



SECOND QUARTER 2010 REPORT

JURA ENERGY CORPORATION
Management's Discussion and Analysis
March 31, 2010

This Management Discussion and Analysis ("MD&A") is a review of the results of operations and the financial position of the Company as at March 31, 2010, and for the three and six month periods ended March 31, 2010 and 2009. This MD&A is dated May 12, 2010, and should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three and six month periods ended March 31, 2010 and 2009.

Jura Energy Corporation's ("Jura" or the "Company") consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada ("GAAP"), and are reported in United States currency.

Jura is listed and traded on the Toronto Stock Exchange under the trading symbol **JEC**. Additional information relating to Jura Energy Corporation is available on SEDAR at www.sedar.com.

Forward-looking Statements

This MD&A contains forward-looking statements. Readers are advised that any forward-looking statements contained in this MD&A are expressly qualified by the cautionary statements contained within the Forward-looking Statement section commencing on page 11 of this MD&A.

Non-GAAP Measurements

Within this MD&A, references are made to terms having widespread use in the oil and gas industry. "Netback" and "Working Capital" are not terms defined by GAAP in Canada and are regarded as non-GAAP measures. Netback is equal to petroleum and natural gas sales revenues less sales tax, royalties and production costs. Working capital is equal to current assets less current liabilities. The calculations for each non-GAAP measure are as follows:

Netback:

	Three months ended March 31,		Six months ended March 31,	
	2010	2009	2010	2009
	US\$	US\$	US\$	US\$
Petroleum and natural gas sales	\$ -	\$ 395,914	\$ 346,291	\$ 830,417
Less: Sales Tax	-	56,424	48,699	119,045
Royalty	-	37,619	29,881	78,558
Production expenses	-	66,596	81,844	126,329
	<u>\$ -</u>	<u>\$ 235,275</u>	<u>\$ 185,867</u>	<u>\$ 506,485</u>

Working capital:

	March 31, 2010	September 30, 2009
Current assets	\$ 4,267,817	\$ 3,874,212
Current liabilities	(2,525,997)	(1,735,378)
	<u>\$ 1,741,820</u>	<u>\$ 2,138,834</u>

Overview

Jura Energy Corporation is an international energy company engaged in the exploration, development and production of petroleum and natural gas properties. The Company's activities are conducted exclusively in Pakistan where it has ownership positions in exploration, appraisal and development concessions.

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Activity update – Corporate

On January 1, 2010, the Company's indirect wholly-owned subsidiary, Frontier Holdings Limited, sold its entire 66.665% interest in common shares of Pyramid Energy International Inc. ("Pyramid") for total proceeds of \$3,146,781 of which \$1.5 million was paid in cash and the remainder as a note receivable from the purchaser, Petroleum Exploration (Pvt) Limited ("PEL"), to be applied against the Frontier's share of future exploration expenditures on 3 of its 6 exploration concessions. PEL is the operator of the Company's remaining properties in Pakistan and also owns the other 33.335% of Pyramid. This transaction has been accounted for in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Accounting Guideline 16. As a consequence of the sale of its interest in Pyramid, the Company no longer has any petroleum and natural gas revenues nor any proven petroleum and natural gas reserves. The Company recorded a total loss of \$1,348,326 on this transaction. At the time of disposition, Pyramid had total working capital of \$847,687 which included a cash balance of \$798,163. The Company continues to hold six licenses and one lease (see properties below).

On November 1, 2009, a new shared services agreement was concluded between the Company and Kulczyk Oil Ventures Inc. ("KOV") under the terms of which financial and accounting services shared between the two companies are provided by KOV employees to the Company on the basis of relative time spent, with the Company's share currently estimated to approximate 20% of the total. This agreement replaces a previous arrangement under which the shared services were formerly provided by employees of the Company. This change is expected to result in overall decrease in future general and administrative expenditures of the Company.

Properties

On June 2, 2006, the Company completed the acquisition of a number of petroleum and natural gas interests in Pakistan, comprised of ownership interests ranging from 47.5% to 50% in six exploration licences and a 37.5% interest in a development and production lease for a natural gas field. As of April 1, 2008, these ownership interests range from 35% to 37.5%, after giving effect to the reduction resulting from the GPX farm-out transaction (see below). The Company does not act as operator for any of the properties in which it has an ownership interest.

The six licences and one lease cover a total area of 1,287,548 acres, with four interests being located in the Central Gas Basin, two interests in the Lower Indus Gas and Oil Basin and one in the northern oil-bearing Potwar Basin. The committed work program on several of the licences has been completed as of September 30, 2009 however an aggregate 5 well commitment remains on several other licenses. These six exploration licenses have expiration dates ranging from March 31, 2010 to December 31, 2010. Subsequent to March 31, 2010 the Company and its in-country operator, PEL, were granted a 6 month extension for the license that expired on March 31, 2010. The development and production lease does not expire until 2031. The Company's experience in Pakistan to date has been that all license and/or work commitment extensions sought from Government authorities by the operator have been granted.

Processing and interpretation of previously acquired data continues and will form a significant portion of the basis for the ranking of prospects. A number of leads and prospects have been identified in the Badin IV South, Badin IV North and Salam blocks. Two locations have been finalized for drilling in 2010; one in Badin IV North and one in Badin IV South. The partners are in the process of ranking additional locations with plans to finalize drilling locations for an additional well in Badin IV North, three additional wells in Badin IV South and one well in Salam.

The Company participated in the drilling of three exploratory wells on its concessions in 2009. The Kandra 4D well remains suspended pending further evaluation by Jura and its partners. The Company and its partners will consider a second Kandra well targeting the Chiltan Limestone zone, as seismic mapping indicates a potential hydrocarbon zone updip from the Kandra 4D well location. The joint venture partners are currently evaluating the feasibility of remedial work for the Jamali Deep-1 and the Rafay-1 wells, both of which were drilled in 2009 and remain suspended.

During the latter portion of 2009, and throughout the first quarter of 2010, the Company and its joint venture partners have been devoted to a comprehensive evaluation and ranking of all prospects in all concessions in order to determine drilling priorities for 2010 and beyond. The order in which prospects may be drilled and other work completed will be influenced by the joint venture partners' assessment of whether or not existing work commitments and/or license expiry dates will be extended by the Government of Pakistan; the Company's experience in Pakistan to date has been that all license and/or commitment extensions sought from Government authorities by the operator have been granted.

The Company has partnered with PEL in a project to refurbish an existing power station which would utilize as feedstock natural gas from the Kandra natural gas field - the Company's development lease located in the Central Gas basin of Pakistan. Various approvals have been sought and received from relevant Pakistan government authorities, however the project will not move forward until further analysis and planning has been completed, including detailed engineering plans and economic evaluations.

