ORACLE ENERGY CORP.
MANAGEMENT DISCUSSION & ANALYSIS
For the six months ended June 30, 2022 and June 30, 2021

Introduction

This Management Discussion and Analysis (MD&A) should be read in conjunction with the unaudited condensed interim financial statements for the six months ended June 30, 2022 and 2021 and the audited annual financial statements as at and for the years ended December 31, 2021 and 2020 and accompanying notes therein. The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated. The MD&A is intended to help the reader understand the consolidated financial statements of the Company. All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 “Continuous Disclosure Obligations” of the Canadian Securities Administrators. Additional information regarding Oracle Energy Corp. is available through the SEDAR website at www.sedar.com and the Company’s website at www.oracleenergy.com. The content of the Company’s website is not incorporated by reference.

Certain information in this MD&A contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation. See “Caution Regarding Forward-Looking Information” below.

Date of this report

The date of this MD&A is August 19, 2022, and it contains information up to and including this date.

Company Overview

Oracle Energy Corp. (the "Company", or "Oracle") was incorporated on October 2, 1985 under the Business Corporations Act of British Columbia. The Company 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 Company was listed on Tier 2 of the TSX Venture Exchange ("TSX-V") under symbol OEC up to May 5, 2021. On May 6, 2021, the Company was downgraded to the NEX Board of the TSX Venture Exchange as it did not meet the Continued Listing Requirements for a Tier 2 listing. The trading symbol for the Company has been changed to OEC.H.

On February 28, 2020, the Company entered into a letter agreement (the “LOI”) with Methanogenesis Corporation (“Methano”) pursuant to which the parties agreed to complete a business combination (the “Transaction”) by way of share exchange that would have the effect of the Company acquiring all of the issued and outstanding common shares in the capital of Methano (the “Methano Shares”) by issuing approximately 16,830,650 Oracle shares to the shareholders of Methano. The Transaction was subject to TSX Venture Exchange (the “TSXV”) approval and was intended to constitute a ”Fundamental Acquisition” in accordance with TSXV Policy.

On April 26, 2021, the Company announced that it terminated its previously announced letter of intent dated February 28, 2020 as amended on May 11, 2020 (the "LOI") to acquire Methanogenesis Corporation.

On January 10, 2022, the Company announced it has re-entered into negotiations with Methano to acquire Methano and that the Company is also contemplating a concurrent move to the Canadian Securities Exchange ("CSE"). Oracle proposes to acquire Methano by way of a share exchange, and the Company will be providing further details if, as and when discussions are formalized in an agreement to complete the proposed acquisition of Methano.

Nature of Operations and Going Concern

To date, the Company has not earned significant revenues. During the six months ended June 30, 2022, the Company recorded net loss of $167,373 (2021 - $143,965) and as of that date, the Company's working capital is $92,282 (December 31, 2021 - $251,979). As at June 30, 2022, the Company has an accumulated deficit of $27,553,530 (December 31, 2021 - $27,386,157). 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 planned acquisitions 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. Governments worldwide have enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness making it difficult to raise capital in the public markets. As at June 30, 2022, the Company does not have any operations impacted by COVID-19. 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.

These 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. Such adjustments could be material.

Overall Performance for the six months ended June 30, 2022

During the six months ended June 30, 2022, the Company announced it has re-entered into discussions with Methano and management continued with its due diligence and preparation of a new agreement with the terms of the merger.

Overall Performance for the six months ended June 30, 2021

During the six months ended June 30, 2021, the Company continued with its due diligence on the Methano transaction, On April 26, 2021, the Company terminated its previously announced letter of intent with Methano and turned its focus to bringing the Company back to active trading to enable it to raise equity funds in the capital markets for working capital and to pursue acquisition opportunities. On May 11, 2021, the Company announced that effective May 6, 2021 is was now listed for trading on the NEX board of the TSX Venture Exchange. On May 25, 2021, the Company announced a 5:1 share consolidation which was completed on June 17, 2021.

Discussions of Operations

For the three months ended June 30, 2022

For the three months ended June 30, 2022, the Company reported net loss and comprehensive loss $83,485 ($0.00 per share) compared to a net loss and comprehensive loss of $79,037 ($0.00 per share) in 2021. The Company did not generate any revenues from operations during the period.

