

Oracle Power PLC



Integrated Coal Mine and Power Plant Block VI, Thar Coalfield, Sindh

Powering Pakistan

March 2018



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SUMMARY

Asset Overview:

- 100% ownership of 66.1 km² Block VI in Thar Desert, Sindh Province, Pakistan
- MOU signed for 2-phase Coal to Power Project with a Gross Cost of US\$1.7bn ¹.
- Phase 1: 4 million tonnes mine, feeding a 700MW power plant.
- Phase 2: Additional 4 million tonnes mine, feeding an enlarged 1,400MW power plant

MOU Summary:

- Signed in November 2017 with SCIG and PowerChina, 2 Chinese SOEs
- Oracle to retain project equity stake of 12.1%
- Gross project cost of US\$1.7bn to be funded with a debt:equity ratio of 75:25
- Chinese Partners to provide proportionate equity capital and all debt for the project
- Oracle's historic investment to form part of Oracle's contribution to equity holding
- Financial Close expected by Q4 2018

Investment Highlights:

- *Demand:* Chronic energy shortage in Pakistan; exacerbated by current economic expansion;
- *Sizeable Resources:* Thar Desert contains 175bn tonnes of coal, Oracle an est. 1.4bn tonnes
- *Economics:* Incentives to encourage development, including 30 year IRR in US\$ terms of 20% for the mine and 18% ² for the power plant and sovereign guarantee of payment on coal production and power generation;
- *Partners:* Two Chinese SOEs have entered MOU to develop and fund the mine and power plant
- *Gov Support:* Block VI included in Priority List of China Pakistan Economic Corridor

1. Gross cost estimate increased from US\$1.6bn to US\$1.7bn, reflecting the increase in power plant size from 660MW to 700MW.

2. The electricity price regulator advised in July 2017 that the IRR for upfront tariffs for Thar coal based power plants would be 18%.

BOARD OF DIRECTORS & SENIOR MANAGERS



Mark Steed – *Non-Executive Chairman*
Fellow of ICAEW and CISI & CIM; 35
years experience in Securities industry.



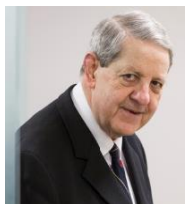
Andreas Migge – *Non-Executive Director*
Investment banking background;
substantial international transaction
experience



Shahrukh Khan – *CEO and Director*
Specialist in delivery of complex
projects in natural resources.



Simon Smith – *Finance Manager*
Fellow of ICAEW; 25 year international finance
career in Shell.



Tony Scutt – *Non-Executive Director*
Chartered Secretary, Certified
Internal Auditor; 30 years
international career with Shell



Brian Rostron – *Mining and Contracts Manager*
30 years international mining and coal
experience.

* Detailed biographies in the Appendix

KEY DATA

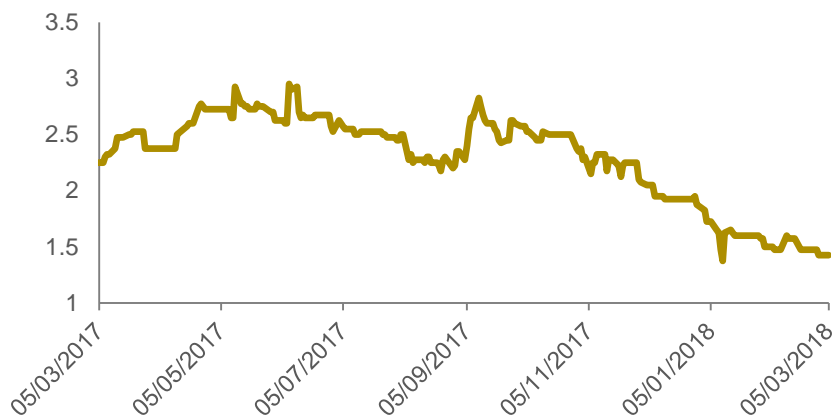
Ticker	LON : ORCP
Share price (on 13/3/2018)	1.52p
Market Cap	£16.1M
52 weeks trading	AIM: 1.375p - 3.05p
Nomad	Grant Thornton UK LLP
Brokers	Brandon Hill Capital Peterhouse Corporate

