK VALUE	
At 31 December 2013	**3,755,014**

The Group exploration costs of £3,809,019 are currently being carried forward at cost in the financial statements. The Group has sufficient funds to bring the project to financial close. Part of 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 2014	2,632,542
Additions	89,118
At 31 December 2014	**2,721,660**
NET BOOK VALUE	
At 31 December 2014	**2,721,660**

Company	Exploration costs £
COST	
At 1 January 2013	2,639,040
Additions	176,828
Impairments	(183,326)
At 31 December 2013	**2,632,542**
NET BOOK VALUE	
At 31 December 2013	**2,632,542**

The impairment of exploration costs is charged to administration and included within the statement of profit or loss as an expense.

Notes to the Consolidated Financial Statements
continued

10. PROPERTY, PLANT AND EQUIPMENT

Group	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2014	4,685	832	5,517
Exchange differences	511	36	547
At 31 December 2014	**5,196**	**868**	**6,064**
DEPRECIATION			
At 1 January 2014	3,703	586	4,289
Charge for year	218	192	410
Exchange differences	403	28	431
At 31 December 2014	**4,324**	**806**	**5,130**
NET BOOK VALUE			
At 31 December 2014	**872**	**62**	**934**

Group	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2013	5,177	867	6,044
Exchange differences	(492)	(35)	(527)
At 31 December 2013	**4,685**	**832**	**5,517**
DEPRECIATION			
At 1 January 2013	3,819	409	4,228
Charge for year	246	200	446
Exchange differences	(362)	(23)	(385)
At 31 December 2013	**3,703**	**586**	**4,289**
NET BOOK VALUE			
At 31 December 2013	**982**	**246**	**1,228**

Company	Computer equipment £
COST	
At 1 January 2014 and 31 December 2014	497
DEPRECIATION	
At 1 January 2014	332
Charge for year	165
At 31 December 2014	**497**
NET BOOK VALUE	
At 31 December 2014	**–**

Company	Computer equipment £
COST	
At 1 January 2013 and 31 December 2013	497
DEPRECIATION	
At 1 January 2013	166
Charge for year	166
At 31 December 2013	**332**
NET BOOK VALUE	
At 31 December 2013	**165**

11. INVESTMENTS

Company	Shares in Group undertakings £
COST	
At 1 January 2014	
and 31 December 2014	868,631
NET BOOK VALUE	
At 31 December 2014	**868,631**

Company	Shares in Group undertakings £
COST	
At 1 January 2013	64,115
Additions	804,516
At 31 December 2013	868,631
NET BOOK VALUE	
At 31 December 2013	**868,631**

The Group or the Company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries
Sindh Carbon Energy Limited
Country of incorporation: Pakistan
Nature of business: Coal exploration and mining

Class of shares:	% holding
Ordinary	80.00

	2014 £	2013 £
Aggregate capital and reserves	**28,646**	28,646
Loss for the year	–	(51,498)

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

The investment in share capital for the 80% holding amounted to £64,115.

Company
Revive Financial Limited
Country of incorporation: United Kingdom
Nature of business: Administration and financial support

Class of shares:	% holding
Ordinary	100.00

	2014 £	2013 £
Aggregate capital and reserves	**804,516**	804,516

The Company was incorporated on 8 October 2013.

The Company was acquired under the terms of a share exchange agreement whereby shares in Oracle Coalfields 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 Coalfields PLC upon the completion of the share exchange on 18 October 2013.

Notes to the Consolidated Financial Statements
continued

11. INVESTMENTS continued

Following the share for share exchange, Revive Financial Limited made a loan of £804,516 to Oracle Coalfields PLC. The loan of £804,516 (2013: £804,516) which remains outstanding is interest free and has no fixed terms for repayment.

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

12. LOANS AND OTHER FINANCIAL ASSETS

Sindh Koela Limited holds 20% of the issued shares of Sindh Carbon Energy Limited and these shares are funded by a loan from Oracle Coalfields PLC. The loan accrues interest on a daily basis at a rate of 9 per cent per annum. The loan is unsecured and repayable from 50% of dividends due to Sindh Koela Limited from Sindh Carbon Energy Limited, when the project starts to generate revenues, or is repayable in full on any early transfer of shares by Sindh Koela Limited in Sindh Carbon Energy Limited.