Expenditures for the three months ended June 30, 2022, were higher than those in 2021 mainly due to increased professional fees partially offset by reduced regulatory and listing fees and transfer agent fees. Other expenditures for the quarter remained similar to the previous year with limited activity.

For the six months ended June 30, 2022

For the six months ended June 30, 2022, the Company reported net loss and comprehensive loss $167,373 ($0.01 per share) compared to a net loss and comprehensive loss of $143,965 ($0.01 per share) in 2021. The Company did not generate any revenues from operations during the period.

Expenditures for the six months ended June 30, 2022, were higher than those in 2021 mainly due to increased consulting and professional fees partially offset by reduced regulatory and listing fees and transfer agent fees. Other expenditures for the quarter remained similar to the previous year with limited activity.

Selected Quarterly Financial Information

The following table sets forth a comparison of the Company's revenues and earnings on a quarterly basis for each of the eight most recently completed quarters. The financial data for the Company's eight most recently completed quarters was prepared in accordance with IFRS. The functional currency and the reporting currency of the Company is in Canadian dollars.

For the Quarter Ended	**30-Jun-22**	**31-Mar-22**	**31-Dec-21**	**30-Sep-21**
	$	**$**	**$**	**$**
Net income (loss) and comprehensive income (loss)	(83,485)	(83,888)	(89,319)	(86,661)
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.00)	(0.01)
Total assets	265,471	344,847	518,730	642,786

For the Quarter Ended	**30-Jun-21**	**31-Mar-21**	**31-Dec-20**	**30-Sep-20**
	$	**$**	**$**	**$**
Net income (loss) and comprehensive income (loss)	(79,037)	(64,928)	5,333	(9,568)
Basic and diluted income (loss) per share	(0.01)	(0.00)	0.00	(0.00)
Total assets	3,416	16,012	40,488	16,332

The main factors causing significant fluctuations in net income (loss) and comprehensive income (loss) from quarter to quarter were as follows:

- *Accretion* – In Q4, 2020, the Company recorded accretion expenses related to long term debt thru Q2 2022.
- *Consulting* – The Company incurred additional consulting expenses in Q1, 2021 thru Q2 of 2022 due to increased financing and acquisition activities. In Q4, 2020, the company reallocated $19,918 from salaries to consulting as the amounts were paid to a corporation controlled by a related party.
- *Regulatory and Listing Fees and Transfer Agent Fees* – Regulatory and listing fees on Q2 and Q3, 2021 were higher than prior quarters due to fundraising and share consolidation activities.
- *Gain on Debt Settlement* – In Q4, 2020, the Company recorded a gain of $38,929 of additional debt settlements.
- *Gain on Writedown of Accounts Payable* – In Q4, 2021, the Company recorded a gain of $22,983 on the writedown of old accounts payable that had been outstanding for periods exceeding the legal statute of limitations for making a claim against the Company.
- *Loss on Writedown of Exploration and Evaluation Assets* – In Q4, 2020, the Company recorded a loss of $15,442 on the writedown of the Italmin project in Italy.

Liquidity

The table below highlights the Company's cash flows for the six months ended June 30, 2022, as compared to the six months ended June 30, 2021:

For the Three Months Ended	**June 30, 2022**	**June 30, 2021**
Net cash provided by (used in):		
• Operating activities	($283,194)	($41,234)
• Financing activities	-	2,000
• Investing activities	-	-
Decrease in cash	($283,194)	($39,234)

As at June 30, 2022, the Company had cash of $220,331 (December 31, 2021 - $503,525) and working capital of $92,282 as compared to a working capital of $251,979 at December 31, 2021.

Net cash used in operating activities during the six months ended June 30, 2022, was $283,194 (2021: $41,234). Operating costs were increased for the period mainly due to the payments made to reduce accounts payable and related party payables, and funds temporarily advanced to Methano during the negotiation of terms for acquisition in addition to additional operating expenses for consulting and professional fees related to the Methano acquisition.

