REGISTERED NUMBER: 05867160 (England and Wales)

REPORT OF THE DIRECTORS AND

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

FOR

ORACLE COALFIELDS PLC GROUP OF COMPANIES

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2009

DIRECTORS	Mr S Khan Mr A C R Scutt Mr M R Stead
SECRETARY:	Mr E Taylor
REGISTERED OFFICE:	Richmond House Broad Street Ely Cambridgeshire CB7 4AH
REGISTERED NUMBER:	05867160 (England and Wales)
AUDITORS:	Price Bailey LLP Chartered Accountants & Statutory Auditors Richmond House Ely Cambridgeshire CB7 4AH

The directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2009

PRINCIPAL ACTIVITY
The principal activity of the Group in the year under review was that of the exploration for coal

REVIEW OF BUSINESS
Period Highlights
- Placing raised £249,400
- Work programme commenced on a Bankable Feasibility Study (BFS) on the Block VI licence, including the Environmental & Social Impact Assessment (ESIA)
- Entered Memorandum of Understanding with Karachi Electric Supply Company (KESC)
- Entered Memorandum of Understanding with Lucky Cement Limited

Review
In the past 12 months, Oracle Coalfields (referred to as "the Company" or "Oracle Coalfields") continues to make good progress towards meeting its objective of delivering a cost-effective coal mine, to supply a mine-mouth power station on the Block VI coal deposit in the Thar Coalfield of Southern Pakistan

The project has attracted the Pakistan Government's support because it sets out to address and resolve the country's urgent need for new power generation facilities as current supply is increasingly failing to meet demand Karachi, an industrial hub of more than 15 million people located in the Sindh Province, experiences at least 5-6 hours of load-shedding on a daily basis, and other major cities experience similar interruptions As this leads to population discontent and industrial disruption and has a negative impact on the economy, it is of primary concern to the Pakistan Government

Oracle Coalfields has entered Memoranda of Understanding with the Karachi Electric Supply Company (KESC) and the Lucky Cement Limited These two relationships are of significant importance to Oracle Coalfields as they potentially secure long term coal off-take from the Company's mine The Company seeks to shorten the lead time necessary to bring the coal mine to production and thereby to generate early cash flow This could be achieved by selling coal to the Lucky Cement Limited as industrial fuel Coal production could be expanded to fuel one or more power plants from the time that they are commissioned This will also diversify the income sources for the Company Production levels for the coal mine would then be initially 2 5 million tonnes per year rising to 3 5-4 0 million tonnes per year as the demand for power generation starts up In view of this early start-up option the Company has also re-assessed the mining methodology to be applied The mine remains based on an open pit design and the most cost-effective way to operate the mine initially would be through a truck and shovel operation Bucketwheel equipment would be brought in as production increases to 4 million tonnes per year at the time of power plant commissioning

Overall the year was mixed, particularly the reception the Company received from the London market when seeking to raise additional funds for the feasibility stage This was due to the mixed news from Pakistan driven mainly by fears of political uncertainty and economic fragility The Company nevertheless was able to raise funds to commence the Bankable Feasibility Study (BFS) including the Environmental & Social Impact Assessment (ESIA) and appoint Wardell Armstrong International for the ESIA

Block VI, Thar Coalfield, Sindh Province
The work programme for developing the 1 4bn tonnes Block VI coal deposit is proceeding, with the immediate target of completing the BFS in the second half of 2010 Wardell Armstrong International (WAI) was appointed to prepare the ESIA which forms part of the BFS and, after a site visit, submitted a detailed Scoping Study to the Company in June Additional international consultants have also been identified for the various technical studies needed for completion of the BFS, such as hydrogeology, geotechnical and mine design All have indicated they are comfortable with the project and its location
The Scoping Study is an enabling document that sets out the main project parameters for the baseline studies, and identifies the potentially significant environmental and social impacts of the planned open pit mining operation The baseline studies are to commence shortly

The next stage of the ESIA process is collection of environmental and social baseline data to pinpoint the current site setting, and sufficient information to enable detailed impact prediction, both in terms of significance and scale

The Scoping Study confirmed that the proposed open pit mining operation will require the dewatering of the two aquifers lying above the main coal seam in Block VI This will have the valuable potential to provide water for the project as well as the local population

Subject to timely completion of funding, it is envisaged that coal mining could commence in early 2011 with first coal production in early 2012

Prior to the start of the BFS, the Company completed a drilling programme in 2008 to verify previous work done on Block VI and also enable the Company to take the project to the internationally recognised JORC standard and all of which was overseen by the UK-based international coal consultants, Dargo Associates Limited Following is the summary resource table for Block VI

Lignite coal resources/reserves for Block VI (JORC)

Note Mt = Million tonnes

	Overburden	Lignite coal measured resources	Lignite coal proved reserves
	Mm3	Mt	Mt
Block VI total area	10,200	1,423	-
Total Mine area	3,673	653	-
Phase I Open pit area	885	-	128
Phase II Open pit area	1,685	-	243

Source Dargo Associates Limited

Oracle Coalfields' 80% owned Pakistan subsidiary, Sindh Carbon Energy Limited, was granted the 66 1 square kilometre Block VI licence of the Thar Coalfield by the Mines and Mineral Development, Government of Sindh, in November 2007 for an initial period of three years The Geological Survey of Pakistan had compiled a substantial amount of information on the geology of the Thar Coalfield since its discovery in the 1980s, including the Company's Block VI licence area The Company is targeting to secure the Mining Lease in the second half of 2010, subject to timely completion of the coal feasibility study Below is a brief description of Block VI and location

- Located 380 km from Karachi, Sindh Province
- Block VI is situated 32 km from the town of Islamkot with close proximity to roads and power networks
- In 2006 China NE Geological Survey Bureau (CNGB) drilled 35 boreholes, a total of 9,852 metres, of which 5,986 metres are cored, validated by independent consultants to take it to JORC resource
- All boreholes have been geophysically logged - log suite natural gamma, density, resistivity, and caliper
- Good infrastructure including roads, electricity grid linking major cities and township, etc

