

ORACLE ENERGY CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2020
(Expressed in Canadian Dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Oracle Energy Corp. have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

ORACLE ENERGY CORP.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

(Unaudited)

	JUNE 30 2020	DECEMBER 31 2019
ASSETS		
Current		
Cash	\$ 3,971	\$ 10,117
Amounts receivable	1,073	-
Total Current Assets	5,044	10,117
Exploration and Evaluation Assets (Note 5)	15,442	15,442
Total Assets	\$ 20,486	\$ 25,559
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 404,464	\$ 236,852
Due to related parties (Note 6)	141,991	288,988
Notes payable (Note 7)	73,337	50,337
Total Liabilities	619,792	576,177
DEFICIENCY		
Share Capital (Note 8)	21,930,458	21,930,458
Reserves	4,532,213	4,532,213
Deficit	(27,061,977)	(27,013,289)
Total Deficiency	(599,306)	(550,618)
Total Liabilities And Deficiency	\$ 20,486	\$ 25,559

Nature of operations and going concern (Note 1)

These financial statements were authorized for issuance by the Board of Directors on July 30, 2020. They are signed on behalf of the Board of Directors by:

“Loren Currie”

Director

“James Ladner”

Director

The accompanying notes are an integral part of these interim financial statements.

ORACLE ENERGY CORP.

CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)
(Unaudited)

	FOR THE THREE MONTHS		FOR THE SIX MONTHS	
	ENDED JUNE 30		ENDED JUNE 30	
	2020	2019	2020	2019
Expenses				
Advertising and communications	\$ 305	\$ 420	\$ 485	\$ 1,108
Bank charges and interest	9	814	437	1,145
Consulting	-	-	-	15,000
Foreign exchange loss (gain)	(1,015)	(13,318)	1,161	(23,207)
Office	-	165	998	165
Professional fees	13,920	7,226	19,920	14,726
Regulatory and listing fees	1,779	2,709	7,979	6,409
Salaries and benefits	7,500	57,966	15,000	116,001
Telephone	131	125	580	250
Transfer agent fees	1,122	791	2,128	1,809
Travel and promotion	-	1,463	-	1,463
	23,751	58,361	48,688	134,869
Loss Before Other Income (Expenses)	\$ (23,751)	\$ (58,361)	\$ (48,688)	\$ (134,869)
Writedown of equipment	-	-	-	(1,219)
Net (Loss) And Comprehensive (Loss) For The Period	\$ (23,751)	\$ (58,361)	\$ (48,688)	\$ (136,088)
Basic and Diluted (Loss) Per Share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted Average Number Of Common Shares Outstanding	67,322,600	67,322,600	67,322,600	67,322,600

The accompanying notes are an integral part of these financial statements.

ORACLE ENERGY CORP.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

(Unaudited)

	SIX MONTHS ENDED	
	JUNE 30	
	2020	2019
Cash Flows Provided By (Used For):		
Operating Activities		
Net loss for the year	\$ (48,688)	\$ (136,088)
Items not affecting cash:		
Writedown of equipment		1,219
Net change in non-cash working capital items:		
Amounts receivable	(1,073)	(365)
Deposits and prepaids	-	15,000
Accounts payable and accrued liabilities	167,612	76,333
Due to related parties	(146,997)	14,578
	<u>(29,146)</u>	<u>(29,323)</u>
Financing Activity		
Issuance of notes payable to related parties	23,000	-
Foreign exchange impact on notes payable	-	(5,746)
	<u>23,000</u>	<u>(5,746)</u>
Investing Activity		
Acquisition of resource properties	-	-
	<u>-</u>	<u>-</u>
Increase (Decrease) In Cash	(6,146)	(35,069)
Cash, Beginning Of Period	10,117	58,421
Cash, End Of Period	\$ 3,971	\$ 23,352

Non Cash Financing and Investing Activities

Shares issued for debt	-	-
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The accompanying notes are an integral part of these financial statements.

ORACLE ENERGY CORP.