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Plan of Operations

A work program for 2010 and beyond has been proposed for the six exploration licenses in Pakistan based on considerations including the past years drilling results plus work commitments and the timing thereof for the Company's properties. A number of potential drilling locations have been identified and a 2010 work program has been finalized which includes the drilling of two exploratory wells. Drilling of these wells is presently anticipated to commence during the third and fourth quarters of 2010.

Liquidity

The Company's working capital of \$1,741,820 is insufficient to fully fund continued operations and capital expenditure commitments for the next twelve months, and accordingly new cash resources must be secured. All of the Company's exploration expenditures and the majority of overhead costs incurred to date have been funded by equity issuances, a farm-out agreement through which a third party reimbursed the Company for a portion of historical costs and pays a portion of the Company's future capital expenditures to earn a portion of the Company's ownership interest in certain of its resource properties and more recently, the sale of assets. The Company's strategic growth plan has always contemplated the need for additional capital resources to meet its commitments and fully exploit its existing resource properties and further capital resources are required imminently. Management is currently evaluating and will pursue funding alternatives, including additional farm-out agreements and new equity issuances. There is no assurance that these initiatives will be successful.

GPX farm-out transaction

Effective as of April 1, 2008, the Company and its partner, PEL, entered into a farm-out agreement in respect of six exploration concessions in Pakistan with Gulf Petroleum Exploration International ("GPX") pursuant to which, the Company and PEL each assigned a 12.5% working interest in the following concessions to GPX: Badin IV North, Badin IV South, Kandra (excluding Sui Main Limestone development), Salam, Mirpur Mathelo, and Karsal.

Under the terms of the farm-out agreement, GPX's obligations to the joint venture are to pay (i) 66.67% of the first US\$6 million in expenditures to drill each of the first 4 exploration wells of the work program in the blocks (three of which have been drilled in 2009), (ii) 58.33% of the first US\$6 million in expenditures to drill each of the next 5 exploration wells of the program in the blocks, and (iii) 50% of the first US\$6 million in expenditures to drill each of an additional 2 wells, contingent on there being at least 4 commercial discoveries from the first 9 wells drilled.

The Company estimates the value of the expenditures payable by GPX in accordance with this agreement that would otherwise be payable by the Company to be a minimum of \$10.0 million with the remaining value (after the drilling of the three exploratory wells in 2009) estimated to be \$6.5 million. The Company also received cash consideration of US\$4.25 million from GPX in fiscal 2009 as payment towards historical costs (against which an income tax liability of \$302,000 was accrued) and was credited for 50% of GPX's working interest share of costs incurred from April 1, 2008, estimated to amount to \$3.8 million.

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Results of Operations

Quarterly Comparative Statement of Operations

	Three months ended March 31,		
	2010	2009	Change
	US\$	US\$	US\$
Revenues			
Petroleum and natural gas sales	\$ -	\$ 395,914	\$ (395,914)
Less: Sales Tax	-	56,424	56,424
Royalty	-	37,619	37,619
	<u>-</u>	<u>301,871</u>	<u>(301,871)</u>
Interest	7,541	312,585	(305,044)
	<u>7,541</u>	<u>614,456</u>	<u>(606,915)</u>
Expenses			
Production	-	66,596	66,596
Administration	474,015	539,899	65,884
Foreign exchange gain (losses)	64,811	(71,403)	(136,214)
Valuation allowance on other assets	-	732,362	732,362
Depletion, depreciation and accretion	20,053	327,688	307,635
	<u>558,879</u>	<u>1,595,142</u>	<u>1,036,263</u>
Loss on sale of subsidiary	<u>(1,348,326)</u>	<u>-</u>	<u>(1,348,326)</u>
Loss before non-controlling interest and taxes	(1,899,664)	(980,686)	(918,978)
Non-controlling interest	-	45,099	45,099
Future income tax (recovery) expense	-	(92,347)	(92,347)
	<u>-</u>	<u>(92,347)</u>	<u>(92,347)</u>
Net loss for the period	<u>\$ (1,899,664)</u>	<u>\$ (933,438)</u>	<u>\$ (966,226)</u>

As a consequence of the sale of its interest in Pyramid on January 1, 2010, the Company no longer has any petroleum and natural gas revenues or any corresponding sales tax, royalties' and depletion expense.

Total sales volumes for the three months ended March 31, 2009 was 204,571 Mcf and net sales volumes was 136,244 Mcf. Sales tax for the comparative period three months ended March 31, 2009 was 14.3% as a percentage of gross revenues. Royalties for the comparative period were 9.5%. Production expenses in the three months ended March 31, 2009 were \$0.28/Mcf.

The resource activities for the three months period ended March 31, 2009 resulted in a gross netback of \$287,641 (net: \$191,569).

Depletion expense on petroleum and natural gas operations for three months ended March 31, 2009 was \$327,688 or \$1.60/Mcf.

Interest revenues from short term investments for the current period totalled \$7,541, a decrease of \$305,044 from the prior period. The prior period interest revenue includes the recognition of CAD \$347,586 the Company accrued from the restructured asset backed commercial paper.

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Loss on sale of subsidiary for the current three months period of \$1,348,326 is due to the sale of Pyramid on January 1, 2010.

General and administrative expenses of \$474,015 for three months ended March 31, 2010 are down by \$65,884 (12%) from the comparative period. This reduction is due to the absence of general and administrative expenses for Pyramid and the impact of all stock options being surrendered resulting in no stock base compensation expense being recorded in the current period.

Six Month Period Comparative Statement of Operations

	Six months ended March 31,		Change US\$
	2010 US\$	2009 US\$	
Revenues			
Petroleum and natural gas sales	\$ 346,291	\$ 830,417	\$ (484,126)
Less: Sales Tax	48,699	119,045	70,346
Royalty	29,881	78,558	48,677
	<u>267,711</u>	<u>632,814</u>	<u>(365,103)</u>
Interest	17,871	359,717	(341,846)
Other income	-	1,725,296	(1,725,296)
	<u>285,582</u>	<u>2,717,827</u>	<u>(2,432,245)</u>
Expenses			
Production	81,844	126,329	44,485
Administration	968,881	1,251,585	282,704
Foreign exchange gain (losses)	132,453	(244,891)	(377,344)
Valuation allowance on other assets	-	732,362	732,362
Depletion, depreciation and accretion	254,144	707,310	453,166
	<u>1,437,322</u>	<u>2,572,695</u>	<u>1,135,373</u>
Loss on sale of subsidiary	<u>(1,348,326)</u>	-	<u>(1,348,326)</u>
Loss before non-controlling interest and taxes	(2,500,066)	145,132	(2,645,198)
Non-controlling interest	(5,645)	68,694	74,339
Current income tax expense	-	302,000	302,000
Future income tax (recovery) expense	(1,617)	(89,873)	(88,256)
Net loss for the period	<u>\$ (2,492,804)</u>	<u>\$ (135,689)</u>	<u>\$ (2,357,115)</u>

The current period of six months ended March 31, 2010 includes only three months of petroleum and natural gas revenues and related sales tax, royalties and production expense as the Company sold its interest in Pyramid on January 1, 2010.

