



## ORACLE ENERGY CORP.

We are releasing this research note on Oracle Energy Corp. (OCL.V) due to a series of recent developments, which we regard as being significant.

Oracle Energy has drilling rights on multiple properties with proven or probable oil & gas reserves or with previous oil or gas finds.



Source: [www.BigCharts.com](http://www.BigCharts.com)

**RESEARCH NOTE**  
May 29, 2008

**ANALYST:**  
Walt Spaude  
CFA

**OCL:** TSX-V

**INDUSTRY:** OIL & GAS  
EXPLORATION

**RATING:** SPECULATIVE BUY

### **ORACLE ENERGY FACTS**

Recent Price  
\$0.17

Shares O/S  
45.7 mil.

Shares O/S FD  
52.4 mil.

52-Week Range  
\$0.10-\$0.30

Year End  
December 31

## KEY STATISTICS

|                       |                |                           |            |
|-----------------------|----------------|---------------------------|------------|
| Target Price          | C\$0.40        | Cash & Cash Equivalents   | C\$716,000 |
| Recent Price          | C\$0.17        | Operating Cash Flows      | NA         |
| Average Daily Volume  | 88,423         | Net Working Capital       | C\$627,000 |
| Market Capitalization | C\$6.9 Million | Shareholders Equity/Share | C\$0.073   |
| P/E Multiple          | NA             | Gross Margin              | NA         |
| P/R Multiple          | NA             | Operating Margin          | NA         |
| P/B Multiple          | 2.05           | Cash Burn Rate per Month  | C\$40,000  |



## **RECENT DEVELOPMENTS**

- **Update on an additional agreement with Ventum Oil & Gas**

On May 29, 2008 Oracle Energy announced that it is undertaking an additional development work with project operator Ventum Oil & Gas. Oracle Energy will hold a 20% interest in the Chitsey Field project located in Franklin County, Texas, which is currently under re-entry operations. The project involves the secondary recovery of oil reserves through the use of the waterflood method whereby water is injected into the reservoir in order to displace residual oil and move it to a production well. Primary production at the site produced over one million barrels of oil.

While it is uncertain at this time how much additional oil is available at the Chitsey Field, the waterflood method has been widely used in the past. This project has the potential to produce and become revenue generating in a relatively short period of time and compared to an initial exploration project is relatively low risk. The addition of another active project within Oracle Energy's portfolio is viewed as a positive development.

- **Update on the Zapata county, Texas drilling operation**

A previous update indicated that drilling operations on the J. Vela #1 well began on April 15, 2008. On May 8, 2008 Oracle Energy announced that drilling operations had reached a depth of 9,400 feet and that Ventum Oil & Gas, the project operator, had decided to run casing to test the well. Ventum is now evaluating the well to design a fracture treatment and recommend a completion plan. They anticipate the well will be fraced and tested in 30 to 45 days.

These announcements are all positive news since they all indicate both progress toward completion of the well and that based on the currently available data a commercially viable natural gas deposit is likely.

Ventum Energy has an experienced team of geologists and engineers with significant experience in the oil and gas exploration industry. Ventum's parent company, Old World Industries, is a privately owned company with additional interests in the chemical and consumer products industries.

Oracle Energy owns an 18.75% interest in the 640-acre Zapata County oil and gas lease. Ventum Energy, the project operator, holds a majority interest (52.28%) in the lease. The property has the potential for up to eight wells.

- **Update on the Romanian Operation**

On May 13, 2008 Oracle Energy announced that it had been notified by the project operator for their Nadlac property, Carpathian Energy, that Carpathian had finalized the purchase of a 33-kilometer pipeline between the Nadlac field and the gas transmission line owned by Transgaz, the Romanian natural gas transmission operator. This is an important development for Oracle Energy since it will allow production from the Nadlac field # 3 well that Oracle Energy has a 20% participating interest in.

Transgaz is currently testing the line and installing new equipment and meters. In December 2007 the #3 well was tested at a flow rate of over 1 million cubic feet of gas per day. The current gas price in Romania per MCF is \$5.50. That equates to a potential annual revenue stream in excess of US\$400,000 for Oracle Energy. Production is expected to begin within 45-60 days.



- **New Financing Announced**

Oracle Energy announced on May 16, 2008 that it would enter into a private placement of up to 5,300,000 units at a price of \$0.16 per unit. Each unit will consist of one common share and one warrant with each warrant entitling the subscriber to purchase one common share at any time up to the close of business one year from the distribution date at a price of \$0.20 per share

The proceeds would be used for general working capital and to fund potential property acquisitions and development.

The ability to obtain new funding in the current difficult market conditions is a function of the ongoing drilling operations in Texas and Romania and is an indication that market participants view those operations as being commercially viable.

- **Art Green appointed Director and Chief Operating Officer**

On May 12, 2008 Oracle Energy announced the appointment of Art Green as director and Chief Operating Officer. Mr. Green is a 1970 Mechanical Engineering graduate of the University of Saskatchewan. He has over 30 years experience in the oil and gas industry and has held executive positions with Hess, Exxon, and Mobil supervising operations in Africa and Russia.

His appointment expands the management pool at Oracle Energy and brings experience in oil and gas operations. His addition is a positive development for a micro-cap company like Oracle Energy and provides operating experience at a time when Oracle Energy's Texas and Romanian operations have near term potential for generating revenue.

- **Recent share price movement**

Oracle Energy's share price has increased from C\$.10 to C\$.17 per share since the beginning of 2008, an increase of 70%, as a result of positive developments at their Texas and Romanian operations. During that time period the share price has varied between C\$.10 and C\$.24 per share. Any additional positive developments resulting in revenue generation are likely to further increase share price.

- **Analyst's Opinion and Ratings Update**

We are maintaining our Speculative Buy rating as a result of the recent developments regarding Oracle Energy's Texas and Romanian operations. The potential for operating revenue from these operations has been an important factor in the significant near term increase in Oracle Energy's share price. The start of revenue generation from either of these properties is likely to result in additional upside potential for Oracle Energy's share price.



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