CONDENSED INTERIM STATEMENTS OF CHANGES IN DEFICIENCY (Expressed in Canadian Dollars) (Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2020

	<u>SHARE CAPITAL</u>					
	NUMBER	AMOUNT	SHARES TO BE ISSUED	RESERVES	DEFICIT	TOTAL DEFICIENCY
Balance, December 31, 2018	67,322,600	21,930,458	6,250	4,532,213	(27,515,742)	(1,046,821)
Net loss for the period	-	-	-	-	(136,088)	(136,088)
Balance, June 30, 2019	67,322,600	\$ 21,930,458	\$ 6,250	\$ 4,532,213	\$ (27,013,289)	\$ (1,182,909)
Cancellation of shares to be issued for debt	-	-	(6,250)	-	-	(6,250)
Net income for the period	-	-	-	-	638,541	638,541
Balance, December 31, 2019	67,322,600	\$ 21,930,458	\$ -	\$ 4,532,213	\$ (27,013,289)	\$ (550,618)
Net income for the period	-	-	-	-	(48,688)	(48,688)
Balance, June 30, 2020	67,322,600	\$ 21,930,458	\$ -	\$ 4,532,213	\$ (27,061,977)	\$ (599,306)

The accompanying notes are an integral part of these consolidated financial statements.

ORACLE ENERGY CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2020
(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Oracle Energy Corp. (the “Company”) was incorporated on October 2, 1985 under the Business Corporations Act of British Columbia and is in the business of acquiring, exploring and evaluating oil and gas properties and developing these properties further or disposing of them when the evaluation is completed.

The address of the Company, the principal place of business and the registered and records office is located at Suite 1500 – 1040 West Georgia Street, Vancouver, British Columbia, Canada.

To date, the Company has not earned significant revenues and is considered to be in the exploration stage. During the six months ended June 30, 2020, the Company recorded net comprehensive loss of \$48,688 (2019 – loss of \$136,088) and as of that date, the Company’s current liabilities exceeded its current assets by \$614,748, (December 31, 2019 - \$566,060). As at June 30, 2020, the Company has an accumulated deficit of \$27,061,977 (December 31, 2019 - \$27,013,289). The Company’s operations are primarily funded with debt or equity financing, which is dependent upon many external factors and may be difficult to raise when required. The Company does not have sufficient cash to fund current operations, amounts payable, or amounts required to complete current acquisition agreements and will require additional funding, which if not raised, may result in the delay, postponement or curtailment of some of its activities.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. It has adversely affected global workforces, economies, and financial markets, triggering an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company’s business or operations.

The Company’s financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume the realization of assets and discharge of liabilities in the normal course of business. However, the above factors may cast significant doubt on the use of the going concern basis of accounting used in the preparation of these financial statements. These financial statements do not give effect to adjustments that would be necessary should the Company not be able to continue as a going concern.

Although the Company takes steps to verify title to the resource properties in which it acquires interests in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory and governmental requirements.

ORACLE ENERGY CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2020
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION

a) Statement of Compliance

The condensed interim financial statements of the Company for the six months ended June 30, 2020, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting process.

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2019. Certain comparative figures may have been reclassified in order to conform to the current period's financial statement presentation.

b) Basis of Preparation

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Presentation and Functional Currency

The presentation and functional currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

d) Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

ORACLE ENERGY CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2020
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (Continued)

d) Significant Accounting Judgments and Estimates (Continued)

Elements of these financial statements subject to material estimation uncertainty include:

Fair value measurements

In the preparation of these financial statements, management has estimated the fair value of financial instruments, for which there are no active markets. The fair value estimates are based on the best available information and experience of management. Future events or changes in circumstances may materially impact these estimates used in valuing assets and liabilities at year end.