To fund ongoing acquisition development activities and working capital requirements the Company finances its activities primarily through the issue of capital stock, debt instruments, and advances from related parties. During the six months ended June 30, 2022, the Company did not generate any cash flows from financing activities as compared to $2,000 received in notes payable in the six months ended June 30, 2021. Cash raised in the year ended Dec 31, 2021 was used to reduce notes receivable, accounts payable, and some related party payables during the six months ended June 30, 2022.

The Company expects to continue raising funds to finance its growth strategy and to meet related obligations and working capital commitments. Future operations and the Company's ability to meet its commitments depend on its ability to raise sufficient funds through share offerings, debt, or operations. Issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. If the Company is unable to obtain financing in amounts and on terms deemed acceptable, further success of the business could be adversely affected.

There were no investing activities during the six months ended June 30, 2022, or 2021.

Capital Resources

The Company was in the oil and gas exploration and development business and has incurred losses since its inception. To date the Company has had limited revenue and funded its operations primarily through the issuance of capital stock and advances from related parties. The Company must continue to raise additional financing to progress its acquisition strategy, and currently has insufficient funds to meet expected operating and capital expenditures without raising additional capital. The Company will use its best efforts to do so, but there can be no assurances that the Company will be able to continue to secure financing in amounts and on terms deemed acceptable to continue these activities.

COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financing capabilities. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these consolidated financial statements, the Company's stock price continues to be extremely volatile. Should the stock prices remain at or below currently prevailing levels for an extended period, this could have a further significant adverse impact on the Company's financial position, results of operations for future periods, and ability to raise new capital.

Additional funding will be required throughout the year.

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, 2022 and December 31, 2021, 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 borrow cash.

The Company's investment policy is to invest its excess 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.

Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements during the six months ended June 30, 2022 or the year ended December 31, 2021.

Related Party 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.

Transactions with Key Management Personnel

	SIX MONTHS ENDED JUNE 30	
	2022	2021
Consulting fees	**$ 24,000**	$ 24,000
Legal Fees	**17,907**	12,000
	$ 41,907	$ 36,000

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, 2022, $37,034 (December 31, 2021 - $55,206) was owing to key management personnel or to a company controlled by an officer or director 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.

As at June 30, 2022, $77,653 (December 31, 2021 - $77,403) was owing to key management personnel or to a company controlled by an officer or director and the amounts were included in notes payable.

The following table summarizes amounts due to related parties:

			AS AT	
			JUNE 30	DECEMBER 31
			2022	2021
Accounts Payable				
Gordon J Fretwell Law Corp.	Secretary	Consulting	**$ 23,551**	$ 55,206
Pieter Bakker	Director	Expenses	**1,362**	-
Teletouch Services Inc	CFO	Consulting	**4,200**	-
Notes Payable				
James Ladner, Director	Director	Long-term Debt	**15,463**	15,213
Gordon J Fretwell Law Corp.	Secretary	Long-term Debt	**55,209**	55,209
Teletouch Services Inc.	CFO	Long-term Debt	**6,981**	6,981
			$ 95,707	$ 132,609

Notes Payable

During the year ended December 31, 2020, the Company entered into debt deferral arrangements in the amount of $302,677 whereby various related parties, key management and third parties agreed to defer 75% of the amounts owing to three equal installments, repayable from each of the first three private placements completed by the Company subsequent to the first year after the Company completes a qualifying transaction. As a result of the debt settlements and debt deferral arrangements, 25% of the amounts were reclassified from related party debt to current and 75% to long term notes payable.

During the year ended December 31, 2020, the Company borrowed $40,000 from the Canada Emergency Business Account ("CEBA") program. The CEBA Loan has an initial term that expires on December 31, 2023, throughout which, the CEBA Loan remains interest free. Repayment of $30,000 by December 31, 2023, results in a $10,000 loan forgiveness. If the balance is not paid prior to December 31, 2023, the remaining balance will be converted to a 2-year term loan at 5% annual interest, paid monthly effective January 1, 2024. The full balance must be repaid by no later than December 31, 2025.

During the year ended December 31, 2021, the Company borrowed $2,000 from a company owned by a shareholder and made payments of $116,974 on outstanding notes payable.