Total sales volumes for the six months ended March 31, 2010 were 184,295 Mcf (2009: 426,742 Mcf); net sales volumes were 122,741 Mcf (2009: 284,210 Mcf).

Sales tax for the period was 14.1% (2009: 14.3%) as a percentage of gross revenues. Royalties for the period were 8.6% (2009: 9.5%). Production expenses in the six months ended March 31, 2010 were \$0.44/Mcf compared to \$0.28/Mcf in the comparative period. The increase in current period production expenses is due to the annual maintenance turnaround occurring in October, where as in the previous year, this work was completed in May 2008 and is therefore not reflected in the comparative period.

Loss on sale of subsidiary for the current six months period of \$1,348,326 is due to the sale of Pyramid on January 1, 2010.

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The resource activities for the current six month period resulted in a gross netback of \$185,867 (net: \$123,908) as compared to a gross netback for 2009 of \$506,485 (net: \$337,319).

Depletion expense on petroleum and natural gas operations was \$234,091 or \$1.27/Mcf for the six months ended March 31, 2010 (2009: \$707,310 or \$1.66/Mcf). The comparative period expense is higher because the costs of drilling the Kandra 4D well were added to petroleum and natural gas costs subject to depletion for that year. These drilling costs were fully impaired at September 30, 2009, and therefore not included in costs subject to depletion resulting in a lower current period depletion expense.

Interest revenues from short term investments for the current period were \$17,871, a decrease of \$341,846 from the comparative period. The decrease is due to the interest revenue of \$282,843 the Company recorded from the restructured asset backed commercial paper in the comparative period. Additionally, lower interest was earned on cash deposits in the current period as balances and rates of return have decreased.

During the comparative six month period ended March 31, 2009, the Company received net proceeds of \$1,725,296 upon completion of several transactions that resulted in the utilization of previously unrecognized income tax losses.

General and administrative expenses of \$968,881 for the six months ended March 31, 2010 are down by \$282,704 (23%) from the comparative year. The decrease in general and administrative expense is a result of less stock based compensation expense recorded and the absence of Pyramid cost subsequent to its sale on January 1, 2010.

The current income tax provision of \$302,000 for the comparative period of six months ended March 31, 2009 arises from the farm-out agreement in which GPX acquired an interest in the Company's concessions during the first quarter of 2009.

Summary of Selected Quarterly Information (unaudited)
(000's, except for per share amounts)

	2010		2009				2008	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Revenues	\$ 7.5	\$ 278.0	\$ 328.7	\$ 450.4	\$ 614.5	\$ 2,103.4	\$ 2,217.9	\$ 1,227.1
Expenses	\$ 1,907.2	\$ 871.1	\$ 22,760.0	\$ 1,120.6	\$ 1,547.9	\$ 1,305.6	\$ 1,095.5	\$ 4,449.5
Net earnings (loss)	\$ (1,899.7)	\$ (593.1)	\$ (22,431.3)	\$ (670.2)	\$ (933.4)	\$ 797.8	\$ 1,122.4	\$ (3,222.4)
- per share	\$ (0.02)	\$ (0.01)	\$ (0.19)	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ 0.01	\$ (0.03)

Note – Q2 2010 includes the loss on sale of subsidiary. Expenses for 2009: Q4 includes the impairment on undeveloped petroleum and natural gas assets of \$20.0 million and impairment on producing petroleum and natural gas properties of \$2.0 million. Revenues for 2008:Q3 have been increased by \$871 from the amount previously reported to recognize the gain arising from the elimination of a non-controlling interest, together with the liabilities related thereto, as a result of the disposition by the Company of its inactive U.S. subsidiaries.

Liquidity and capital resources

The Company presently anticipates expending approximately \$17.7 million for its proportionate share of exploration and development activities on its concessions within Pakistan. These activities are expected to occur over the next two to three years, and include drilling an additional six exploration wells and six development wells, all in accordance with commitments agreed to when the Company first acquired its concessions in Pakistan. The Company currently has no contractual obligations that extend beyond five years.

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The Company is participating in the development and upgrading of a power generation plant located nearby the Kandra development lease, with preliminary estimates anticipating that the Company's share of capital expenditures will amount to \$60.5 million in respect of a 120 megawatt facility. The partners on this project are currently evaluating the necessary steps to be taken to confirm the economic viability of the project, confirm the supply of required natural gas feedstock and confirm the site at which the plant is to be constructed. If the project is deemed economically feasible and other issues identified can be satisfactorily resolved, the Company will need to raise the \$60.5 million of funds estimated to be required of which \$49 million is expected to be raised through debt financing secured by the power plant and the remaining \$11.5 million raised through other means.

Existing working capital of \$1.7 million is insufficient to fully fund continued operations and capital expenditure commitments for the next twelve months, and accordingly new cash resources must be secured. The Company sold its ownership interest in Pyramid to PEL for a combination of cash and credits against amounts otherwise payable for future capital expenditures. This transaction had no impact on the Company's current liquidity, therefore the Company currently anticipates that it will be unable to fully fund continued operations and capital expenditures required to existing fulfil work commitments over the next twelve months. Management is currently evaluating and will pursue funding alternatives, including additional farm-out agreements and new equity issuances. There is no assurance that these initiatives will be successful. The current uncertainty in global capital markets could have a negative impact on the Company's ability to access capital in the future.

The Company has not yet concluded agreements that will be required to raise the additional capital funding referred to above. Failure to do so in a timely manner could result in the Company deferring expenditures on work commitments which could result in the relinquishment of the Company's interests in some or all of its concession grants. Factors that could affect the Company's ability to attract equity and debt funding would include economic downturns affecting capital markets in North America and Europe, and the potential consequences arising from political instability should it continue within Pakistan. The expiry dates for work commitments for certain concession agreements could also negatively affect Jura's ability to attract new equity or farm-out partners notwithstanding the Company's experience to date that all extensions requested for such license deadlines have been granted by government authorities.

Summary of payments due by period:
Summary of payments due by period:

	Total	2010	2011 - 2015	After 2015
	US\$	US\$	US\$	US\$
Contractual obligations				
Operating leases - office space	\$ 6,000	\$ 6,000	\$ -	\$ -
Exploration and development expenditure obligations to earn ownership interests and contractually committed work				
	17,650,020	2,388,000	15,262,020	-
	<u>\$ 17,656,020</u>	<u>\$ 2,394,000</u>	<u>\$ 15,262,020</u>	<u>\$ -</u>

Related party transactions

For the three months ended March 31, 2010, the Company recorded \$44,945 (2009 - \$34,599) for Directors fees and related costs. For the six months ended March 31, 2010 the Company recorded \$98,388 (2009 - \$77,955) for Directors fees. At March 31, 2010, \$13,782 (2009 - \$34,141) was due to directors and included in accounts payable and accrued liabilities on the consolidated balance sheet.