Elements of these financial statements subject to significant judgment include:

Significant judgments about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) going concern assessment;
- ii) consideration of exploration and evaluation asset impairment criteria;
- iii) recovery of amounts receivable;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash at banks and on hand and short-term investments with maturities of three months or less from the date of acquisition. As at June 30, 2020 and December 31, 2019, the Company did not have any cash equivalents.

b) Exploration and Evaluation Assets

Costs incurred prior to obtaining the legal rights to explore a property are recognized as an expense in the period in which they are incurred. Acquisition of undeveloped oil and gas leases are initially capitalized as intangible exploration and evaluation assets and are expensed in net income/loss upon the expiration of the lease, impairment of the lease or management's determination that no further exploration or evaluation activities are planned on the leased property, whichever comes first. Properties that are subsequently found to have proved reserves are transferred to property, plant and equipment.

The costs directly associated with an exploration well are capitalized as intangible exploration and evaluation assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuels used, rig costs and other payments made to contractors.

Assets are classified as exploration and evaluation assets or property, plant and equipment according to the nature of the expenditures and whether or not technical

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Exploration and Evaluation Assets (Continued)

feasibility and commercial viability of extracting oil and gas assets is demonstrable. Costs are retained in exploration and evaluation assets prior to the establishment of technical feasibility and commercial viability of the project. Such amounts are not subject to depletion or depreciation until they are reclassified to property, plant and equipment once proved reserves have been assigned to the asset. If proved reserves have not been established through the completion of exploration and evaluation activities and there are no future plans for activity in that field, then the exploration and evaluation expenditures are determined to be impaired and the amounts are expensed.

Impairment

If no reserves are found upon evaluation, the exploration and evaluation asset is tested for impairment and the amounts are recognized in net income/loss under exploration and evaluation expenditures. If extractable reserves are found and, subject to further appraisal activity which may include the drilling of additional wells, are likely to be developed commercially, the costs continue to be carried as an intangible asset while sufficient and continued progress is made in assessing the commerciality of the reserves. All such carried costs are subject to technical, commercial and management review as well as review for impairment at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. Lack of intent to develop or otherwise extract value from such discovery would result in the relevant expenditures being written off.

Exploration and evaluation assets are tested for impairment when there are indicators that the carrying value may exceed the recoverable amount, as well as prior to reclassification when the technical feasibility and commercial viability of extracting oil and gas assets is demonstrable. To test for impairment, exploration and evaluation assets are allocated to appropriate cash-generating units. Impairment losses are recognized, as identified, in net income/loss.

Development Costs

Expenditures incurred on the construction, installation or completion of infrastructure facilities such as processing and gathering facilities and pipelines, and the drilling of development wells, including unsuccessful development or delineation wells, are capitalized within property and equipment.

Asset Exchanges

For exchanges or parts of exchanges that involve only exploration and evaluation assets, the exchange is accounted for at carrying value. Exchanges of development and production assets are measured at fair value, unless the exchange transaction lacks commercial substance, or the fair value of the assets given up or the assets received cannot be reliably estimated. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more reliable. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Exploration and Evaluation Assets (Continued)

of the asset given up. Any gain or loss on de-recognition of the asset given up is recognized in net income/loss.

c) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Share issue costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issue costs related to uncompleted share subscriptions are expensed in the period they are incurred.

d) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares issued and outstanding during the reporting period.

The Company uses the treasury stock method to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only instruments with exercise amounts less than market prices impact the diluted calculations. In computing diluted loss per share, no shares were added to the weighted average number of common shares outstanding during the six months ended June 30, 2020 and 2019, for the dilutive effect of employee stock options and warrants as they were all anti-dilutive or exercise amounts were higher than market prices. No adjustments were required to the reported income/(loss) in computing diluted per share amounts.

4. NEW ACCOUNTING STANDARDS ISSUED

There are no new IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements.