The coal at Block VI has an average calorific value of 3,537 kcal/kg, a moisture content of 40%, which can be reduced to 14% by drying, a sulphur level of 1 2%, and an ash content of 7 5%, which is low when compared with typical lignite coals Coal tests were carried out by TES Bretby Ltd in the UK, and the Fuel Research Centre, part of Pakistan Council of Scientific and Industrial Research (PCSIR), Karachi and rock samples were tested by Strata Surveys Ltd of the UK The coal quality is suitable for power plants and industry, particularly in the cement sector

There was good media coverage of the Company in the U K as well as in Pakistan, notably a well received article "Developing Pakistan's Coal" published in the World Coal Magazine July 2009 issue giving a comprehensive overview of developing the coal mine in the Company's Block VI licensed area Furthermore, during the year the Company commissioned Edison Investment Research to do research notes on the Company to enhance the profile of the Company and reach to a wider investor audience

Karachi Electric Supply Company (KESC)
Oracle Coalfields has always intended that the planned mine-mouth power station would be owned and operated by a separate power generating company During the year, the Company met a number of potential power plant partners and in the second half of the year Oracle Coalfields commenced formal dialogue with Karachi Electric Supply Company (KESC) KESC is a major local power utility in the Sindh Province and third largest power utility in Pakistan Below is a brief summary of KESC (Source 2009 KESC Annual Report)

- A public listed power company with financial backing from leading Middle-Eastern private equity firm Abraaj Capital
- Current capacity of 1,611 MW, mostly through increasingly expensive gas and oil-fired power stations
- Seeking to increase installed capacity to address demand growth of 7-8% pa
- Revenue from sale of energy grew by 17 06% in 2008/09 resulting solely from tariff increases of over 18%

Oracle Coalfields entered a Memorandum of Understanding (MOU) with KESC in December 2009 and following are the salient features of the MOU

- KESC is embarking on a fast-track programme to overcome the existing and projected energy shortage within its licensed area These cover Karachi and its suburbs up to Dhabeji and Gharo in Sindh as well as Hub, Uthal, Vinder and Bela in Baluchistan The utility has declared its intention to develop and implement several power projects including, but not limited to, coal-fired power plant(s)
- Oracle Coalfields has proposed to KESC the establishment of a coal-fired power plant, with an initial capacity of 300MW and the potential to increase this to 1,100 MW The power plant will be fuelled by lignite coal to be mined from the Company's Block VI project in the Thar Coalfield in the Province of Sindh Sindh Carbon Energy Limited, Oracle Coalfields' local subsidiary, will operate the BlockVI coal mine
- Oracle Coalfields has agreed to secure and provide to KESC long-term coal supply at competitive prices and of quality and specification as desired for the initial operation of a 300MW coal-fired power plant - with a suitable configuration to be setup in accordance with the terms emerging subsequent to this MOU
- Oracle Coalfields and KESC will share technical information to assist each other in the completion of their respective work, including the Environmental & Social Impact Assessment for the coal mine and power plant respectively The ultimate objective is to enter into a Joint Venture (equity participation) or Joint Development Agreement to establish a mine-mouth power plant at the Company's Block VI project
- KESC has entered into exclusivity with Oracle Coalfields and shall not during the validity of the MOU or Joint Development Agreement enter into an arrangement to develop a mine-mouth power plant at Block VI with any other entity so far as Oracle Coalfields and/or its local subsidiary, Sindh Carbon Energy Limited, are in a position to meet their requirement for the delivery of the required coal in the desired time frame mutually agreed between Oracle Coalfields and KESC at a price which does not affect the economic viability of the mine mouth power plant

Lucky Cement Limited
In addition, Oracle Coalfields is looking for additional income with the intention to generate early cashflow for the Company and shorten the lead time to coal production The Company therefore explored the opportunity to enter potential agreements with local cement companies Pakistan's cement sector is large and is a major user of coal, mainly imported, to support its cement works Over the year, Oracle Coalfields met several local cement companies, including Lucky Cement Limited, which are key players in the sector After meetings with Lucky Cement it was clear that it was important for Oracle Coalfields to enter a relationship with Lucky Cement mainly due to the potential longevity in supplying coal to the cement company as it is the largest cement manufacturer in Pakistan and the potential significant savings the cement manufacturer will gain by being less dependent on costlier imported fuel There is significant demand for coal from cement manufacturers in Pakistan Currently, the major manufacturers import coal at international prices As a result, a number of these cement manufacturers are keen to switch to domestic coal supplies and are prepared to enter supply agreements Below is a brief summary of Lucky Cement (Source Lucky Cement Annual Report 2008 and 2009)

- The largest Portland cement producer in Pakistan with market share of 19 2%
- Capacity of 7 75 mtpa with annual production of 5 9 mt
- 58% of annual production volume is exported and 42% supplied to the domestic construction industry
- Imported coal costs in H1 2009 ranged between $65 - $85 per tonne, coal expert, Gerald McClosky, forecasts such costs exceeding $100/t in 2010
- Recorded gross sales revenue growth of 48% in year ending June 2009
- Largest cost of production is energy (for oil, gas and coal) which constitutes 72 62% of total production costs

The Company entered a Memorandum of Understanding (MOU) with Lucky Cement in December 2009 The salient features of the MOU are as follows

- Oracle Coalfields' primary objective is the development of its Block VI project to supply lignite coal to a mine-mouth power plant(s) In addition and in the interim, Oracle Coalfields is also pursuing the potential for early cash flow from the supply of lignite coal to the local cement industry
- Lucky Cement has expressed an interest in using the indigenous coal to be mined at Block VI, after techno-commercial evaluation of the coal, for its cement plants
- Lucky Cement shall subsequently assess the costing for transportation and utilisation of this lignite in its cement kilns with minimum effects on the pyro-process, and endeavour to reach a commercially viable solution before entering into a Coal Supply Agreement ("CSA")
- Oracle Coalfields and Lucky Cement have agreed to cooperate on the exchange of relevant information and future planning so that they may reach a workable arrangement for Oracle Coalfields through its local subsidiary Sindh Carbon Energy Limited ("SCEL") to supply coal to Lucky Cement
- At an appropriate time mutually agreed by Oracle Coalfields and Lucky Cement, the CSA shall be signed between Oracle Coalfields /SCEL and Lucky Cement The CSA will replace this MOU The CSA shall be a binding document between Oracle Coalfields/SCEL and Lucky Cement
- The representatives of Oracle Coalfields and Lucky Cement shall meet at regular intervals to discuss the progress of the Oracle Coalfields/SCEL Work Programme and also to set a time-table for signing the CSA This would likely be after the certification by Oracle Coalfields/SCEL of the quality of coal they would be able to supply after treatment and acceptable to Lucky at economical terms and conditions
- This arrangement is non-exclusive and does not preclude future sales to other cement companies