As at June 30, 2022, the total amounts owing were $298,784 (December 31, 2021 - $298,535). The outstanding loans are unsecured and bear no interest.

The summary of notes payable as of June 30, 2022 and December 31, 2021, is as follows:

	JUNE 30 2022	DECEMBER 31 2021
Notes payable	$ **258,784**	$ 258,535
CEBA	**40,000**	40,000
Total notes payable	**298,784**	298,535
Current notes payable	**(45,283)**	(45,283)
Long term portion	**253,501**	253,252
Discounting of long-term notes payable	**(19,827)**	(37,765)
Add: accretion	**7,427**	17,938
Long term notes payable	$ **241,101**	$ 233,425

Proposed Transactions

The Company has re-entered into negotiations to acquire Methanogenesis Corp. to acquire Methano by way of a share exchange, Further details will be provided if, as and when discussions are formalized in an agreement to complete the proposed acquisition of Methano.

At the date of this report there are no additional proposed asset or business acquisitions or dispositions for which the directors or senior management consider confirmation by the Board of Directors to proceed with the transaction to be probable.

Critical Accounting 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.

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;

Changes in Accounting Policies

During the six months ended June 30, 2022, the Company has not adopted any new standards or policies.

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.

Financial Instruments and Other Instruments

The carrying value of cash, amounts receivable, accounts payable and due to related parties and notes payable approximates their fair values due to the short maturity of those instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these statements.

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, amounts receivable and note receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date. Cash is 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. The Company evaluates the creditworthiness of the counterparty and the fair value of the credit loss of the note receivable.

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 accounts payable and accrued liabilities and due to related parties are due within one year and notes payables are due within three years.

The Company's cash is 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 translated into the functional currency using the exchange rates prevailing on the transaction date.

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, 2022 and 2021, the Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

	JUNE 30			
	2022		2021	
Cash	USD	36	USD	10
Accounts payable	USD	1,383	USD	2,254
Due to related parties	USD	-	USD	4,000
Notes payable	USD	12,000	USD	12,000

Based on the above net exposures and assuming 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 $1,720 (2021 - $2,261) in income/loss from operations.

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, 2022 and December 31, 2021, 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.

As at June 30, 2022 and December 31, 2021, the Company had no investments subject to commodity and equity price risk.

Subsequent Events

None

Non-GAAP Measures

The Company has included certain non-GAAP financial measures to supplement its Consolidated Financial Statements, which are presented in accordance with IFRS, including the following:

- Working capital.

The Company believes that this measure, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-GAAP financial measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Management's determination of the components of non-GAAP and additional measures are evaluated on a periodic basis influenced by new items and transactions, a review of investor uses and new regulations as applicable. Any changes to the measures are duly noted and retrospectively applied as applicable.

Working capital

The Company uses "working capital" to explain and analyze Capital Resources. Working capital is defined as current assets minus current liabilities. To be conservative, the Company deducts deposit and prepaids from working capital to illustrate its short-term liquidity position.

Disclosure of Outstanding Share Data

As of the date of this MD&A, the Company's authorized share capital consists of an unlimited number of common shares without par value and 5,000,000 preferred shares, par value of $5 per share (none issued.)

As at the date of this report, the Company had the following securities outstanding:

Type of Security	**Number Outstanding** (1)
Common Shares	23,464,487
Stock Options	-
Warrants (2)	5,579,600
Underlying Warrants (3)	245,600
Fully Diluted	29,289,687

(1) Post Consolidation shares

(2) Includes 579,600 agents' warrants

(3) Underlying warrants included in 245,600 agents' warrants. Each Warrant is exercisable for one unit. Each unit is comprised of one common share and one full share purchase warrant entitling the holder to acquire one additional common share at a price of $0.15 per share for 12 months from closing.

Disclosure Controls and Procedures

In contrast to the certificate required under National Instruments 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized, and reported within the time periods specified in securities legislation; and

ii) A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risk Factors

Any investment in the securities of the Company is speculative, due to the nature of its business and its general stage of development. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. In addition to the usual risk associated with investment in a business, investors should carefully consider the following risk factors as well as the risk factors set out in the Company's other public disclosure.