There is a loan of PKR 2,000,000, amounting to £16,029 (2013: £16,029) made by Oracle Coalfields PLC to Sindh Koela Limited, representing Sindh Koela Limited's initial 20 per cent shareholding of 200,000 shares of PKR 10 per share.

Further loans were made to Sindh Koela Limited to fund initial expenditure in Pakistan on behalf of the Group as follows:

At the statement of financial position date there is a loan of £25,000 (2013: £25,000) from Oracle Coalfields PLC to Sindh Koela Limited. The loan is interest free, unsecured and is not due for repayment until the project starts to generate revenues.

At the statement of financial position date there is a loan of PKR 3,000,000, amounting to £17,305 (2013: £17,305) from Sindh Carbon Energy Limited to Sindh Koela Limited. The loan is interest free, unsecured and is not due for repayment until the project starts to generate revenues.

A full impairment provision of £58,334 (2013: £58,334) has been made against the above loans and a full impairment provision of £5,904 (2013: £5,904) has been made against the accrued interest, No interest charge (2013: £615) has been provided for the year although it is legally payable and will be charged in the future if the impairment provision is reversed.

Company	Loans to Group undertakings £
At 1 January 2014	1,136,214
New in year	45,000
At 31 December 2014	**1,181,214**

Company	Loans to Group undertakings £	Other loans £	Totals £
At 1 January 2013	992,310	41,029	1,033,339
New in year	143,904	–	143,904
Impairment of loan	–	(41,029)	(41,029)
At 31 December 2013	**1,136,214**	**–**	**1,136,214**

In addition to items disclosed for the Group, Oracle Coalfields PLC made loans of £45,000 (2013: £143,904) during the period to its subsidiary company Sindh Carbon Energy Limited and the amount outstanding at the statement of financial position date was £1,181,214 (2013: £1,136,214). Interest accrues on a daily basis at a rate of 1% over the Bank of England base rate. The loan is unsecured and although it is repayable on demand, it is unlikely to be repaid until the project becomes successful and the subsidiary starts to generate revenue.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 **£**	2013 £	**2014** **£**	2013 £
Current:				
Other receivables	**3,272**	3,034	**74,413**	56,795
VAT	**13,930**	19,533	**13,930**	19,533
Prepayments and accrued income	**49,614**	18,385	**47,202**	18,004
	66,816	40,952	**135,545**	94,332

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 **£**	2013 £	**2014** **£**	2013 £
Cash in hand	**227**	–	**227**	–
Bank deposit account	**372,283**	507,356	**372,283**	507,356
Bank accounts	**10,553**	31,433	**10,000**	10,000
	383,063	538,789	**382,510**	517,356

15. NON-CONTROLLING INTERESTS

The non-controlling interest representing 20 per cent of the capital and reserves of the subsidiary Sindh Carbon Energy Limited is held by Sindh Koela Limited. There were no pre-acquisition reserves or goodwill.

16. CALLED UP SHARE CAPITAL

	2014 **£**	2013 £
Allotted, issued and fully paid		
389,009,493 (2013: 327,009,493) Ordinary shares of 0.1p each	**389,009**	327,009

59,071,747 Ordinary shares of 0.1p each were allotted as fully paid for cash at a premium of 1.15p per share during the year.

2,928,253 Ordinary shares of 0.1p each were allotted to Directors and senior managers as fully paid in lieu of cash remuneration, at a premium of 1.15p per share during the year.