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
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5. EXPLORATION AND EVALUATION ASSETS

Italmin Project – Italy

December 31, 2018	\$ 15,442
December 31, 2019 and June 30, 2020	\$ 15,442

During 2018, the Company closed the agreement with Italmin Energie SRL (“Italmin”), an Italian corporation, to acquire a 16% participating interest in an oil and gas permit situated in central south Italy and referred to as the NUSCO permit (the “Permit”). Italmin currently has a 20% participating interest and is party to a Joint Operating Agreement with a third party that has an 80% interest (the “Majority Interest Holder”). The Company will carry Italmin on its 4% carried participating interest until the Company has spent Euro 800,000 under a joint operating agreement (“JOA”), being its 20% share of a total of Euro 4,000,000 to be spent on drilling and testing operations of a first well.

Once Euro 4,000,000 has been expended, all parties to the JOA will be responsible to pay their share of costs going forward on the basis of the Majority Interest Holder paying 80%, the Company 16% and Italmin 4%. In addition to the cost of carrying Italmin on its carried interest as outlined above, the purchase price for the Company’s 16% participating interest is Euro 30,000 payable as to Euro 10,000 (paid) and the remaining Euro 20,000 upon environmental drilling authorization being obtained. Italmin has the right to convert its carried participating interest in all future activities that have origin from the Permit into a gross participating interest with Italmin only paying all taxes, royalties and any other statutory obligations relating to such interest (“Gross Participating Interest”) at the conversion rate of receiving 1% Gross Participating Interest for each 4% of carried interest converted. Conversion into a Gross Participating Interest will result in Italmin receiving its percentage of net profits in payment or kind from the hydrocarbons produced from the Permit without Italmin having to participate in any kind of investment and expenditures in connection with the production of such hydrocarbons.

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6. RELATED PARTY BALANCES AND TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

a) Transactions With Key Management Personnel

	SIX MONTHS ENDED JUNE 30	
	2020	2019
Salaries, management fees and other short-term benefits	\$ 15,000	\$ 16,000
Legal fees	12,000	6,690
	\$ 27,000	\$ 22,690

Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, certain senior officers, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

As at June 30, 2020, \$141,991 (December 31, 2019 - \$288,988) were owing key management personnel and the amounts were included in due to related parties. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

During 2019, the Company entered into debt release and assumption agreements with key management, other related parties and non-related parties in the amount of \$622,040. The debt settlements resulted in a gain on debt settlements of \$176,035 and a debt transfer of \$446,005 to a formerly owned subsidiary Oracle Oil & Gas LLP.

b) Other Related Party Transactions

i) As at June 30, 2020, \$Nil (2019 - \$2,300) were due and included in due to related parties. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

7. NOTES PAYABLE

During the year ended December 31, 2019 and 2018, the Company entered into loan agreements with several directors, officers, shareholders, and other related parties. During 2019, the Company entered into debt settlement and assumption agreements with certain related parties. The outstanding loans are unsecured, bear interest at 12% per annum through September 30, 2017, and are due on demand. Effective September 30, 2017, the interest on the loans was discontinued by agreement of the lenders.

During the six months ended June 30, 2020, the Company entered into a loan agreement with Methanogenesis Corporation ("Methano") for net proceeds of \$23,000. The outstanding

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7. NOTES PAYABLE (Continued)

loans are unsecured, due 45 days following the resumption of trading on the Toronto Venture Exchange (the "Due Date") and bear interest at the bank prime lending rate commencing from the Due Date.

During the six months ended June 30, 2020, the Company recorded a total of \$Nil (2019 - \$Nil) in interest expense on the notes. As at June 30, 2020, the total amounts owed were \$73,337 (December 31, 2019 - \$50,337), including interest payable of \$1,398 (December 31, 2019 - \$1,398).

8. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value
5,000,000 preferred shares, par value of \$5 per share (none issued)

b) Issued and Outstanding

There were no shares issued during the six months ended June 30, 2020.