Entering relationships with Lucky Cement and KESC, further secures our objective of becoming a leading supplier of coal in Pakistan In addition to our primary objective of supplying coal to the power generation market in Pakistan, Oracle Coalfields is also keen to supply local industry, particularly the cement industry The Company believes this will generate significant value to shareholders and accelerate cash generation to the Company

Government Support
During the year the Company met with senior officials from the Government of Sindh, Mines & Minerals Development Department (MMD) and ministers at the Federal level From these meetings and discussions, it was very evident that official support for our project continues to grow Amongst other things, the Government is giving active consideration to funding the construction of a canal to provide additional water to the project area, undertaking the groundwork needed to link the project to the national rail system, and upgrading the existing grid to 500KW As in the past, all infrastructure investment is continuing to be undertaken by government funding

Oracle Coalfields had meetings with the Thar Coal Energy Board (TCEB), an entity set up at the federal level that comprises federal and provincial level ministers and secretaries The objective of TCEB is to 'fast-track' procedures for implementation of projects in Thar The TCEB is implementing a program to convert the Thar Coalfield area into a Special Economic Zone (SEZ) The SEZ would be investor-friendly with particular emphasis on tax-breaks

A committee has recently been formed by TCEB/MMD to fast-track infrastructure development relevant to the Thar coal field area at their cost by overseeing the work to be done by local contractors and agencies Oracle Coalfields has been placed on this committee not only to provide input but also jointly with Sindh Government monitor the progress on infrastructure development work programme Presently, the work involves upgrading the road network, electricity grid, construction of airstrip in Mithi/Islamkot and establishing a canal and railway link to the Thar coal mine area

Khorewah, Indus East, Sindh Province
In early February 2007 the Company's subsidiary, Sindh Carbon Energy Limited, was granted an exploration licence over 100 square kilometres of the KhoreWah coalfield in the Indus East region of the Sindh Province of Pakistan The depth of the coal seam is such that underground mining would be necessary in order to make the project economic

The granting of the more advanced and geologically attractive Block VI project in the Thar Coalfield has seen the development of the KhoreWah licence deferred in recent months in order to utilise available funds on the Thar Coalfield However, whilst available resources have been focussed on the development of Block VI, it remains the Company's intention to further develop our KhoreWah licence at a suitable point in the future

Other initiatives
During the half-year, Oracle Coalfields initiated a preliminary study into other possible industrial uses of Thar coal, in addition to power generation and in the domestic cement industry With new technologies being developed outside Pakistan to convert lignite coal into more valuable end products, the Company intends to monitor closely these initiatives for possible future applications in Pakistan

Initially, the long-established processes of liquefaction and gasification can be used to convert lignite coal into liquefied fuels and synthesis gas In the Australian State of Victoria, this synthesis gas is being used successfully as feedstock for the production of methanol, ammonia (fertiliser) and hydrogen The technology is believed to be about two years from commercialisation, but such applications could be of obvious relevance to Pakistan

Oracle Coalfields is willing to evaluate acquisition opportunities for significant equity investment in near-producing or producing coal mines to generate additional immediate income to the Company

The Pakistan Power Market
At the time of writing, Pakistan's power generation has deteriorated, with an increase in load -shedding which has affected business and caused a rise in social discontent Currently, the country is short of 3,000-3500 MW to meet immediate demand The government have put in place various initiatives to attract immediate development of power plants as well as availability of rental power plants These initiatives have generally resulted in a poor response from the private sector, though a handful of small independent power plants came into operation recently in different parts of the country

If the Gross Domestic Product (GDP) of the country grows as forecast by an average 6-8% per annum over the next 10 years, according to government sources, the country would require approximately 50,000 MW in the next 10 years There is certainly a major shortfall in electricity supply Coal has an important role to play in the country's energy mix in the coming years and it is forecast that coal would represent about 17% of all feedstock by 2025 (currently it is less than 1%)

International Coal Market - Supply, Demand, Outlook

Demand for coal is showing signs of recovering in 2010 following the decline experienced during the global financial crisis According to the US Energy Information Administration's Quarterly Coal Report, the final quarter of 2009 saw the beginnings of recovery in the US industry, one of the hardest hit areas While coal production in the US declined slightly between the third and fourth quarters of the year - a decrease of 3 percent to 260 million tonnes (Mt)- exports increased by 16 8 percent to 18 Mt The higher exports were driven mainly by increased demand for metallurgical coal in China

China also became an importer of thermal coal last year for the first time, purchasing approximately 80Mt of thermal coal last year, a big u-turn from net exports of about 70Mt in 2005 The Chinese thermal coal market has tightened on the back of a clampdown on illegal and unsafe mining, which has forced the closure of hundreds of small mines in key coal-producing Shanxi province Beijing's shift has more than offset poor demand in Europe and the US India's strong consumption is also helping to tighten the market

Meanwhile, reports out of Australia indicate annual thermal coal contract prices have increased by 40 per cent Xstrata and PT Bumi, the world's largest exporters of thermal coal, which is used to fire power stations, announced they had signed annual contracts at US$98 and US$104 a tonne, respectively, up from last year's settlement of US$70 a tonne

According to the Washington Energy Information Administration's International Energy Outlook world consumption of coal is projected to increase to 7,245 million tons by 2015, an average annual increase of 2 5 percent per year Coal consumption in the emerging economies of Asia is projected to hit 3,715 million tons by 2015 and 4,435 million tons in 2025