The number of shares in issue are as follows:

	2014 **No.**	2013 No.
At 1 January 2014	**327,009,493**	216,011,000
Issued during the year	**62,000,000**	110,998,493
At 31 December 2014	**389,009,493**	327,009,493

Notes to the Consolidated Financial Statements
continued

17. RESERVES

Group	Retained earnings £	Share premium £	Translation reserve £	Share scheme reserve £	Totals £
At 1 January 2014	(3,852,730)	7,672,130	(22,461)	63,070	3,860,009
Deficit for the year	(709,479)	–	–	–	(709,479)
Proceeds of share issue	–	713,000	–	–	713,000
Cost of share issue	–	(38,397)	–	–	(38,397)
Exchange translation difference	–	–	(121,645)	–	(121,645)
At 31 December 2014	**(4,562,209)**	**8,346,733**	**(144,106)**	**63,070**	**3,703,488**

Group	Retained earnings £	Share premium £	Translation reserve £	Share scheme reserve £	Totals £
At 1 January 2013	(2,824,688)	6,070,418	(19,189)	63,070	3,289,611
Deficit for the year	(1,028,042)	–	–	–	(1,028,042)
Proceeds of share issue	–	1,700,127	–	–	1,700,127
Cost of share issue	–	(98,415)	–	–	(98,415)
Exchange translation difference	–	–	(3,272)	–	(3,272)
At 31 December 2013	**(3,852,730)**	**7,672,130**	**(22,461)**	**63,070**	**3,860,009**

Company	Retained earnings £	Share premium £	Share scheme reserve £	Totals £
At 1 January 2014	(3,757,636)	7,672,130	63,070	3,977,564
Deficit for the year	(692,067)	–	–	(692,067)
Proceeds of share issue	–	713,000	–	713,000
Cost of share issue	–	(38,397)	–	(38,397)
At 31 December 2014	**(4,449,703)**	**8,346,733**	**63,070**	**3,960,100**

Company	Retained earnings £	Share premium £	Share scheme reserve £	Totals £
At 1 January 2013	(2,786,785)	6,070,418	63,070	3,346,703
Deficit for the year	(970,851)	–	–	(970,851)
Proceeds of share issue	–	1,700,127	–	1,700,127
Cost of share issue	–	(98,415)	–	(98,415)
At 31 December 2013	**(3,757,636)**	**7,672,130**	**63,070**	**3,977,564**

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 £	2013 £	**2014 £**	2013 £
Current:				
Trade payables	**62,190**	60,392	**62,190**	60,391
Amounts owed to Group undertakings	**–**	–	**804,516**	804,516
Social security and other taxes	**3,557**	16,800	**3,557**	16,800
Other payables	**56,094**	50,252	**56,094**	50,252
Accruals and deferred income	**39,765**	15,792	**14,094**	12,708
	161,606	143,236	**940,451**	944,667

19. LEASING AGREEMENTS

Future minimum lease payments under non-cancellable operating leases fall due as follows:

Group	Non-cancellable operating leases 2014 £	2013 £
Within one year	**50,384**	34,800
Between one and five years	**111,860**	14,500
	162,244	49,300

Company	2014 £	2013 £
Within one year	**50,384**	34,800
Between one and five years	**111,860**	14,500
	162,244	49,300

20. FINANCIAL RISK MANAGEMENT

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 as follows:

At 31 December 2014	Fair value through profit and loss £	Held at amortised cost £	Fair value through other comprehensive income £	Total £
Financial assets				
Cash and cash equivalents	–	**383,063**	–	**383,063**
Trade and other receivables	–	**66,816**	–	**66,816**
Other financial assets	–	–	–	–
Derivative financial assets	–	–	–	–
	–	**449,879**	–	**449,879**
Financial liabilities				
Trade and other payables	–	**161,606**	–	**161,606**
	–	**161,606**	–	**161,606**

At 31 December 2013	Fair value through profit and loss £	Held at amortised cost £	Fair value through other comprehensive income £	Total £
Financial assets				
Cash and cash equivalents	–	538,789	–	538,789
Trade and other receivables	–	40,952	–	40,952
Other financial assets	–	–	–	–
Derivative financial assets	–	–	–	–
	–	579,741	–	579,741
Financial liabilities				
Trade and other payables	–	143,236	–	143,236
	–	143,236	–	143,236

Notes to the Consolidated Financial Statements
continued

20. FINANCIAL RISK MANAGEMENT continued

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 it's holdings in financial instruments.