There were no shares issued during the year ended December 31, 2019.

c) Warrants

A summary of the changes in the Company's share purchase warrants is as follows:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, December 31, 2018 and 2019	55,638,257	\$ 0.19
Expired	<u>(48,250,807)</u>	0.20
Balance, June 30, 2020	<u>7,387,450</u>	\$ 0.12

The following table summarizes the Company's warrants outstanding and exercisable at June 30, 2020:

NUMBER OF WARRANTS OUTSTANDING	EXERCISE PRICE	EXPIRY DATE
5,035,000	\$0.12	October 31, 2020
352,450 *	\$0.08	October 31, 2020
2,000,000	\$0.12	November 16, 2020
<u>7,387,450</u>		

* Includes 352,450 agent's warrants.

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8. SHARE CAPITAL (Continued)

d) Incentive Stock Options

The Company's Stock Option Plan ("the Plan") follows the policies of the TSX Venture Exchange regarding stock option awards granted to employees, directors, and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

There were no options granted during the six months ended June 30, 2020 or the year ended December 31, 2019.

A summary of the changes in the Company's stock options is as follows:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, December 31, 2018	5,603,000	0.19
Expired	(243,000)	1.00
Balance, December 31, 2019	5,360,000	\$ 0.15
Expired	(580,000)	0.15
Balance, December 31, 2020	4,780,000	\$ 0.15

The following table summarizes the Company's stock options outstanding and exercisable at June 30, 2020:

NUMBER OF OPTIONS OUTSTANDING	NUMBER OF OPTIONS EXERCISABLE	EXERCISE PRICE	EXPIRY DATE
2,500,000	2,500,000	\$0.15	July 31, 2020
1,780,000	1,780,000	\$0.15	November 30, 2020
500,000	500,000	\$0.15	September 12, 2023
4,780,000	4,780,000		

Due to contract cancellations and terminations of employment, several options previously set to expire on September 12, 2023 will expire 12 months after the effective termination date in accordance with the Company's Incentive Stock Option Plan and are listed separately in the table above.

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9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to pursue and complete the identification and evaluation of assets, properties, or businesses with a view to acquisition. The Company does not have any externally imposed capital requirements to which it is subject.

As at June 30, 2020 and December 31, 2019, the Company had capital resources consisting of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or debt, adjust the amount of cash and cash equivalents, or dispose of assets.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

The Company's ability to continue as a going concern is dependent upon successful completion of additional financing, continuing support of creditors and its ability to attain profitable operations.

10. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks and has no designated hedging transactions. The Board approves and monitors the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the continuation of the Company's exploration activities, and limited exposure to credit and market risks. There were no changes to the objectives or the process from the prior period.

The types of risk exposure and the way in which such exposures are managed are as follows:

a) Credit Risk

Credit risk primarily arises from the Company's cash and cash equivalents and amounts receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date. Cash and cash equivalents are held as cash deposits or invested in guaranteed investment certificates with various maturity dates. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the bank and the investment grade of the guaranteed investment certificates. Amounts receivable primarily consists of Goods and Services Tax (GST) credits and other receivables.

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10. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures there is sufficient capital to meet short-term business requirements. One of management's goals is to maintain an optimal level of liquidity through the active management of assets, liabilities, and cash flows.

The Company's cash and cash equivalents are deposited in major banks or invested in guaranteed investment certificates, which are available on demand to fund the Company's operating costs and other financial demands.

c) Market Risk

The significant market risks to which the Company is exposed are currency, interest rate, commodity, and equity price risks.

i) Currency Risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company is exploring opportunities in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency risk.

The majority of the Company's costs are incurred in Canada and are denominated in Canadian dollars. Foreign currency transactions are booked at historical cost in Canadian dollars.

The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions is not significant, and therefore, does not hedge its foreign exchange risk.

As at June 30, 2020 and 2019, the Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

	JUNE 30			
	2020		2019	
Cash	USD	82	USD	74
Accounts payable	USD	2,254	USD	140,938
Due to related parties	USD	16,000	USD	234,000
Notes payable	USD	-	USD	113,563

Based on the above net exposures and assuming that all other variables remain constant, a 10% change in the value of the foreign currencies against the Canadian dollar would result in an increase or decrease of \$2,477 (2019 - \$63,990) in income/loss from operations.