In connection with its Pakistan operations, the Company shares certain office facilities, personnel, and other office and administrative costs with a company for which certain officers and directors are also Directors of the Company. For the three months ended March 31, 2010, the Company's share of these costs amounted to \$45,000 (2009: \$63,300). For the six months ended March 31, 2010, the Company's share of these costs amounted to \$130,800 (2009 – \$126,600).

In May 2007, the Company commenced providing financial and accounting services to KOV, formerly Loon Energy Inc., which owns 6.4% of the outstanding shares of the Company. Two directors and officers of KOV are directors of the Company. The Chief Financial Officer for KOV is the Chief Financial Officer for the Company. Effective November 1, 2009,

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this arrangement was replaced with a new agreement such that KOV now provides financial and accounting services to the Company. For the three months ended March 31, 2010, the Company was charged fees and associated costs totalling \$23,663 (2009 – \$54,345). For the six months ended March 31, 2010, fees totalled \$26,056 (2009 - \$110,166). At March 31, 2010, \$4,014 (2009 – \$24,013) was due from KOV and included in accounts receivable on the consolidated balance sheet.

As part of the completion of several transactions that resulted in other income of \$1.7 million being realized during the six months ended March 31, 2009, the Company utilized short-term financing provided by an entity whose principal was at the time a director of the Company. The cost of this financing was \$88,382 (CAD\$110,000) and is recorded as a charge against other income. All amounts borrowed were fully repaid and no amounts were outstanding as at March 31, 2010.

The above related party transactions were at exchange amounts agreed to by both parties which approximate their fair value.

Critical accounting estimates

The Company's unaudited consolidated financial statements are prepared in conformity with Canadian generally accepted accounting principles. In so doing, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the measurement and disclosure of contingent assets and liabilities at the date of the financial statements together with the reported amounts of revenues and expenses for the reporting periods then ended. Actual results could differ from these estimates. Estimates and judgements used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the consolidated financial statements are prepared. Predicting the outcome of future events cannot be done with certainty however, and therefore estimates used may change as new events occur, additional experience is acquired or the Company's operating environment changes.

The Company considers the following accounting estimates to be critical given the uncertainties that exist at the time the consolidated financial statements are prepared:

a) *Litigation*

The Company is involved in a number of lawsuits as defendant that arose from its former business activities as a merchant bank. One unresolved legal action is disclosed in the Company's consolidated financial statements at March 31, 2010 and two other claims were settled in the prior fiscal year. The Company's consolidated financial statements at March 31, 2010 reflect a liability (Note Payable) in the amount of \$621,059 (CAD\$650,000). The Company believes it has valid legal defences against the claim made against it in respect of this action and that the balance of the note payable reflects the maximum financial liability likely to arise from this action. Until this legal matter is resolved however, the final amount of the potential liability is not determinable.

b) *Depletion and depreciation expense*

Depletion and depreciation of petroleum and natural gas properties and equipment is provided using the unit-of-production method and proved reserves. The Company retains an independent reservoir engineering firm to determine proved reserves used in the depletion and depreciation provision, however it should be recognized that the determination of proved reserves requires the use of estimates and assumptions by the reservoir engineers which are based on their professional expertise and experience. Volumes are converted to equivalent units on the basis that one barrel of oil is equivalent to six thousand cubic feet of natural gas.

c) *Cost recovery test on property and equipment*

The Company performs a cost recovery test on its Pakistan cost centre at least annually to evaluate and if appropriate, recognize impairment when the carrying value of property and equipment exceeds the undiscounted future cash flows from proven reserves using estimated future commodity prices. The amount of any impairment to be recognized is determined as the excess of the carrying value over fair value. Fair value is determined using proven and probable reserves together with undeveloped properties, and is based on the present value of expected future cash flows discounted at a risk-free rate of interest. Future cash flows from proven reserves are determined for the Company by independent reservoir engineers, and require the use of estimates and professional judgement as described above for depletion and depreciation expense. Future commodity prices used by the independent reservoir engineers are based on their estimates of prices that will occur in the future, and as such there can be no certainty that such prices will actually be realized.

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d) Asset retirement obligations

The Company's asset retirement obligation has been determined by management based on estimates of the cost to abandon wells located in Pakistan in accordance with acceptable oilfield practices prevailing in the country, and in accordance with legal requirements.

New accounting policies

Financial instruments – disclosures

In June 2009, the CICA amended Handbook Section 3862, "Financial Instruments – Disclosures", to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure requirements. The amendments apply to annual financial statements relating to fiscal years ending after September 30, 2009. The Company adopted this standard effective October 1, 2009 and it had no impact on the unaudited interim consolidated financial statements.

Future accounting policy changes:

International Financial Reporting Standards

On February 13, 2008, the Canadian Accounting Standards Board confirmed that publicly accountable profit-oriented enterprises will be required to use International Financial Reporting Standards ("IFRS") in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Over the next year, Canadian GAAP will be modified, to a certain extent, to converge with IFRS.

An evaluation of IFRS conversion requirements that pertain to the Company has been conducted and will lead to the development of an implementation plan to transition the Company's financial reporting process, including internal controls and information systems to IFRS. The evaluation will allow the Company to be in a position to estimate the initial financial impact of the transition to IFRS so key stakeholders and users of the financial information can begin to understand the overall consequences of this process.

Financial instruments

Financial risk management

The Company as part of its operations carries a number of financial instruments including cash and short-term deposits, accounts receivable, accounts payable and accrued liabilities and notes payable. The Company is exposed to the following risks related to financial assets and liabilities:

(a) Interest rate risk

The Company maintains its short-term deposits in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations thereon. Other interest rate risks on the Company's obligations are not considered material.

(b) Credit risk

The Company's accounts receivable are primarily from joint venture partners and government agencies (including Pyramid's natural gas purchaser for periods prior to January 1, 2010) operating within the international petroleum and natural gas industry, and are subject to credit and political risks that would be considered normal in this environment.

(c) Foreign currency exchange risk

The Company is exposed to risks arising from fluctuations in currency exchange rates between Canadian dollars, United States dollars and Pakistan rupees. At March 31, 2010, the Company's primary exposure is a US dollar denominated cash balance of \$2,448,635 held in Canada.

The Company performed a sensitivity analysis of the effect on net income and other comprehensive loss of a change in the Canadian dollar against the U.S. dollar. At March 31, 2010 if the Canadian dollar had reduced in value by 10% compared to the U.S. dollar and all other variables were held constant, after tax net income would have been \$247,903 lower and other comprehensive income would have been lower by approximately \$2.6 million.

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(d) Fair Value

The recorded value of the majority of the Company's financial assets and liabilities approximate their fair values due to their demand nature or because of their relatively short term to maturity.