The Company's business and results of operations are subject to a number of risks and uncertainties, including but not limited to the following:

- the Company's limited operating history and inability to assure profitability;
- the Company's reliance on Governments to issue drilling permits;
- changes in laws, regulatory regimes and guidelines relating to the acquisition of drilling and exploration permits;
- the Company's dependence on key personnel, including directors, officers, and other employees;
- the Company's reliance on the parties to its joint ventures;
- the Company's dependence on development of its joint ventures;
- the Company's ability to complete any proposed or contemplated transactions including the acquisition of Methanogenesis Corp.;
- the Company's ability to develop and commercialize the technology of Methanogenesis Corp.;
- the Company will need to obtain additional debt or equity financing in the future to support ongoing operations, and there can be no assurance that such financing will be available to the Company when needed or on terms acceptable to the Company;
- fluctuation of the market price of the Company's common shares; and
- the other risks identified in the Company's other public disclosure, available under the Company's profile on SEDAR at www.sedar.com.

Caution Regarding Forward-Looking Information

Certain information in this MD&A contains comments that constitute forward-looking information within the meaning of applicable securities legislation.

*This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws ("**forward-looking information**") concerning the Company including, but not limited to, anticipated results and developments in the Company's operations in future periods, and other matters that may occur in the future.*

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, including, without limitation, assumptions about:

- *the Company's ability to enter into an agreement with Methanogenesis Corp.;*

- *the Company's acquisition plans and the ability to complete the acquisitions;*
- *the anticipated costs and investments for development and exploration of the Company's assets;*
- *general economic, financial market, regulatory and political conditions in which the Company operates;*
- *competition;*
- *the ability of the Company to develop commercialize the technology of Methanogenesis Corp.*
- *the ability of the Company to generate cash flow from operations and obtain necessary financing on acceptable terms;*
- *government regulation of the Company's activities and products, including in the areas of taxation and environmental protection;*
- *the timely receipt of required regulatory approvals;*
- *the ability of the Company to obtain qualified staff, equipment, and services in a timely and cost-efficient manner; and*
- *the ability of the Company to conduct operations in a safe, efficient, and effective manner.*
- *future outlook and goals;*
- *permitting timelines and requirements, regulatory and legal changes, and requirements for additional capital;*
- *whether the Company will have sufficient working capital and its ability to raise additional financing required in order to develop its business and continue operations;*
- *contributions and expected timing of contributions of cash to the Company's various projects;*
- *whether the key personnel will continue their employment with the Company; and*
- *planned expenditures and budgets and the execution thereof.*

Forward-looking information involves a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, events, results, performance, or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, without limitation, those related to:

- *the industry-wide risks;*
- *the Company's ability to obtain financing;*
- *the Company's dependence on key personnel;*
- *availability of third-party contractors or equipment;*
- *difficulties in construction or in obtaining qualified contractors to complete construction projects;*
- *the Company's reliance on joint venture parties and other counterparties;*
- *the Company's ability to manage anticipated and unanticipated costs;*
- *the costs of development of the Company's projects being higher than anticipated by the Company;*
- *the time to complete the Company's projects being longer than anticipated by the Company;*
- *failure of equipment to operate as anticipated;*
- *unfavorable publicity or consumer perception of the oil and gas industry or the Company;*

- *environmental risks;*
- *changes in laws and regulations may increase costs of doing business and/or restrict the Company's activities and operations or plans for international and domestic expansion;*
- *community relations;*
- *changes in the Company’s over-all business strategy;*
- *restrictions imposed by the TSX Venture Exchange on the Company’s business;*
- *the ability of the Company to obtain a listing on the CSE;*
- *the Company's lack of operating revenues;*
- *inability to obtain necessary licenses and permits;*
- *governmental regulations;*

This is not an exhaustive list of the risks and factors that may cause actual results to differ materially from the Company’s forward-looking information. There may be other factors that cause actions, events, conditions, results, performance, or achievements not to be as anticipated, estimated or intended. In addition to those discussed in this MD&A, please refer to the risks described in the Company's public disclosure record. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.