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10. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT (Continued)

c) Market Risk (Continued)

ii) Interest Rate Risk

The Company's policy is to invest excess cash in guaranteed investment certificates at fixed or floating rates of interest and cash equivalents are to be maintained in floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. As at June 30, 2020 and December 31, 2019, no cash was held in interest bearing deposits. Fluctuations in interest rates impact the value of cash and cash equivalents. The Company manages risk by monitoring changes in interest rates in comparison to prevailing market rates.

iii) Commodity and Equity Price Risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's financing abilities due to movements in individual equity prices or general movements in the stock market. The company closely monitors equity prices and the stock market to determine the appropriate course of action to be taken by the Company. The Company's investments may consist of common or ordinary shares which are subject to fair value fluctuations.

As at June 30, 2020 and December 31, 2019, the Company had no investments subject to commodity and equity price risk.

11. SEGMENTED INFORMATION

The Company operates in one business segment: oil and gas exploration.

Geographic information with respect to the Company's assets are as follows:

	JUNE 30 2020	DECEMBER 31 2019
Canada	\$ 5,044	\$ 10,117
Italy	15,442	15,442
Total Assets	\$ 20,486	\$ 25,559

Geographic information with respect to the Company's comprehensive income/(loss) is as follows:

	JUNE 30 2020	2019
United States	\$ -	\$ (51,949)
Canada	(48,688)	(25,778)
Comprehensive income/(loss) for the period	\$ (48,688)	\$ (77,727)

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13. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2020, the Company entered into a letter agreement dated February 28, 2020 (the "LOI") and an Amended LOI dated May 11, 2020 with Methanogenesis Corporation ("Methano") pursuant to which the parties have agreed to complete a business combination (the "**Transaction**") by way of share exchange that will have the effect of the Company acquiring all of the approximately 30,000,000 issued and outstanding common shares in the capital of Methano (the "**Methano Shares**"). The Transaction is subject to TSX Venture Exchange (the "**TSXV**") approval and is intended to constitute a "Fundamental Acquisition" in accordance with TSXV Policy.

Pursuant to the Amended LOI, Oracle will acquire Methano by way of a share exchange (the "Share Exchange") subsequent to Oracle undergoing a 4:1 share consolidation on the basis of one post-consolidation share for each four pre-consolidation shares (the "Share Consolidation"). The Share Consolidation will result in there being 16,830,650 common shares of Oracle outstanding. There are currently 27,620,500 Methano Shares outstanding but it is anticipated that as a result of further future financings to be completed by Methano prior to completion of the Transaction that number will increase to approximately 30,000,000 common shares. Pursuant to the Amended LOI, the Transaction will see the Methano Shares consolidated to 16,830,649 common shares, one less than the number of Oracle post-consolidation shares, allowing for a Fundamental Acquisition. Following the acquisition of Methano there will be approximately 33,661,299 common shares outstanding, prior to taking into account further Oracle shares to be issued pursuant to the Financing outlined below. No finders' fees will be payable in connection with the Transaction.

The completion of the Transaction is subject to the satisfaction of certain conditions precedent, including but not limited to:

- (i) Oracle completing a non-brokered private placement financing of up to \$600,000 (the "Financing") which, when added to Methano's post-closing working capital, will provide sufficient capital to satisfy working capital and financial resources in order for the Company to carry out its financial plan for a minimum of six months post-closing of the Transaction.
- (ii) satisfactory due diligence review by each of Oracle and Methano;
- (iii) the negotiation, execution and delivery of a definitive agreement (the "Definitive Agreement") which will supersede the Amended LOI;
- (iv) the execution and delivery of a definitive agreement between Methano and the University referred to below;
- (v) receipt of all requisite third party consents, waivers, permits, orders and approvals, including, without limitation, the approval of the TSXV;
- (vi) the approval of the respective boards of directors of Oracle and Methano; and
- (vii) the agreement and approval of the shareholders of Methano.

Accordingly, there can be no assurance that the Transaction will be completed on the terms proposed above or at all.