

## ORACLE ENERGY CORP.

(\$0.155; OCL: TSX-V)

**Recommendation:** Speculative Buy (Unchanged)

**Target Price:** \$0.45 (No Change)

### RECENT DEVELOPMENT: DRILLING BEGINS AT J. VELA #1 WELL IN TEXAS

Oracle Energy Corp. announced on April 14, 2008 that drilling operations have begun at the J. Vela #1 well in Zapata County, Texas. The well is about 150 feet from the Jonnell-Zamora #1 well, and will be drilled to a depth of 8,400 feet to test the first and second Hinnant formations. The Company has an 18.75% interest in the 640-acre oil and gas lease in Zapata County, which is in the southern part of Texas, close to the Mexican border.

#### Private Placement

Earlier in April, Oracle announced a private placement of up to 5,000,000 units at \$0.15 per unit, with each unit comprising one common share and one half of one warrant. Proceeds are to be used to fund drilling costs for the J. Vela #1 well, for general working capital, and for potential property acquisitions and development.

**COMMENT:** Oracle remains strongly committed to building a portfolio of valuable oil and gas assets, despite a series of disappointments, and we give management credit for perseverance. Given the current strong prices for oil and gas, there are still opportunities for success. Oracle can survive as long as investors are willing to risk some capital in the Company's projects. The Company raised \$700,000 (2,800,000 units at \$0.25 per unit) in July 2007 and, as mentioned above, is currently raising \$750,000 (5,000,000 units at \$0.15 per unit).

### THE COMPANY

Oracle Energy Corp., based in Vancouver, is an international junior oil and gas exploration company, with assets in the USA, Romania and Italy.

#### Need for Cash flow in 2008

Trials, promises and disappointments have dogged the attempts that Oracle Energy management has made over the last few years to develop a portfolio of oil and gas assets. We believe it is becoming critical for the Company to generate some operating cash flow in 2008 in order to secure survival.

#### Romania

Production of natural gas from the Romanian fields, which has been promised, is still undelivered. There has been no news on the Romanian operations since April 2007. We had known that the Arrone-1 well was risky, although the experience of the operator, Ascent Resources plc (UK), in Italy did justify some optimism. At the end of August 2007, however, it was announced that the well had been plugged and abandoned.

**Texas**

On the Texas front, we had expressed expectation (in our July 26, 2007 Update Report) of seeing some gas production from Zapata before the end of 2007 - but so far nothing has materialized.

**Peru and Honduras**

In December 2007, Oracle announced that its interest in Area XIII in northeastern Peru had to be relinquished. At the same time, the Company announced that it had initiated the process of acquiring exploration lands in undisclosed parts of Honduras.

**RECOMMENDATION**

In our July 26, 2007 Update Report, we lowered our Target Price from \$0.80 to \$0.45, while maintaining our Speculative Buy Recommendation. As mentioned above, given the strong oil and gas prices there are still opportunities for success, and the Company has shown its continuing ability to raise capital during difficult times. Although our production expectations have been pushed further out than originally anticipated, we are maintaining our one-year Target Price of \$0.45. The shares continue to be recommended as a Speculative Buy for risk-tolerant investors.

**RATINGS HISTORY**

<b>Date</b>	<b>Report Type</b>	<b>Recommendation</b>	<b>Stock Price</b>	<b>Target Price</b>
Feb. 14, 2006	Initiating	Speculative Buy	\$0.45	\$0.80
June 5, 2006	Commentary	No Change	\$0.32	No Change
Jul. 26, 2007	Update	No Change	\$0.24	\$0.45 (Lowered)
Apr. 21, 2008	Bulletin	No Change	\$0.155	No Change

**52-Week High-Low:** \$0.32-\$0.09

**NOTE:** eResearch reports on Oracle Energy Corp. and other companies are available FREE on our website at [www.eresearch.ca](http://www.eresearch.ca).

**Analysts**

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