Key Shareholders (as of 31 December 2017)

Key Shareholders *	Percentage Holding %
Power Equity Investments Ltd	15.99
Brandon Hill	10.39
Nazario Consultancy Ltd	6.46
OWG	6.39
Shahrukh Khan	3.42
Neil Griffith	3.13
Sunvest Corporation	3.12
Generali	3.02

* As announced to the London Stock Exchange on 12 January 2018, new shares were issued to Sindh Koela Limited representing 9.04% of the enlarged share capital of the Company.

Share price (in pence)

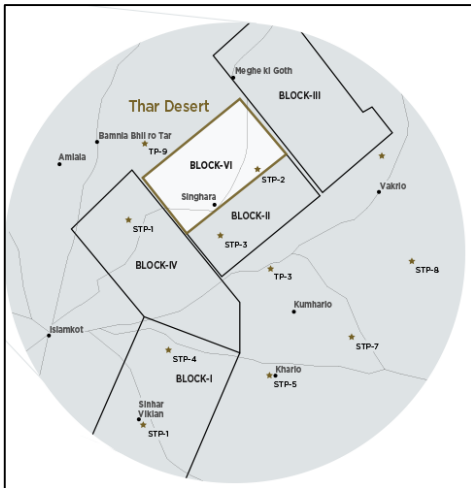


PROJECT : THAR BLOCK VI

Block VI, located in the Sindh Province, 380km east of Karachi, covers an area 66.1 km² in Thar Desert, with an estimated total resource of 1.4bn tonnes. A JORC resource of 529Mt in Phase 1&2 of the mining area confirmed by the SRK feasibility study. An open pit mine utilising conventional shovel and dumptrucks will be operated to a depth of 165m.

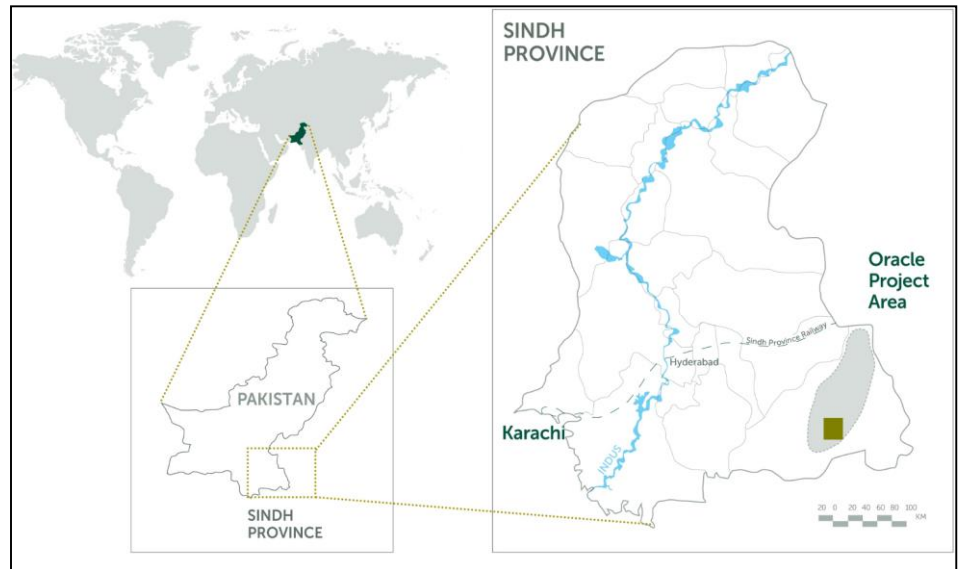
Included as a Priority Project in the China-Pakistan Economic Corridor (CPEC).

Provincial and Federal Government incentives in place to encourage development.