The International Energy Agency's World Energy Outlook 2009 notes that by 2030, world primary energy demand will be a dramatic 40 percent higher than 2007 levels Collectively, non-OECD countries will account for over 90 percent of the increase, their share of global primary energy demand rising from 52 percent to 63 percent Outside of Asia, the Middle East sees the fastest rate of increase, contributing 10 percent to incremental demand Fossil fuels will remain the dominant sources of energy worldwide, accounting for 77 percent of the demand increase to 2030 Demand for coal is expected to grow by 53 percent by 2030 Electricity demand is also expected to grow massively - by 76 percent to 2030, requiring 4,800 gigawatts (GW) of capacity additions - almost five times the existing capacity of the US Coal remains the dominant fuel of the power sector, the report notes, its share of the global power generation mix rising by 2 percentage points to 44 percent by 2030

The current and forecast upward trend in international coal prices will impact seriously on local power generation and industry costs in Pakistan and this will only add to the critical urgency of having imported coal replaced by appreciably cheaper indigenous coal supplies as soon as possible The Company will seek to enter long term supply agreements with local customers, at prices that will enable it to make a proper return on its investment, but still attractively affordable for its customers to press for the assurance of long term agreements With demand nevertheless still outstripping available supply, the Company will be well placed to sell its production selectively to prime customers, both in the power generation sector and elsewhere in industry

Principal risks and uncertainties facing the Group

Following completion of the exploration work programme at Block VI in the Thar Coalfield and commencement of the technical studies and the related Environmental & Social Impact Assessment leading to the planned completion of the Bankable Feasibility Study in the second half of 2010, the principal risks and uncertainties include those summarised below

- the ability to raise sufficient funds to continue to develop Block VI

- the conclusion of production off-take agreements at requisite commercial rates to justify the project investment
- the prompt sourcing of specialist mining equipment to ensure earliest project realisation
- the stabilisation of the on-going political situation so as to ensure the vital interest and support of major financial lenders for the project
- the maintenance of current government legislation and regulations that have so far favoured the development of the project as a flagship foreign investment necessary to strengthen the country's economy
- infrastructure development plans for the Thar region being funded and completed by the relevant federal and/or provincial government authorities
- the satisfaction of environmental and social concerns and the provision of viable remedies

Financials
The financial results for the twelve months to 31 December 2009 show a loss for Oracle Coalfields Plc Group of Companies after taxation of £235,230 At the period end, the Group had cash at bank and in hand of £5,859 and total assets less current liabilities of £527,937 The basic loss per share was 0 20p The loss is attributable to the development of the Company's coal licences in Pakistan and administrative expenses

Post Period
The Company is proceeding with completion of the feasibility study to bankable status with a target to complete the various studies in the second half of 2010 Further funds are being raised to ensure that the Company can complete the feasibility study on schedule and prepare the Company for the larger fund raise to bring the coal mine to production

The Company shall keep the market informed of its progress and an overall presentation of the work programme shall be made in the next Annual General Meeting

Outlook
The Board is pleased that the Block VI, Thar coal project Bankable Feasibility Study (BFS) is underway The objective is to reduce project risks through an international quality feasibility study For this reason, independent international consultants are being appointed with experience in developing coal mine operations of this nature

2008-2009 had been challenging for most natural resources companies worldwide This is largely due to investor caution in investing in the natural resources sector, driven by global economic downturn and world financial markets turmoil In addition, in the Company's case, the security situation in Pakistan has also been fragile in recent months due to political and economic uncertainties and the army offensive in the northern area of Pakistan In spite of these difficulties, the Company has been steadfastly working on completing the BFS which is now targeted to be completed in the second half of 2010

There seems to be renewed momentum to invest in the natural resources sector, while there are signs of the global economy gradually improving and that the worst of the recession is now coming to an end In Pakistan, the military offensive in the northern area of the country has been successful in restoring stability in the area It is important to note that the Company's project area in Tharparkar has remained peaceful throughout and has not been affected by the military offensive in the north Geographically, the project area is distant from the north of the country Furthermore, the national economy is being strengthened by substantial foreign aid in support of the Government's efforts to stabilise the political situation and boost investor confidence

Against this background, the Board is reviewing the possibilities of taking the Company to the AIM market as soon as it is practical and will keep the market updated on this development Listing the Company on AIM would raise its profile and make it more attractive to a larger institutional investor base

Finally, the Board is grateful for the patience shareholders have shown in supporting the Company's management team in the realisation of objectives in this difficult period The Company also extends its thanks to the Mines and Minerals Development Department, Government of Sindh, the Thar Coal Energy Board and the Sindh Coal Authority for their continued assistance

The Company will continue to update the market on its progress

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2009

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2009 to the date of this report

Mr S Khan
Mr C Windham – resigned 15 May 2009
Mr A C R Scutt
Mr M R Stead

GROUP'S POLICY ON PAYMENT OF CREDITORS
The group abides by its policy to pay suppliers within their credit terms At the balance sheet date, the trade creditors outstanding represented 79 days

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 balance sheet, 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

Commodity Price Risk
The principal activity of the Group is the development of a coal mining property in Pakistan and the principal market risk facing the Group is an adverse movement in the commodity price of coal Any long term adverse movement in this price would affect the commercial viability of the project

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 for use in 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

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, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

S Khan - Director

Date 24th MAY 2010

We have audited the financial statements of Oracle Coalfields plc Group of Companies for the year ended 31 December 2009 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the 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 for use in the European Union and as issued by the International Accounting Standards Board (IASB), 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 Statement of Directors' Responsibilities set out on page ten, 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 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

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 2009 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted for use in the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted for use in 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 - Going concern
In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern The ability of the company to continue to trade is dependent on the company being able to raise sufficient funds Based upon the current economic climate there exists a material uncertainty which may cast significant doubt as to whether the company will be able to generate sufficient funds and therefore the company's ability to continue as a going concern The financial statements do not include the adjustments that would be necessary if the company was unable to continue as a going concern

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in 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