(e) Liquidity risk

The Company monitors its liquidity position regularly to assess whether it has the funds necessary to meet exploration commitments on its petroleum and natural gas properties or that viable options are available to fund such commitments from new equity issuances or alternative sources such as farm-out agreements. However, as an exploration company at an early stage of development and without significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that actual exploration expenditures may exceed those planned. The current uncertainty in global markets could have an impact on the Company's future ability to access capital on terms that are acceptable to the Company. The Company has included a going concern note in its unaudited interim consolidated financial statements.

Outstanding share data

Common shares

	<i>Number of shares</i>	<i>Stated value US\$</i>
Balance, September 30, 2009 and March 31, 2010	<u>117,753,083</u>	<u>\$ 180,237,125</u>

Stock Options

The Company's stock option plan reflects the current requirements of the Toronto Stock Exchange regarding security based compensation agreements, and as such, the aggregate number of shares to be issued under the stock option plan is limited to 10% of the Common Shares outstanding from time to time. The exercise price for options issued under the plan will be set by the Board of Directors, and cannot be less than the market price of the shares at the time of the grant calculated in accordance with the Toronto Stock Exchange's rules.

Share purchase options outstanding are as follows:

	<i>Number</i>
Balance outstanding, September 30, 2008	10,455,000
Options forfeited	(810,000)
Balance outstanding, September 30, 2009	9,645,000
Options surrendered	(9,645,000)
Balance outstanding, March 31, 2010	-

During the three months ended March 31, 2010, directors, officers and employees of the Company surrendered all share purchase options that were outstanding.

Deferred share unit plan

Effective October 1, 2009, the Company adopted a deferred share unit ("DSU") plan allowing directors, officers and employees of the Company to voluntarily participate in the plan and receive DSU's instead of cash as part of their compensation. The amount contributed by the participant is used to notionally purchase shares of the Company at that period's weighted average share price. DSU's vest immediately and are redeemable at a value equivalent to the quoted market value of the Company's common shares at the time of redemption. DSU's are redeemable in cash by participants following completion of their services as directors, officers or employees.

At March 31, 2010, the Company has recorded an obligation under the DSU plan of \$136,359 (CAD \$142,972) in accounts payable and accrued liabilities.

JURA ENERGY CORPORATION
Management's Discussion and Analysis
March 31, 2010

Forward Looking Statements

This MD&A contains forward-looking statements. These statements relate to future events or future performance of the Company. When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "predict", "seek", "propose", "expect", "potential", "continue", and similar expressions, are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Company's current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance, or achievements to vary from those described in this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated, or expected. Specific forward-looking statements in this MD&A, among others, include statements pertaining to the following:

- factors upon which the Company will decide whether or not to undertake a specific course of action;
- world-wide supply and demand for petroleum products;
- expectations regarding the Company's ability to raise capital;
- treatment under governmental regulatory regimes; and
- Commodity prices.

With respect to forward-looking statements in this MD&A, the Company has made assumptions, regarding, among other things:

- the impact of increasing competition;
- the Company's ability to obtain additional financing on satisfactory terms;
- the Company's ability to obtain exploration and development services and equipment on an absolute basis, or on terms considered by the Company to be justifiable;
- the Company's ability to obtain extensions to license expiry dates and/or work commitment deadline dates from the Government of Pakistan; and
- the Company's ability to attract and retain qualified personnel.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- general economic conditions;
- volatility in global market prices for oil and natural gas;
- competition;
- liabilities and risks, including environmental liability and risks, inherent in oil and gas operations;
- the availability of capital; and
- alternatives to and changing demand for petroleum products.

Furthermore, statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitable in the future.

The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. These statements speak only as of the date of this MD&A. The Company does not intend and does not assume any obligation to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

JURA ENERGY CORPORATION
Management's Discussion and Analysis
March 31, 2010

Disclosure Controls and Procedures, and Internal Controls over Financial Reporting

The preparation of this MD&A is supported by a set of disclosure controls and procedures as at March 31, 2010. Disclosure controls and procedures have been designed to provide reasonable assurance that material information required to be disclosed by the Company is accumulated, appropriately processed and communicated to the Company's management to allow timely decisions regarding and preparation of required disclosures. Current securities policies in Canada require that management of the Company certify that it has assessed the effectiveness of the Company's disclosure controls and procedures at every interim and annual period.

The Company's Chief Executive Officer and Chief Financial Officer believe that the Company's disclosure controls and procedures provide a reasonable level of assurance that they are effective, however they do not expect that the disclosure controls and procedures will prevent all errors and/or fraud. Management has concluded that the disclosure controls as at March 31, 2010 were effective in ensuring that all material information required to be filed had been provided to it in a timely manner, and that the information was recorded, processed and reported within the time period necessary to prepare the filings. The board of directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee meets at least annually with the Company's external auditors to review accounting, internal control, financial reporting, and audit matters.

Approval

The Company's Board of Directors has approved the disclosure contained within this MD&A. A copy of the MD&A is available on SEDAR at www.sedar.com.

Jura Energy Corporation
Consolidated Financial Statements

For the three and six month periods ended March 31, 2010 and 2009
(Unaudited)

Jura Energy Corporation
Consolidated Balance Sheet
(Unaudited)

	March 31, 2010	September 30, 2009
	US\$	US\$
Assets		
Current assets		
Cash and cash equivalents (note 6)	\$ 2,563,020	\$ 3,190,353
Accounts receivable	28,212	671,216
Note receivable (note 5)	1,646,781	-
Prepaid expenses and deposits	29,804	12,643
	4,267,817	3,874,212
Other assets (note 7)	3,085,625	3,085,625
Property and equipment (note 8)	48,115,267	53,454,369
	\$ 55,468,709	\$ 60,414,206
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,584,107	\$ 827,148
Income taxes payable	302,000	302,000
Note payable (note 9)	639,890	606,230
	2,525,997	1,735,378
Asset retirement obligation (note 10)	255,184	463,230
Future income taxes	-	1,750,796
Non-controlling interest in subsidiaries (note 11)	-	1,550,539
	2,781,181	5,499,943
Shareholders' equity		
Share capital (note 12)	180,237,125	180,237,125
Contributed surplus (note 13)	19,965,870	19,926,100
Accumulated other comprehensive income	3,320,738	3,094,439
Deficit	(150,836,205)	(148,343,401)
	52,687,528	54,914,263
	\$ 55,468,709	\$ 60,414,206
Going concern (note 2)		
Commitments (note 16)		

Jura Energy CorporationConsolidated Statement of Changes in Deficit and Accumulated Other Comprehensive Income
(Unaudited)