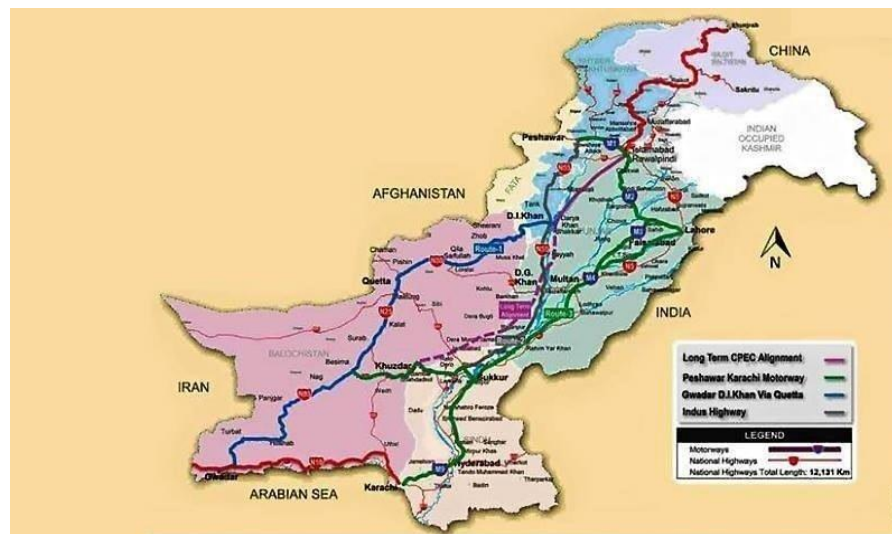
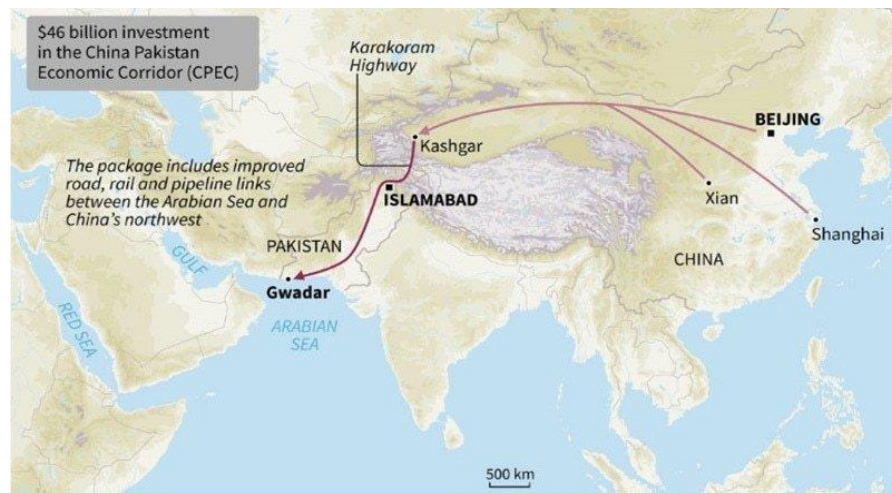
Phase I Funding *				
US\$ million		Mine	Power Plant	Total
Funding required		878	814	1,692
Intended funding				
- Equity	25%	220	203	423
- Debt	75%	658	611	1,269
		878	814	1,692

* Gross cost estimate increased from US\$1.6bn to US\$1.7bn, reflecting the increase in power plant size from 660MW to 700MW



China-Pakistan Economic Corridor (CPEC)

- The CPEC was formed to improve economic ties between China and Pakistan, with particular focus on infrastructure and energy projects.
- Total financing now expected to be US\$62bn, of which US\$34bn has been earmarked for energy projects.
- Oracle's Block VI was upgraded to a Priority Project at the sixth meeting of the Joint Cooperation Committee of the CPEC in Beijing on 29 December 2016.
- Inclusion on the Priority List of Block VI demonstrated not only the project's strategic and sizeable nature, but also the enhanced support of both governments, which should help fast-track approval of debt funding by the Chinese Government Agencies.
- Following elevation to the Priority List, Oracle expects to secure a financing package through 2 preeminent Chinese State Owned Enterprises, who would provide their pro-rata share of the equity; they would also facilitate all debt, from Chinese banks, for both mine and power plant construction.
- A Memorandum of Understanding was signed with Sichuan Provincial Investment Group Co. Ltd and PowerChina International Group Limited on 21 November 2017.