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

Date 24 May 2010

ORACLE COALFIELDS PLC GROUP OF COMPANIES (REGISTERED NUMBER. 05867160)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
CONTINUING OPERATIONS			
Revenue		-	-
Other operating income		111	-
Administrative expenses		(236,157)	(228,944)
OPERATING LOSS BEFORE EXCEPTIONAL ITEMS		(236,046)	(228,944)
Exceptional items	4	-	(235,669)
OPERATING LOSS		(236,046)	(464,613)
Finance income	5	816	12,595
LOSS BEFORE INCOME TAX	6	(235,230)	(452,018)
Income tax	7	-	-
LOSS FOR THE YEAR		(235,230)	(452,018)
Loss attributable to Owners of the parent		(235,230)	(452,018)
Earnings per share expressed in pence per share	9		
Basic		-0 20	-0 41
Diluted		-0 16	-0 34

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 £	2008 £
LOSS FOR THE YEAR	(235,230)	(452,018)
OTHER COMPREHENSIVE INCOME		
Exchange difference on consolidation	(16,143)	-
Income tax relating to other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	(16,143)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(251,373)	(452,018)
Total comprehensive income attributable to		
Owners of the parent	(251,373)	(452,018)
Non-controlling interests	-	-

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2009

	Notes	2009 £	2008 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	492,131	409,722
Property, plant and equipment	11	3,072	4,678
Investments	12	-	-
Loans and other financial assets	13	63,186	68,029
		558,389	482,429
CURRENT ASSETS			
Trade and other receivables	14	12,322	25,844
Cash and cash equivalents	15	5,859	143,154
		18,181	168,998
TOTAL ASSETS		576,570	651,427
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	17	122,360	114,046
Share premium	18	1,309,043	1,068,406
Retained earnings	18	(919,495)	(668,122)
		511,908	514,330
Non-controlling interests	16	16,029	16,029
TOTAL EQUITY		527,937	530,359
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	19	48,633	121,068
TOTAL LIABILITIES		48,633	121,068
TOTAL EQUITY AND LIABILITIES		576,570	651,427

The financial statements were approved and authorised for issue by the Board of Directors on 24th MAY 2010 and were signed on its behalf by

S Khan - Director

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2009

	Notes	2009 £	2008 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	241,399	181,006
Property, plant and equipment	11	-	-
Investments	12	64,115	64,115
Loans and other financial assets	13	244,365	213,385
		549,879	458,506
CURRENT ASSETS			
Trade and other receivables	14	21,652	31,978
Cash and cash equivalents	15	4,066	140,807
		25,718	172,785
TOTAL ASSETS		575,597	631,291
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	17	122,360	114,046
Share premium	18	1,309,043	1,068,406
Retained earnings	18	(903,823)	(671,779)
TOTAL EQUITY		527,580	510,673
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	19	48,017	120,618
TOTAL LIABILITIES		48,017	120,618
TOTAL EQUITY AND LIABILITIES		575,597	631,291

The financial statements were approved and authorised for issue by the Board of Directors on 24th MAY 2010 and were signed on its behalf by

S Khan - Director

The notes form part of these financial statements

ORACLE COALFIELDS PLC GROUP OF COMPANIES (REGISTERED NUMBER· 05867160)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

	Called up share capital £	Profit and loss account £	Share premium £
Balance at 1 January 2008	108,546	(224,216)	642,844
Changes in equity			
Issue of share capital	5,500	-	425,562
Total comprehensive income	-	(443,906)	-
Balance at 31 December 2008	114,046	(668,122)	1,068,406
Changes in equity			
Issue of share capital	8,314	-	240,637
Total comprehensive income	-	(251,373)	-
Balance at 31 December 2009	122,360	(919,495)	1,309,043

	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2008	527,174	-	527,174
Changes in equity			
Issue of share capital	431,062	-	431,062
Total comprehensive income	(443,906)	-	(443,906)
Balance at 31 December 2008	514,330	-	514,330
Changes in equity			
Issue of share capital	248,951	-	248,951
Total comprehensive income	(251,373)	-	(251,373)
Balance at 31 December 2009	511,908	-	511,908

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

	Called up share capital £	Profit and loss account £	Share premium £	Total equity £
Balance at 1 January 2008	108,546	(225,960)	642,844	525,430
Changes in equity				
Issue of share capital	5,500	-	425,562	431,062
Total comprehensive income	-	(445,819)	-	(445,819)
Balance at 31 December 2008	114,046	(671,779)	1,068,406	510,673
Changes in equity				
Issue of share capital	8,314	-	240,637	248,951
Total comprehensive income	-	(232,044)	-	(232,044)
Balance at 31 December 2009	122,360	(903,823)	1,309,043	527,580

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Cash flows from operating activities			
Cash generated from operations	1	(294,282)	(372,232)
Exchange rate fluctuation on cash held		(421)	(1,098)
Net cash from operating activities		(294,703)	(373,330)
Cash flows from investing activities			
Purchase of intangible fixed assets		(91,682)	(282,985)
Interest received		139	10,753
Net cash from investing activities		(91,543)	(272,232)
Cash flows from financing activities			
Proceeds of share issue		249,400	453,750
Cost of share issue		(449)	(22,688)
Net cash from financing activities		248,951	431,062
Decrease in cash and cash equivalents		(137,295)	(214,500)
Cash and cash equivalents at beginning of year	2	143,154	357,654
Cash and cash equivalents at end of year	2	5,859	143,154

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

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

	2009	2008
	£	£
Loss before income tax	(235,230)	(216,349)
Exceptional items	-	(235,669)
Finance income	(816)	(12,595)
	(236,046)	(464,613)
Decrease/(Increase) in trade and other receivables	14,199	(19,098)
(Decrease)/Increase in trade and other payables	(72,435)	111,479
Cash generated from operations	(294,282)	(372,232)

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts

Year ended 31 December 2009

	31/12/09	1/1/09
	£	£
Cash and cash equivalents	5,859	143,154

Year ended 31 December 2008

	31/12/08	1/1/08
	£	£
Cash and cash equivalents	143,154	357,654

The notes form part of these financial statements

1 ACCOUNTING POLICIES

Reporting entity
Oracle Coalfields Group is a group domiciled in United Kingdom The address of the Group's registered office is 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 cash flow requirements of the Group over the next 18 months If the Group is to continue its explorations it may be necessary to raise additional funds Whilst it is difficult in the current economic downturn to generate the extra funds required, the directors expect to meet the funding requirements 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 balance sheet date However, the nature of estimation means that the actual outcomes could differ from those estimates