	Six months ended March 31,	
	2010	2009
	US\$	US\$
Deficit		
Balance, beginning of period	\$ (148,343,401)	\$ (125,106,259)
Net income (loss)	<u>(2,492,804)</u>	<u>(135,689)</u>
Balance, end of period	<u>\$ (150,836,205)</u>	<u>\$ (125,241,948)</u>
Accumulated other comprehensive income		
Balance, beginning of period	\$ 3,094,439	\$ 6,854,317
Unrealized (loss) gain on translation of financial statements into reporting currency	<u>226,299</u>	<u>(4,809,831)</u>
Balance, end of period	<u>\$ 3,320,738</u>	<u>\$ 2,044,486</u>

Jura Energy Corporation
Consolidated Statement of Operations and Other Comprehensive Loss
(Unaudited)

	Three months ended March 31,		Six months ended March 31,	
	2010	2009	2010	2009
	US\$	US\$	US\$	US\$
Petroleum and natural gas sales	\$ -	\$ 395,914	\$ 346,291	\$ 830,417
Less:				
Sales tax	-	56,424	48,699	119,045
Royalty	-	37,619	29,881	78,558
	-	301,871	267,711	632,814
Interest	7,541	312,585	17,871	359,717
Other income (note 15)	-	-	-	1,725,296
	<u>7,541</u>	<u>614,456</u>	<u>285,582</u>	<u>2,717,827</u>
Expenses				
Production	-	66,596	81,844	126,329
Administration	474,015	539,899	968,881	1,251,585
Foreign exchange (gain) loss	64,811	(71,403)	132,453	(244,891)
Valuation allowance on ABCP	-	732,362	-	732,362
Depletion, depreciation and accretion	20,053	327,688	254,144	707,310
	<u>558,879</u>	<u>1,595,142</u>	<u>1,437,322</u>	<u>2,572,695</u>
Loss on sale of subsidiary (note 5)	(1,348,326)	-	(1,348,326)	-
Income (loss) before non-controlling interest and taxes	<u>(1,899,664)</u>	<u>(980,686)</u>	<u>(2,500,066)</u>	<u>145,132</u>
Non-controlling interest (note 11)	-	45,099	(5,645)	68,694
Income taxes				
Current income tax expense	-	-	-	302,000
Future income tax (recovery) expense	-	(92,347)	(1,617)	(89,873)
Net Income (loss)	<u>(1,899,664)</u>	<u>(933,438)</u>	<u>(2,492,804)</u>	<u>(135,689)</u>
Unrealized gain (loss) on translation of financial statements into reporting currency	<u>114,462</u>	<u>(398,962)</u>	<u>226,299</u>	<u>(4,809,831)</u>
Net loss and other comprehensive loss	<u>\$ (1,785,202)</u>	<u>\$ (1,332,400)</u>	<u>\$ (2,266,505)</u>	<u>\$ (4,945,520)</u>
Income (loss) per share (basic and diluted)	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.00)</u>

Jura Energy Corporation
Consolidated Cash Flow Statement
(Unaudited)

	Three months ended March 31,		Six months ended March 31,	
	2010	2009	2010	2009
	US\$	US\$	US\$	US\$
Operating activities				
Net loss	\$ (1,899,664)	\$ (933,438)	\$ (2,492,804)	\$ (135,689)
Items not involving cash:				
Depletion, depreciation and amortization	20,053	327,688	254,144	707,310
Future income taxes (recovery)	-	(92,347)	(1,617)	(89,873)
Unrealized foreign exchange (gain) loss	111,788	(86,616)	110,215	(266,186)
Unrealized valuation allowance on other assets	-	732,362	-	732,362
Stock based compensation	-	50,780	39,443	155,434
Non-controlling interest	-	45,099	(5,645)	68,694
Loss on sale of subsidiary	1,348,326	-	1,348,326	-
	(419,497)	43,528	(747,938)	1,172,052
Changes in other current assets and liabilities	110,680	(486,102)	39,910	1,638,788
	(308,817)	(442,574)	(708,028)	2,810,840
Investing activities				
Proceeds on sale of subsidiary (note 5)	701,837	-	701,837	-
Property and equipment additions	(1,555,154)	(3,756,399)	(1,280,066)	(5,096,875)
Recovery of past capital expenditures (note 8)	-	-	-	8,132,181
Change in accounts payable and accounts receivable related to capital expenditures	1,119,106	3,754,140	692,675	443,206
	265,789	(2,259)	114,446	3,478,512
Effect of exchange rate changes on cash	(89,397)	(129,602)	(33,751)	(1,612,548)
Change in cash and cash equivalents	(132,425)	(574,435)	(627,333)	4,676,804
Cash and cash equivalents, beginning of period	2,695,445	8,573,025	3,190,353	3,321,786
Cash and cash equivalents, end of period	<u>\$ 2,563,020</u>	<u>\$ 7,998,590</u>	<u>\$ 2,563,020</u>	<u>\$ 7,998,590</u>
Supplemental cash flow information				
Interest received	\$ 7,541	\$ 312,585	\$ 17,871	\$ 359,717

Jura Energy Corporation
Notes to Consolidated Financial Statements
March 31, 2010
(Unaudited)

1. Basis of preparation

Jura Energy Corporation ("the Company") is an energy exploration, development and production company with active operations focused in Pakistan. The Company's unaudited interim consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada and include the accounts of the Company and its wholly-owned subsidiaries, Frontier Acquisition Company and Frontier Holdings Limited ("Frontier"), together with its 66.665% ownership of Pyramid Energy International Inc ("Pyramid"). On January 1, 2010 the Company sold its ownership interest in Pyramid, see note 5 for additional information. Jura Energy Corporation is listed on the Toronto Stock Exchange and trades under the symbol "JEC".

2. Going concern

Management has prepared these consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") applicable to a going concern, which contemplates that assets will be realized and liabilities discharged in the normal course of business as they come due. To this point, all exploration activities and the majority of overhead costs have been funded by equity issuances and by a farm-out agreement through which a third party reimbursed the Company for a portion of historical costs and will pay a portion of the Company's future capital expenditures to earn a portion of the Company's ownership interest in its resource properties (note 8).

The Company has working capital of \$1,741,820 at March 31, 2010, which is insufficient to fully fund continued operations and capital expenditures planned for the next twelve months, and accordingly new cash resources must be secured. Management is currently evaluating and will pursue funding alternatives, including additional farm-out agreements and new equity issuances. There is no assurance that these initiatives will be successful. Uncertainty in global capital markets could have a negative impact on the Company's ability to access capital in the future.

The Company's ability to continue as a going concern is dependent upon its ability to access sufficient capital to complete exploration and development activities, identify commercial oil and gas reserves and to ultimately have profitable operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

3. International operations

Exploration and appraisal licences and development lease

On June 2, 2006, the Company completed the acquisition of a number of petroleum and natural gas interests in Pakistan, comprised of ownership interests ranging from 47.5% to 50% in six exploration licences and a 37.5% interest in a development and production lease for a natural gas field. As of April 1, 2008, these ownership interests range from 35% to 37.5%, after giving effect to the reduction resulting from the GPX farm-out transaction (note 8). The Company does not act as operator for any of the properties in which it has an ownership interest.