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 exposure to foreign currency risk in Rupees at the reporting date is as follows:

	2014 PKR	2013 PKR
Cash and cash equivalents	**86,420**	3,715,707
Loans	**–**	–
Receivables	**403,029**	89,283
Payables	**(4,012,931)**	(534,633)
	(3,523,482)	3,270,357

Sensitivity analysis
A 10 percent strengthening of sterling against the Pakistan Rupee at 31 December 2014 would have increased/(decreased) equity and profit and loss by the amounts shown below:

	Equity		Profit and loss	
	2014 £	2013 £	**2014 £**	2013 £
Pakistan Rupees	**2,254**	(1,887)	**–**	–

A 10 percent weakening of sterling against the Pakistan Rupee at 31 December 2014 would have an equal but opposite effect on the amounts shown above.

ii) Interest rate risk
The Group is exposed to interest rate risk on its interest bearing bank accounts and loans.

	Weighted average interest rate %	2014 £	Weighted average interest rate %	2013 £
Cash and cash equivalents	0.56	367,099	0.70	339,979
Loans	1.50	–	1.50	–
		367,099		339,979

Sensitivity analysis
A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit and loss by £5,717 (2013: £5,816).

20. FINANCIAL RISK MANAGEMENT continued

b) 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.

The Company has made an unsecured loan of £1,181,214 (2013: £1,136,214) to its subsidiary Sindh Carbon Energy Limited. Although it is repayable on demand, it is unlikely to be repaid until the project becomes successful and the subsidiary starts 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:

	2014 **£**	2013 £
Trade payables	**158,049**	126,436
Tax liabilities	**3,557**	16,800
	161,606	143,236

d) Fair values of financial assets and liabilities
The Group measures the fair value of its financial assets and liabilities in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no financial instruments held at fair value requiring valuation for the year (2013: nil).

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.

Notes to the Consolidated Financial Statements
continued

21. RELATED PARTY DISCLOSURES

During the year Oracle Coalfields PLC accrued interest of £17,412 (2013: £15,992) in respect of loans totalling £1,181,214 (2013: £1,136,214) made to Sindh Carbon Energy Limited. At the Statement of Financial Position date the total interest outstanding amounted to £71,307 (2013: £53,895).

Following the decision in 2013 to make a full impairment provision against loans and interest owed by Sindh Koela Limited, Oracle Coalfields PLC accrued no interest in the year (2013: £615) in respect of the loans totalling £41,029 (2013: £41,029). At the Statement of Financial Position date the total interest accrued amounted to £5,904 (2013: £5,904). Full provision was been made in 2013 for these outstanding loans and accrued interest as the Directors consider their recovery to be in doubt.

Oracle Coalfields PLC owes £804,516 (2013: £804,516) to its subsidiary Revive Financial Limited in respect of a loan. The loan is interest free and has no fixed terms for repayment.

During the year the Directors participated in a placing of new ordinary shares of 0.1 pence each at a placing price of 1.25 pence per share. Within this placement the Directors received 840,000 shares for cash consideration of £10,500 and 1,667,056 shares in lieu of cash remuneration of £20,838.

Key management personnel compensation
The Directors' and key management personnel of the Group during the year were are follows:
Mr S Khan (Chief Executive Officer)
Mr A C R Scutt (Senior Independent Director)
Mr M R Stead (Non-executive Director)
Mr W A Loader (Chairman)
Mr S Smith (Finance Manager)
Mr B Rostron (Mining and Contracts Manager)

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

	2014 £	2013 £
Short-term employee benefits	**384,440**	370,459
Post-employment benefits	**–**	–
Termination benefits	**–**	–
Share-based benefits	**–**	–
	384,440	370,459

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 and share options held, are unchanged during the year and are disclosed in the Directors Report.

22. EVENTS AFTER THE REPORTING PERIOD

On 3 February 2015 a performance guarantee for USD$500,000 was issued in favour of Director General, Coal Mines Development Department. The guarantee is valid up to the earliest of the date commercial operations begin, three years from the date of issue, or 2 February 2018. This performance guarantee is secured by a deposit by Oracle Coalfields in the issuing bank.

On 25 February 2015 the Company undertook a placing of 522,773,633 ordinary shares of 0.1 pence each at a placing price of 0.65 pence per share, raising 3,398,028 before expenses.