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement of any impairment on intangible assets and the estimation of share-based payment costs The 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 balance sheet 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 balance sheet 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,

continued

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 and whether necessary provisions are made accordingly

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 the lower of cost and net realisable value

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 cost

Investments
Fixed asset investments are stated at cost The investments are reviewed annually and any impairment is taken directly to the profit and loss account

Financial instruments
Financial assets and liabilities are recognised on the balance sheet 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

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 balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet 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 balance sheets of overseas subsidiary undertakings are translated at the rate ruling at the balance sheet date

continued

1 ACCOUNTING POLICIES - continued

Share-based payment transactions
Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest Market vesting conditions are factored into the fair value of all options granted As long as all other vesting conditions are satisfied, a charge is made irrespective of whether market vesting conditions are satisfied The cumulative expense is not adjusted for failure to achieve a market vesting condition

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

Where equity instruments are granted to persons other than employees, the income statement 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

continued

1 **ACCOUNTING POLICIES - continued**

New standards and interpretations applied
The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements
- IAS 1 Presentation of Financial Statements (revised 2007) has introduced terminology changes which include revised titles for the financial statements and changes in the format and content of the financial statements

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 1 Presentation of Financial Statements (revised 2008) - amendments relating to disclosure of puttable instruments and obligations arising on liquidation
- IAS 16 Property, Plant and Equipment (amended 2008) - annual review of IFRSs
- IAS 19 Employee Benefits (amended 2008) - annual review of IFRSs
- IAS 20 Government Grants and Disclosure of Government Assistance (2008) - amendments to the treatment of a government loan received at an interest rate below the market rate
- IAS 23 Borrowing Costs (amended 2008) - requiring companies to capitalise borrowing costs incurred on qualifying assets
- IAS 27 Consolidated and Separate Financial Statements (amended 2008) - accounting for transactions or events that result in a change in a groups interest in its subsidiaries
- IAS 28 Investment in Associates (amended 2008) - annual review of IFRSs
- IAS 29 Financial Reporting in Hyperinflationary Economies (amended 2008) - annual review of IFRSs
- IAS 31 Interests in Joint Ventures (amended 2008) - annual review of IFRSs
- IAS 32 Financial Instruments Presentation (amended 2008) - amendments to the criteria for debt/equity classification for puttable financial instruments
- IAS 36 Impairment of Assets (amended 2008) - annual review of IFRSs
- IAS 38 Intangible Assets (amended 2008) - annual review of IFRSs
- IAS 39 Financial Instruments (amended 2008) - annual review of IFRSs
- IAS 40 Investment Property (amended 2008) - annual review of IFRSs
- IAS 41 Agriculture (amended 2008) - annual review of IFRSs
- IFRS 2 Share-based Payments (amended 2008) - amendments relating to vesting conditions and cancellations
- IFRS 7 Improving Disclosures about Financial Instruments (amended 2009)
- IFRS 8 Operating Segments
- IFRIC 15 Agreements for the Construction of Real Estates
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

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 2009 and have not been applied in preparing these financial statements
- IAS 7 Statement of Cash Flows (amended 2009)
- IAS 17 Leases (amended 2009)
- IAS 24 Related Party Disclosures (amended 2009)
- IAS 28 Investment in Associates (amended 2008)
- IAS 31 Interests in Joint Ventures (amended 2008)
- IAS 32 Financial Instruments (amended 2008)
- IAS 36 Impairment of Assets (amended 2009)
- IAS 38 Intangible Assets (amended 2009)
- IAS 39 Financial Instruments Recognition and Measurement (revised 2008 and 2009)
- IFRS 2 Share-based Payments(amended 2009)
- IFRS 3 Business Combinations (amended 2008)
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operation (amended 2008 and 2009)
- IFRS 8 Operating Segments (amended 2009)

 continued

1 **ACCOUNTING POLICIES - continued**

- IFRS 9 Financial Instruments
- IFRIC 14 Prepayments of a Minimum Funding Requirement (amended 2009)
- IFRIC 17 Distributions of Non-Cash Assets to Owners
- IFRIC 18 Transfer of Assets from Customers
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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 coal in Pakistan All expenses are in respect of this one activity and there are no business segments requiring separate disclosure

3 **EMPLOYEES AND DIRECTORS**

	2009	2008
	£	£
Wages and salaries	89,969	98,876
Social security costs	8,590	9,873
	98,559	108,749

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

	2009	2008
Directors	3	3

	2009	2008
	£	£
Directors' remuneration	89,969	98,876

4 **EXCEPTIONAL ITEMS**

During 2008 the company incurred costs of £235,669 in respect of preparing for a listing on the AIM market Due to the economic downturn, the directors took the decision to place the application on 'hold' until the economy shows signs of recovery Included in the 2008 costs are £215,669 legal and professional fees, together with £20,000 paid to the auditors in their capacity as reporting accountants

5 **NET FINANCE INCOME**

	2009	2008
	£	£
Finance income		
Deposit account interest	139	9,830
Other loan interest	677	2,765
	816	12,595

continued

6 LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	2009 £	2008 £
Depreciation - owned assets	768	1,170
Auditors' remuneration	11,100	7,250
Foreign exchange differences	-	785
Auditors' other services - reporting accountant for AIM application	-	20,000

The depreciation charges shown above have been capitalised as exploration costs by the subsidiary company in accordance with the accounting policy

7 INCOME TAX

Analysis of the tax charge
No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2009 nor for the year ended 31 December 2008

Factors affecting the tax charge
The tax assessed for the year is higher than the standard rate of corporation tax in the UK The difference is explained below

	2009 £	2008 £
Loss on ordinary activities before tax	(235,230)	(452,018)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 30%)	(65,864)	(135,605)
Effects of		
Interest capitalised in subsidiary	892	1,859
Potential deferred taxation on losses for year	78,210	133,746
Effect of change of rate of tax	(13,436)	-
Expenses disallowed for tax purposes	198	-
Total income tax	-	-