The six licences and one lease cover a total area of 1,287,548 acres, with four interests being located in the Central Gas Basin, two interests in the Lower Indus Gas and Oil Basin and one in the northern oil-bearing Potwar Basin. The committed work program on several of the licences has been completed as of September 30, 2009 however an aggregate 5 well commitment remains on several other licenses. These six exploration licenses have expiration dates ranging from March 31, 2010 to December 31, 2010. Subsequent to March 31, 2010 the Company and its in-country operator were granted a 6 month extension for the license that expired on March 31, 2010. The development and production lease does not expire until 2031. The Company's experience in Pakistan to date has been that all license and/or work commitment extensions sought from Government authorities by the operator have been granted.

4. Significant accounting policies

The unaudited interim consolidated financial statements of the Company are presented in accordance with Canadian GAAP and have been prepared using the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended September 30, 2009, except as noted below. Interim consolidated statements do not contain all the disclosures required for annual consolidated financial statements. Accordingly, these statements should be read in conjunction with the audited annual consolidated financial statements for the year ended September 30, 2009.

Jura Energy Corporation
Notes to Consolidated Financial Statements
March 31, 2010
(Unaudited)

4. Significant accounting policies (continued)

New accounting policies

Financial instruments – disclosures

In June 2009, the Canadian Institute of Chartered Accountants (“CICA”) amended Handbook Section 3862, “Financial Instruments – Disclosures”, to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure requirements. The amendments apply to annual financial statements relating to fiscal years ending after September 30, 2009. The adoption by the Company of this standard effective October 1, 2009 had no impact on the unaudited interim consolidated financial statements.

Future Accounting Policy Changes

International Financial Reporting Standards

On February 13, 2008, the Canadian Accounting Standards Board confirmed that publicly accountable profit-oriented enterprises will be required to use International Financial Reporting Standards (“IFRS”) in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Over the next year, Canadian GAAP will be modified to a certain extent to converge with International Financial Reporting Standards (“IFRS”).

The Company’s financial executives are familiarizing themselves with the new IFRS principles and requirements through formalized training and industry focus groups, and in particular, those that apply specifically to companies with petroleum and natural gas operations and exploration and development activities. An evaluation of IFRS conversion requirements that pertain to the Company was conducted in the second half of 2009, and will lead to the development of an implementation plan to transition the Company’s financial reporting process, including internal controls and information systems, to IFRS. The evaluation will allow the Company to be in a position to estimate the initial financial impact of the transition to IFRS so key stakeholders and users of the financial information can begin to understand the overall consequences of this process

5. Sale of interest in subsidiary

Effective January 1, 2010, the Company’s indirect wholly-owned subsidiary, Frontier, sold its entire interest in common shares of Pyramid for total proceeds of \$3,146,781 of which \$1.5 million was paid in cash and the remainder as a note receivable from the purchaser, Petroleum Exploration (Pvt) Limited (“PEL”), to be applied against Frontier’s share of future exploration expenditures on 3 of its 6 exploration concessions. This transaction has been accounted for in accordance with CICA Handbook Accounting Guideline 16. As a consequence of the sale of its interest in Pyramid, the Company no longer has any petroleum and natural gas revenues or any proven petroleum and natural gas reserves.

The Company recorded a total loss of \$747,633 on this transaction, based on a foreign currency translation adjustment of \$110,761 and the following net asset values as at December 31, 2009:

Current assets		
Cash	\$	798,163
Accounts receivable		544,350
Petroleum and natural gas properties		6,421,968
Current liabilities		
Accounts payable and accrued liabilities		(494,826)
Asset retirement obligation		(222,157)
Future income tax liability		(1,718,951)
Non-controlling interest		(1,544,894)
		<u>3,783,653</u>
	\$	<u>3,783,653</u>

Subsequent to this transaction being completed, Frontier recorded a \$600,693 contingent liability that management believes is more likely than not to be paid to the purchaser. This contingent liability is related to a proposed adjustment of the working capital at the time of sale of Pyramid, which increased the loss to \$1,348,326.

Jura Energy Corporation
Notes to Consolidated Financial Statements
March 31, 2010
(Unaudited)

6. Cash and cash equivalents

	<u>March 31, 2010</u>	<u>September 30, 2009</u>
	US\$	US\$
Cash	\$ 2,563,020	\$ 1,390,353
Short term investments in HSBC Bank issued Bankers Acceptances and Bearer Deposit Notes	-	1,800,000
	<u>\$ 2,563,020</u>	<u>\$ 3,190,353</u>

7. Other assets

	<u>March 31, 2010</u>	<u>September 30, 2009</u>
	US\$	US\$
<u>Restricted cash (not available for general corporate purposes)</u>		
Provided as security for bank guarantees to the Government of Pakistan for exploration and development expenditure commitments made pursuant to the granting of petroleum exploration licenses; invested in interest bearing securities	<u>\$ 3,085,625</u>	<u>\$ 3,085,625</u>

8. Property and equipment

	<u>March 31, 2010</u>	<u>September 30, 2009</u>
	US\$	US\$
Petroleum and natural gas properties	\$ 68,259,674	\$ 80,909,592
Power generation project	111,414	111,414
Office and computer equipment	528,391	501,678
Leasehold improvements	308,739	308,739
	<u>69,208,218</u>	<u>81,831,423</u>
Accumulated depletion, depreciation and accretion	<u>(21,092,951)</u>	<u>(28,377,054)</u>
	<u>\$ 48,115,267</u>	<u>\$ 53,454,369</u>

Included in petroleum and natural gas property expenditures for the three months ended March 31, 2010 are capitalized general and administrative costs in the amount of \$284,782 (2009: \$233,625). For the six months ended March 31, 2010 capitalized general and administrative costs of 501,822 (2009: \$450,541) were included in petroleum and natural gas expenditures.

On January 1, 2010, the Company sold its entire interest in Pyramid resulting in a net reduction of \$6.4 million to petroleum and natural gas properties (note 5).

During the three months ended March 31, 2010, the Company credited its petroleum and natural gas properties accounts to reflect credits provided by the in-country operator arising from various tangible items previously purchased and charged to the joint accounts. These items were credited as they were not used in the drilling of the wells or needed due to the wells not being completed. Future capital expenditures incurred on the exploration concessions will be applied against and reduce the account receivable from the in-country operator.

During the first quarter of fiscal 2009, the Company and its partner PEL completed a farm-out agreement in respect of six exploration concessions in Pakistan with Gulf Petroleum Exploration International ("GPX"). Pursuant to the agreement, the Company and PEL each assigned a 12.5% working interest in the following concessions to GPX: Badin IV North, Badin IV South, Kandra (excluding Sui Main Limestone development), Salam, Mirpur Mathelo, and Karsal. The agreement had an effective date of April 1, 2008.

