

MINING FLASHNOTE

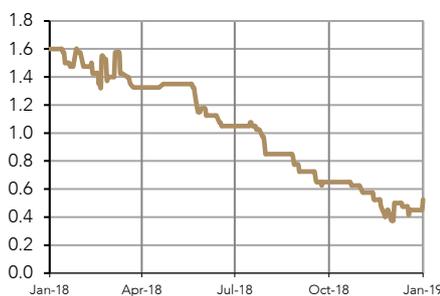
Oracle Power PLC (ORCP AIM)

17 January 2019

Stock Data

Share Price:	0.525p
Market Cap (M):	£6.0
EV (M):	£5.9

Price Chart



52 Week Range

1.775p	0.525p
0.375p	

Company Summary

Oracle is an AIM listed coal developer with a primary interest in the Thar Coalfield Block VI area located in the Sindh Province of South-Eastern Pakistan. The company's intention is to develop a 4.5Mt pa coal mine and mine mouth 700MW power station, and then expand the project to 9Mt pa of coal and 1,400MW of electricity.

MAIN SHAREHOLDERS HOLDING

Brandon Hill Capital / OWG	22.36%
Power Equity Investments	13.47%
Nazario Consultancy	5.44 %

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Oracle Releases an Operational Update

Event

Oracle Power PLC ("Oracle") has released an operational update following the 8th JCC meeting which took place on the 20th December in Beijing.

Comment

The key points to note from this operational update are that Oracle has been granted approval for the proposed increase in capacity from 660 MW to 700 MW. This approval includes the upgrade to supercritical technology by the China Pakistan Economic Corridor ("CPEC").

The new Government in Pakistan has placed renewed emphasis on the development of the indigenous coal resources in Pakistan as an integral part of the country's energy mix.

This RNS also notes the consortium change to CPEC with the Beijing Jingneng Power Company Limited ("BJPC") replacing Sichuan Provincial Investment Group Co. Limited as a party to a Memorandum of Understanding of 19 December 2018 (the "MOU"). All parties are now working to achieve financial close as soon as possible.

The principal outstanding areas now required to reach financial close include, inter alia:

- Engineering, Procurement and Construction ("EPC") contract and Operation and Maintenance contract ("O&M") contracts;
- For the power plant, issue of a Letter of Intent by Private Power Infrastructure Board to secure a Generation Licence;
- Between the MOU partners, finalisation of Definitive Agreements, including agreeing Oracle's equity interest;
- Agreement of project financing with Sinosure, the Chinese export credit agency;
- Finalisation of the Power Purchase Agreement and the Implementation Agreement which includes a sovereign guarantee of payment.

The key parameters of the project are not expected to change significantly, despite the increase in power output from 660MW to 700MW and the introduction of supercritical technology. However, BHC will re-work its model in the light of these latest developments and we will release our new figures in the near future.

One key aspect to note however, is that Oracle's project has been significantly derisked by the progress in the neighbouring integrated open-pit coal mine and power plant project in Thar, Block II, with initial power plant trials understood to be taking place in the near future. Block II is a joint venture between the provincial Government of Sindh (as majority shareholder) and private Pakistani interests.

Research Disclosures

Peter Rose

Peter has 32 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 11 years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 2 years with Prudential Bache and 6 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 9 years in the uranium industry, six of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

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Research disclosure as of 17 January 2019

Company Name	Disclosure
Oracle Power PLC (ORCP AIM)	1,2, 7, 8, 9

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