Tax effects relating to effects of other comprehensive income

2009	Gross	Tax	Net
Exchange difference on consolidation	(16,143)	-	(16,143)
	(16,143)	-	(16,143)

2008	Gross	Tax	Net
Exchange difference on consolidation			

continued

7 INCOME TAX - continued

The Group and Company has estimated losses of £903,115 (2008 - £671,779) to carry forward against future trading profits The overseas subsidiary has not yet generated profits or losses and there is no charge for foreign taxation for the year (2008 - nil)

8 LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements The parent company's loss for the financial year was £(232,044) (2008 - £(445,819))

9 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

Reconciliations are set out below

	Earnings £	2009 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(235,230)	120,492,015	-0 20
Effect of dilutive securities			
Options granted	-	26,242,054	-
Diluted EPS			
Adjusted earnings	(235,230)	146,734,069	-0 16

	Earnings £	2008 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(452,018)	111,566,826	-0 41
Effect of dilutive securities			
Options granted	-	23,204,959	-
Diluted EPS			
Adjusted earnings	(452,018)	134,771,785	-0 34

continued

10 INTANGIBLE ASSETS

Group

	Exploration costs £
COST	
At 1 January 2009	409,722
Additions	124,551
Exchange differences	(42,142)
At 31 December 2009	492,131
NET BOOK VALUE	
At 31 December 2009	492,131

	Exploration costs £
COST	
At 1 January 2008	120,391
Additions	284,155
Exchange differences	5,176
At 31 December 2008	409,722
NET BOOK VALUE	
At 31 December 2008	409,722

Company

	Exploration costs £
COST	
At 1 January 2009	181,006
Additions	60,393
At 31 December 2009	241,399
NET BOOK VALUE	
At 31 December 2009	241,399

	Exploration costs £
COST	
At 1 January 2008	68,129
Additions	112,877
At 31 December 2008	181,006
NET BOOK VALUE	
At 31 December 2008	181,006

continued

11 PROPERTY, PLANT AND EQUIPMENT

Group

	Motor vehicles £
COST	
At 1 January 2009	7,310
Exchange differences	(1,311)
At 31 December 2009	5,999
DEPRECIATION	
At 1 January 2009	2,632
Charge for year	768
Exchange differences	(473)
At 31 December 2009	2,927
NET BOOK VALUE	
At 31 December 2009	3,072

	Motor vehicles £
COST	
At 1 January 2008	6,500
Exchange differences	810
At 31 December 2008	7,310
DEPRECIATION	
At 1 January 2008	1,330
Charge for year	1,170
Exchange differences	132
At 31 December 2008	2,632
NET BOOK VALUE	
At 31 December 2008	4,678

12 INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2009 and 31 December 2009	64,115
NET BOOK VALUE	
At 31 December 2009	64,115

continued

12 INVESTMENTS - continued

Company

	Shares in group undertakings £
COST	
At 1 January 2008 and 31 December 2008	64,115
NET BOOK VALUE	
At 31 December 2008	64,115

The group or the company's investments at the balance sheet date in the share capital of companies include the following

Subsidiary

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

Class of shares	% holding
Ordinary	80 00

	2009 £	2008 £
Aggregate capital and reserves	80,144	80,144

The subsidiary company was incorporated in Pakistan on 23 January 2007 for the exploration and future extraction of coal in Pakistan This company was formed under a joint venture arrangement whereby Oracle Coalfields plc agreed to acquire 80% of the ordinary share capital at par, fully paid by cash

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

13 LOANS AND OTHER FINANCIAL ASSETS

Group

	Other loans £
At 1 January 2009	68,029
Exchange movement	(4,843)
At 31 December 2009	63,186

	Other loans £
At 1 January 2008	65,596
Exchange movement	2,433
At 31 December 2008	68,029

continued

13 LOANS AND OTHER FINANCIAL ASSETS - continued

Group

Oracle Coalfields plc entered into a joint venture agreement with Sindh Koela Limited for the exploration of coal through a project company, Sindh Carbon Energy Limited incorporated in Pakistan, dated 6 September 2006 and amended on 17 June 2008 Under the terms of the agreement Sindh Koela Limited is entitled to receive 20% of the issued shares in Sindh Carbon Energy Limited and these shares are funded by a loan from Oracle Coalfields plc The obligation to fund the 20% shareholding is capped at 5,000,000 shares of PKR 10 per share The loan accrues interest on a daily basis at a rate of 9% per annum The loan is unsecured and repayable from 50% of dividends due to Sindh Koela Limited from Sindh Carbon Energy Limited, when the joint venture starts to generate revenues, or repayable in full on any early transfer of shares by Sindh Koela Limited in Sindh Carbon Energy Limited

A loan of PKR 2,000,000, amounting to £16,029 as at 31 December 2007, was made by Oracle Coalfields plc to Sindh Koela Limited during the period, representing Sindh Koela Limited's initial 20% 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

A loan of £25,000 was made by Oracle Coalfields plc to Sindh Koela Limited during the period The loan is interest free, unsecured and is not due for repayment until the joint venture starts to generate revenues

A loan of PKR 3,000,000, amounting to £24,567 as at 31 December 2007, was made by Sindh Carbon Energy Limited to Sindh Koela Limited during period The loan is interest free, unsecured and is not due for repayment until the joint venture starts to generate revenues

Company

	Loans to group undertakings	Other loans	Totals
	£	£	£
At 1 January 2009	172,356	41,029	213,385
New in year	30,980	-	30,980
At 31 December 2009	203,336	41,029	244,365

	Loans to group undertakings	Other loans	Totals
	£	£	£
At 1 January 2008	6,356	41,029	47,385
New in year	166,000	-	166,000
At 31 December 2008	172,356	41,029	213,385

In addition to the loans made by Oracle Coalfields plc to Sindh Koela Limited as detailed above, Oracle Coalfields plc made loans of £30,980 (2008 - £166,000) to Sindh Carbon Energy Limited, its subsidiary company during the period and the amount outstanding at the balance sheet date was £203,336 (2008 - £172,356) Interest accrues on a daily basis at a rate of 1% over the Bank of England base rate The loan is unsecured and is repayable on demand, after consultation with the subsidiary company

 continued

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Current				
Other receivables	3,497	2,830	12,827	8,964
VAT	2,753	21,825	2,753	21,825
Prepayments and accrued income	6,072	1,189	6,072	1,189
	12,322	25,844	21,652	31,978