MOU OVERVIEW – Signed 21 November 2017

Oracle Power PLC

SCIG 四川省投资集团有限责任公司
Sichuan Provincial Investment Group Co., Ltd.



Background	<ul style="list-style-type: none"> • AIM listed since 2011; • Exploration drilling & Feasibility Study to bankable level carried out by SRK; • 30 yr Mining Lease • Mine ESIA completed (Wardell Armstrong); NOC issued; • Power plant ESIA complete (Mott MacDonald); • Included in CPEC Priority List • Entered MOU with SCIG and PowerChina 	<ul style="list-style-type: none"> • State-owned investment company in a range of sectors including energy resources, transportation, communications, raw materials, electro mechanical, agriculture and forestry with revenues of £0.9bn, net assets £3.3bn & 7,000 staff (2016) • China's fourth largest and Sichuan Province's largest local electrical power investment company, total installed capacity 36 GW. 	<ul style="list-style-type: none"> • Chinese state-owned enterprise with revenues £36.8bn, net assets £62.2bn & 187,000 staff (2016) • Provides planning, survey, design and engineering, finance, construction, and operation and maintenance for power and infrastructure projects. • Secured financial close on several CPEC projects including power plants in Pakistan
Equity	12.1%	78%	9.9%
MOU Process	Phase One: Due Diligence leading to project go-ahead from SCIG, Powerchina and Chinese Authorities		Phase Two: Financing arrangements and technical work, Chinese contributing their equity share
Project finance	<ul style="list-style-type: none"> • 75:25 debt/equity ratio • Chinese investors to arrange debt via Chinese banks and provide all corporate guarantees • Chinese investors to provide pro-rata equity investment. Oracle's historic investment, plus a potential premium, to be included as part of its investment contribution • Sovereign guarantee on cash flow 		
Operator	Chinese to be EPC and O&M contractors. Oracle to lead on all permissions within Pakistan.		
Financial Close	Expected by Q4 2018		

KEY MILESTONES

Concluded

- ✓ Coal price
- ✓ Submission of proposal for Letter of Intent
- ✓ Offer of power evacuation
- ✓ Offer of fresh water supply for power plant
- ✓ Mine ESIA : NOC from SEPA
- ✓ Mine feasibility study completed by SRK
- ✓ 30 year Mine Lease (with 30 year extension) issued
- ✓ Population census completed

To Financial Close

Expected Q2 2018:

- Execution of Definitive Agreements with Chinese
- Application for Upfront Electricity Tariff and Generation licence
- Power Plant ESIA: NOC from SEPA
- EPC and O&M contracts for mine and power

Expected Q3 2018:

- Issue of Generation Licence
- Determination of Upfront Electricity Tariff
- Execution of Implementation Agreements, PPA and CSA
- Execution of Water Agreement

Expected Q4 2018:

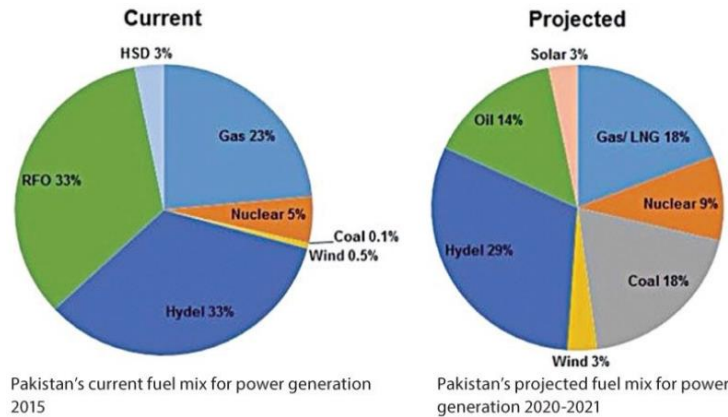
- Finalisation of Land Acquisition
- Finalisation of Lenders Term Sheet
- Sinosure Letter of Intent
- Execution of Financing Documents and Direct Agreements