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. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2014 £	2013 £
Loss for the financial year	**(709,479)**	(1,028,042)
Proceeds of share issue	**775,000**	1,811,125
Cost of share issue	**(38,397)**	(98,415)
Exchange translation difference	**(121,645)**	(3,272)
Net (reduction)/addition to shareholders' funds	**(94,521)**	681,396
Opening shareholders' funds	**4,187,018**	3,505,622
Closing shareholders' funds	**4,092,497**	4,187,018

Company	2014 £	2013 £
Loss for the financial year	**(692,067)**	(970,851)
Proceeds from issue of shares	**775,000**	1,811,125
Cost of share issue	**(38,397)**	(98,415)
Net addition to shareholders' funds	**44,536**	741,859
Opening shareholders' funds	**4,304,573**	3,562,714
Closing shareholders' funds	**4,349,109**	4,304,573

24. SHARE-BASED PAYMENT TRANSACTIONS

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

Grant date	Number of instruments	Contractual life of options
13 February 2007 (expiry date extended on admission to AIM)	8,080,000	10 years
15 November 2007 (expiry date extended on admission to AIM)	200,000	10 years
14 April 2011	600,000	5 years
18 April 2011	250,000	6 years
1 August 2011	1,000,000	5 years
23 July 2012	666,666	3 years

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

	Weighted average exercise price 2014	**Number of options 2014**	Weighted average exercise price 2013	Number of options 2013
Outstanding at 1 January	**5.73p**	**10,796,666**	5.73p	10,796,666
Expired during the period	**–**	**–**	–	–
Granted during period	**–**	**–**	–	–
Outstanding at 31 December	**5.73p**	**10,796,666**	5.73p	10,796,666
Exercisable at 31 December	**5.73p**	**10,796,666**	5.73p	10,796,666

No share options were exercised or expired unexercised during the year (2013: nil). The options outstanding at 31 December 2014 have an exercise price of 5.73p (2013: 5.73p) and a weighted average remaining contractual life of 2.03 years (2013: 3.03 years).

The fair value of services received and commission payable in return for share options granted is based on the fair value of share options granted, measured using a binomial lattice model, with the following inputs:

	Services 23.07.12	Services 1.08.11	Services 18.04.11	Commission 14.04.11	Services 13.02.07
Fair value at grant date	2.75p	8.75p	14.11p	14.67p	0.0003p
Share price	1p	1p	1p	1p	1p
Exercise price	4.8p	10p	5p	10p	5p
Expected volatility	43%	56%	67%	67%	20%
Option life	3 years	5 years	6 years	5 years	10 years
Risk-free interest rate	3.75%	4%	4%	4%	5%

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

There is no expense (2013: nil) for the year in respect of equity-settled share-based payment transactions.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (Meeting) of Oracle Coalfields PLC (the Company) will be held at 23 Hanover Square, Mayfair, London, W1S 1JB on Wednesday 20 May 2015 at 2.30pm to transact the following business:

As ordinary business
To consider and if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and adopt the Company's audited report and accounts for the period from 1 January 2014 to 31 December 2014 and the Directors' and auditors' reports thereon;

2. To approve and consider the Remuneration Report as detailed on page 10 of the Company's annual report and financial statements;

3. To re-elect Anthony Scutt as a Director of the Company;

4. To re-appoint Price Bailey LLP as auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company and authorise the Directors to fix the auditors' remuneration.

By order of the Board

Tony Everitt
Company secretary
Oracle Coalfields PLC
Richmond House
Broad Street
Ely, Cambridgeshire CB7 4AH

Appointment of proxies

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 2.30pm on Monday 18 May 2015 or, if this Annual General Meeting is adjourned, 48 hours (excluding bank holidays and weekends) prior to the time fixed for the adjourned meeting, shall be entitled to attend and vote at the Annual General Meeting.
2. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Annual General Meeting to represent you. Details of how to appoint the Chairman of the Annual General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Annual General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA to obtain another hard copy form.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.
6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be completed and signed, sent or delivered to the Company's Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA by no later than 2.30pm on Monday 18 May 2015. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the Annual General Meeting.
7. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company's Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Company Information

For the year ended 31 December 2014

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

DIRECTORS
Mr S Khan
Mr A C R Scutt
Mr M R Stead
Mr W A Loader

SECRETARY
Mr T Everitt

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