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank deposit account	-	130,807	-	130,807
Bank accounts	5,859	12,347	4,066	10,000
	5,859	143,154	4,066	140,807

16 NON-CONTROLLING INTERESTS

The minority interest of £16,029 represents 20% of the issued share capital of the subsidiary which is held by Sindh Koela Limited, a company in which the Group is involved in a joint venture arrangement Since the subsidiary was incorporated for the joint venture, there are no pre-acquisition reserves or goodwill

17 CALLED UP SHARE CAPITAL

	2009	2008
	£	£
Authorised		
200,000,000 Ordinary shares of 0 1p each	200,000	200,000
Allotted, issued and fully paid		
122,359,668 (2008 - 114,046,334) Ordinary shares of 0 1p each	122,360	114,046

8,313,334 Ordinary shares of 0 1p each were allotted as fully paid for cash at a premium of 2 9p per share during 2009

The number of shares in issue are as follows

	2009	2008
	No	No
At 1 January 2009	114,046,334	108,546,334
Issued during the year	8,313,334	5,500,000
At 31 December 2009	122,359,668	114,046,334

continued

18 RESERVES

Group

	Retained earnings £	Share premium £	Totals £
At 1 January 2009	(668,122)	1,068,406	400,284
Deficit for the year	(235,230)		(235,230)
Cash share issue	-	241,087	241,087
Cost of share issue	-	(450)	(450)
Exchange difference on consolidation	(16,143)	-	(16,143)
At 31 December 2009	(919,495)	1,309,043	389,548

	Retained earnings £	Share premium £	Totals £
At 1 January 2008	(224,216)	642,844	418,628
Deficit for the year	(452,018)		(452,018)
Cash share issue	-	448,250	448,250
Cost of share issue	-	(22,688)	(22,688)
Exchange difference on consolidation	8,112	-	8,112
At 31 December 2008	(668,122)	1,068,406	400,284

Company

	Retained earnings £	Share premium £	Totals £
At 1 January 2009	(671,779)	1,068,406	396,627
Deficit for the year	(232,044)		(232,044)
Cash share issue	-	241,087	241,087
Cost of share issue	-	(450)	(450)
At 31 December 2009	(903,823)	1,309,043	405,220

	Retained earnings £	Share premium £	Totals £
At 1 January 2008	(225,960)	642,844	416,884
Deficit for the year	(445,819)		(445,819)
Cash share issue	-	448,250	448,250
Cost of share issue	-	(22,688)	(22,688)
At 31 December 2008	(671,779)	1,068,406	396,627

continued

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Current				
Trade payables	20,409	108,524	20,409	108,524
Social security and other taxes	-	3,773	-	3,773
Other payables	17,219	702	17,219	702
Accruals and deferred income	11,005	8,069	10,389	7,619
	48,633	121,068	48,017	120,618

20 FINANCIAL INSTRUMENTS

The Group and Company 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

The following tables illustrate the contractual maturity profiles of its financial liabilities, all of which are repayable within one year, as at 31 December

Group

	2009	2008
	£	£
Trade and other payables	48,633	117,295
Tax liabilities	-	3,773
	48,633	121,068

Company

	2009	2008
Trade and other payables	48,017	116,845
Tax liabilities	-	3,773
	48,017	120,618

Credit Risk
The Group's principal financial assets are the cash and cash equivalents and taxation receivable as recognised in the balance sheet, 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 it's holdings in financial instruments

Commodity Price Risk
The principal activity of the Group is the development of a coal mining property in Pakistan and the principal market risk facing the Group is an adverse movement in the commodity price of coal Any long term adverse movement in this price would affect the commercial viability of the project

continued

21 RELATED PARTY DISCLOSURES

Durıng the year, Oracle Coalfields plc has accrued ınterest receıvable of £3,186 (2008 - £6,199) and £677 (2008 - £2,765) ın respect of loans made to Sındh Carbon Energy Lımıted and Sındh Koela Lımıted respectıvely The ınterest was outstandıng at the year end and ıs ıncluded wıthın other receıvables

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2009	2008
	£	£
Loss for the financıal year	(235,230)	(452,018)
Proceeds of share ıssue	249,401	453,750
Cost of share ıssue	(450)	(22,688)
Consolıdatıon exchange dıfference	(16,143)	8,112
Net reductıon of shareholders' funds	(2,422)	(12,844)
Openıng shareholders' funds	514,330	527,174
Closing shareholders' funds	511,908	514,330

Company

	2009	2008
	£	£
Loss for the financıal year	(232,044)	(445,819)
Proceeds from ıssue of shares	249,401	453,750
Cost of share ıssue	(450)	(22,688)
Net addıtion/(reductıon) to shareholders' funds	16,907	(14,757)
Openıng shareholders' funds	510,673	525,430
Closing shareholders' funds	527,580	510,673

contınued

23 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	20,080,000	5 years
12 June 2008	5,662,054	2 years

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

	Weighted average exercise price 2009	Number of options 2009	Weighted average exercise price 2008	Number of options 2008
Outstanding at 1 January	6 89p	25,742,054	5 00p	20,080,000
Granted during the period	-	-	14 00p	5,662,054
Exercised during the period	-	-	-	-
Outstanding at 31 December	6 89p	25,742,054	6 89p	25,742,054
Exercisable at 31 December	6 89p	25,742,054	6 89p	25,742,054

The options outstanding at 31 December 2009 have exercise price in the range of 5p to 14p (2008 - 5p to 14p), and a weighted average remaining contractual life of 1 85 years (2008 - 2 85 years) No share options were exercised during the year (2008 - nil)

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

	Commission and services 2008	Services 2007
Fair value at grant date	0 1044p	0 0003p
Share price	1p	1p
Exercise price	14p	5p
Expected volatility	20%	20%
Option life	2 years	5 years
Risk-free interest rate	5%	5%

The expected volatility was determined by reviewing the actual volatility of the company's share price since its listing on PLUS 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 were no equity-settled share-based payment transactions during the year and therefore no charges to include in the financial statements (2008 - £34 expense in respect of goods and services received and £1,147 commission chargeable to the share premium account, although no provision was made for these items as the figures were negligible)