To Commercial Production

- Three year construction period for mine and power plant;
- Full production of 700MW expected in 40 months

Demand for Coal & Project Incentives

- Pakistan continues to suffer from major electricity shortages, often with blackouts and brownouts between 12 and 16 hours a day. The current average shortage is estimated at circa 5,000MW *.
- 175 billion tonnes of coal discovered in Thar can be developed at low cost to meet this shortfall, saving foreign exchange;
- Demand for electricity forecast to rise by 5-6% pa, contributing substantially to the country's economic growth.
- Government incentives to encourage development of Thar coal include exemption from profits tax, no withholding tax on dividends and an exemption from customs duties.
- Coal price established through a process of petitions to the Coal Price Regulator; calculation is "cost-plus", designed to allow project IRR of 20% in US\$ terms. Coal price is a pass-through to the electricity tariff calculation, similarly calculated to an IRR of 18%. There is a process of price petitioning throughout the project life, to ensure IRRs are maintained.
- Government has commissioned major infrastructure development in and into Thar, with improved roads and bridges, an airport, water supply and power transmission lines;
- Coal usage currently less than 1% of Pakistan's energy mix. This is projected to rise to 18% in 2021.



Pakistan's current fuel mix for power generation 2015

Pakistan's projected fuel mix for power generation 2020-2021

Source : Dawn Newspaper Nov 2016

* Source : National Electricity Pricing Regulatory Authority

PROJECT PLAN: MINE & POWER PLANT

Item Description	Completed	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2019	2020	2021	2022	2023	2024
Mine Development												
Mining Lease	■											
Feasibility Studies	■											
Dargo Implementation Plan												
ESIA to Pakistan Standard												
NOC Certificate												
ESIA to International Standards												
Resettlement Action Plan												
EPC Mine Negotiation												
O&M Contract Mine Negotiation												
Project Management Negotiation												
Coal Pricing Agreement TCEB												
Coal Sales Agreement												
Mine Construction and Operation												
Access Road												
Mine Offices and workshops												
Mine accommodation												
Dewatering installation												
Overburden removal												
Coal production												
Resettlement												
O&M Mine Production												
Power Plant Development												
Pre-feasibility study	■											
ESIA	■											
NOC Certificate												
EPC Power Plant Negotiation												
O&M Power Plant Negotiation												
PPA negotiation												
Power Evacuation - No Objection Letter	■											
Transmission Lines Confirmation												
PPIB Approvals												
Power Plant Construction and Operation												
Power Plant Construction												
Commission Power Plant												
O&M Power Plant												
Key												
Item completed	■											
Item under negotiation												
Construction Operations												

CORPORATE SOCIAL RESPONSIBILITY (CSR)



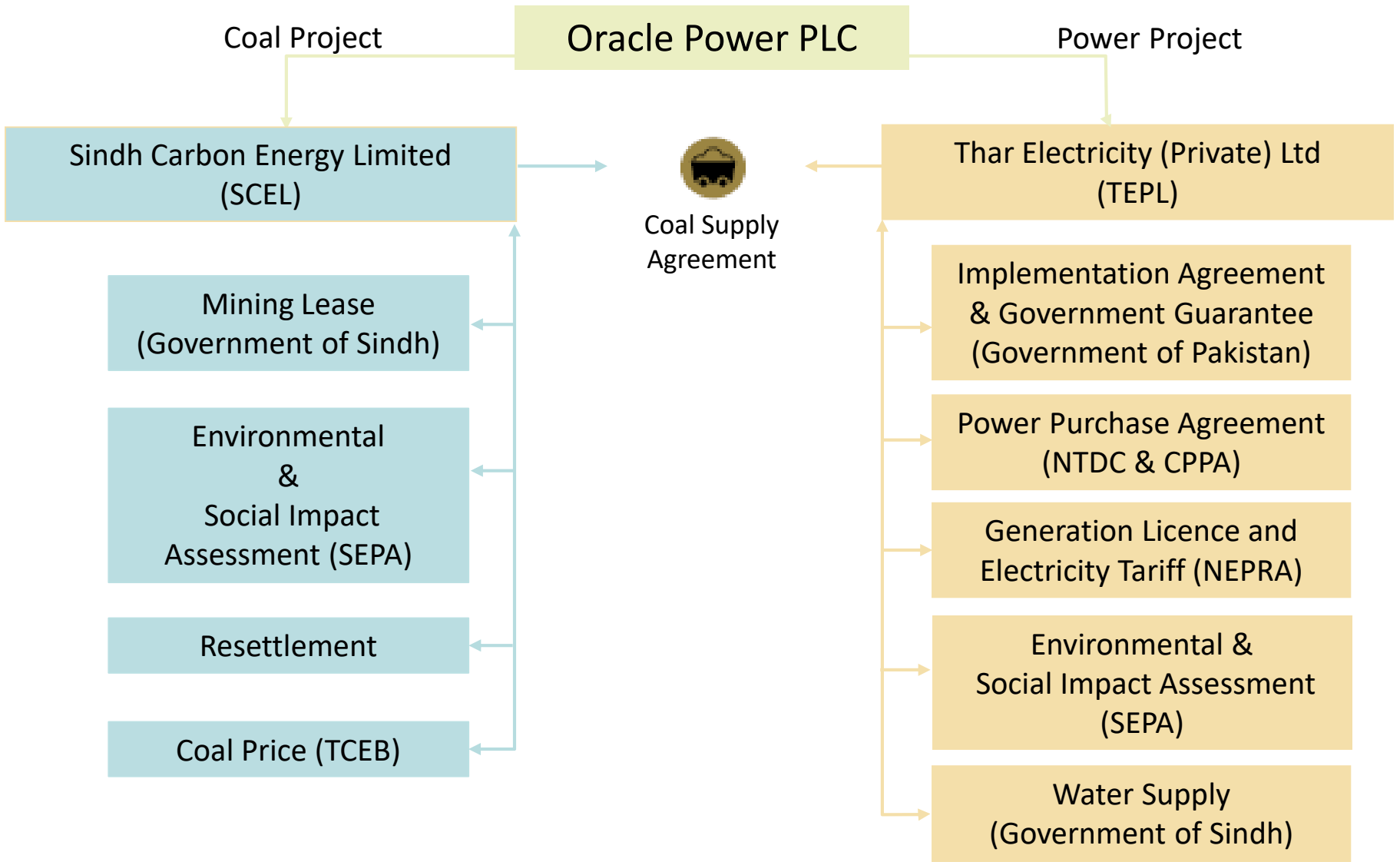
- Successful Public Hearings held for Mine and Power Plant
- Water filter systems in all communities
- Livestock health and productivity improvement campaign
- Healthcare awareness campaign
- Improvement of existing Government primary schools





APPENDICES

PROJECT DEVELOPMENT PROCESS





INTERNATIONAL CONSULTANTS

Dargo Associates (UK)

Overall Work Programme Management

Wardell Armstrong International
(UK)

Environment & Social Impact Assessment (ESIA)

RPS Aqua Terra (Australia/UK)

Hydrogeology

SRK Consulting (UK)

Definitive Mine Feasibility Study to Bankable
Standard

Mott MacDonald (Pakistan/UK)

Engineering Consultants (used for the power
plant feasibility study & ESIA)

Turner & Townsend (UK)

Engineering Management Consultants (used for
the mine)



DEVELOPMENT 2007 - 2017

Formation of mining subsidiary in Pakistan, Sindh Carbon Energy Ltd
Exploration drilling and Feasibility Study to bankable level overseen by leading international consultants SRK
Admission to AIM
Secured mining lease (for 30 years, extendable for a further 30 years);
Completion of mine ESIA (Wardell Armstrong); NOC issued following public hearing
Power ESIA completed and public hearing held; NOC awaited
Entered Framework Agreement with SEPCO
Included in CPEC Priority List Formation of power plant subsidiary in Pakistan, Thar Electricity (Private) Ltd
Entered Memorandum of Understanding with Sichuan and PowerChina, under which the Chinese will hold majority of the equity and will arrange the debt
Power plant registered with authorities for Letter of Intent