Jura Energy Corporation
Notes to Consolidated Financial Statements
March 31, 2010
(Unaudited)

8. Property and equipment (continued)

Under the terms of the agreement, GPX's obligations to the joint venture are to pay (i) 66.67% of the first US\$6 million in expenditures to drill each of the first 4 exploration wells of the work program in the blocks, (ii) 58.33% of the first US\$6 million in expenditures to drill each of the next 5 exploration wells of the program in the blocks, and (iii) 50% of the first US\$6 million in expenditures to drill each of an additional 2 wells, contingent on there being at least 4 commercial discoveries from the first 9 wells drilled. To date, 3 of the first 4 exploration wells have been drilled reducing the remaining obligation to 6 wells. The Company also received cash consideration of \$4.25 million on November 26, 2008 from GPX towards historical costs (against which a current income tax provision of \$302,000 has been provided) and was further credited \$3.8 million for the portion of costs incurred by the Company since April 1, 2008 that were reimbursed by GPX. These funds received reduced the Company's capitalized costs recorded at that time in the related exploration concessions.

Expenditures of \$111,414 were incurred during fiscal 2008 that relate to the Company's interest in a power generation project. This project is in the feasibility study stage and as such there has been no depreciation recorded to date.

9. Note payable

An unsecured note payable was issued on July 1, 2000. This note was due to unit-holders and shareholders of a former subsidiary of the Company and is part of a legal claim in existence since 2002 that continues to be litigated (note 18). The face value of the note in the amount of \$639,890 (CAD \$650,000) is unsecured and bears 8% per annum interest rate. As at March 31, 2010, the Company calculated the total accrued interest on the note payable to be \$694,555 (Cad \$726,922). Based on the status of the ongoing litigation, Management believes that more likely than not it the Company will not have to pay the accrued portion of the interest and therefore continues to record only the face value of the notes payable as the current liability. If factors change in the ongoing litigation, Management will reevaluate the amount and presentation of the liability at that time.

10. Asset retirement obligation

The Company's asset retirement obligations result from its working interest ownership in petroleum and natural gas properties, including tangible well equipment and processing facilities. The Company's estimate of the total undiscounted cash flows required to settle asset retirement obligations is \$445,259, which is expected to be incurred between 2012 and 2017. Accretion expense for the period is included with depletion, depreciation and amortization.

The Company's credit adjusted risk free rate of interest of 8% and inflation at an annual rate of 2% were used to calculate the net present value of the asset retirement obligation.

	March 31, 2010	September 30, 2009
	US\$	US\$
Balance, beginning of period	\$ 463,230	\$ 303,301
Additions	-	167,827
Liabilities settled due to disposition	(222,157)	-
Accretion	14,111	16,726
Adoption of change in foreign currency translation	-	(24,624)
Balance, end of period	<u>\$ 255,184</u>	<u>\$ 463,230</u>

11. Non-controlling interest in subsidiaries

	March 31, 2010	September 30, 2009
	US\$	US\$
Balance, beginning of period	\$ 1,550,539	\$ 1,849,382
Current operations	(5,645)	54,413
Reduction due to disposition	(1,544,894)	-
Adoption of change in foreign currency translation	-	(353,256)
Balance, end of period	<u>\$ -</u>	<u>\$ 1,550,539</u>

The non-controlling interest arose from the Company's 66.665% ownership interest in Pyramid that was sold effective January 1, 2010 (note 5)

Jura Energy Corporation
Notes to Consolidated Financial Statements
March 31, 2010
(Unaudited)

12. Share capital

(a) Authorized

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The preferred shares may be issued in one or more series, with rights and privileges for each series as determined by the Board of Directors.

(b) Issued

Common shares issued:

	<i>Number of shares</i>	<i>Stated value US\$</i>
Balance, September 30, 2009 and March 31, 2010	<u>117,753,083</u>	<u>\$ 180,237,125</u>

The weighted average number of common shares outstanding used in computing income per share for the three and six month periods ended March 31, 2010 and March 31, 2009 is 117,753,083 shares.

(c) Stock Options

The Company's stock option plan reflects the current requirements of the Toronto Stock Exchange regarding security based compensation agreements, and as such the aggregate number of shares to be issued under the stock option plan is limited to 10% of the Common Shares outstanding from time to time. Further, the exercise price for options issued under the plan will be set by the Board of Directors, and cannot be less than the market price of the shares at the time of the grant calculated in accordance with the Toronto Stock Exchange's rules.

Share purchase options outstanding are as follows:

	Number
Balance outstanding, September 30, 2008	10,455,000
Options forfeited	<u>(810,000)</u>
Balance outstanding, September 30, 2009	9,645,000
Options surrendered	<u>(9,645,000)</u>
Balance outstanding, March 31, 2010	<u>-</u>

During the three months ended March 31, 2010, directors, officers and employees of the Company surrendered all share purchase options that were outstanding.

(d) Stock Based Compensation expense

During the three months ended March 31, 2010, the Company recorded nil (2009 - \$50,780) of stock based compensation expense as all outstanding options were surrendered during the quarter. The majority of options surrendered were vested, and as a result, no recovery of stock based compensation expense has been recorded. For the six months ended March 31, 2010 the Company has recorded stock based compensation expense of \$39,770 (2009 - \$155,434) with a corresponding increase to Contributed Surplus. The Company has not capitalized any of the stock based compensation expense recorded.

(e) Deferred Share Unit Plan

Effective October 1, 2009, the Company adopted a deferred share unit ("DSU") plan allowing directors, officers and employees of the Company to voluntarily participate in the plan and receive DSU's instead of cash as part of their compensation. The amount contributed by the participant is used to notionally purchase shares of the Company at that period's weighted average share price. DSU's vest immediately and are redeemable at a value equivalent to the quoted market value of the Company's common shares at the time of redemption. DSU's are redeemable in cash by participants following completion of their services as directors, officers and employees.

At March 31, 2010, the Company has an obligation under the DSU plan of \$136,359 (CAD \$142,972) which is recorded in accounts payable and accrued liabilities.

Jura Energy Corporation
Notes to Consolidated Financial Statements
March 31, 2010
(Unaudited)

13. Contributed surplus

	March 31, 2010	September 30, 2009
	US\$	US\$
Balance, beginning of period	\$ 19,926,100	\$ 19,678,422
Stock based compensation (note 12(d))	39,770	247,678
Balance, end of period	\$ 19,965,870	\$ 19,926,100

14. Capital management

The Company's total capital resources are \$52,737,460 (September 30, 2009 - \$54,914,263) with this amount comprised entirely of shareholders' equity. Consistent with prior periods, the Company manages its capital structure to maximize its financial flexibility making adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company does not presently utilize any quantitative measures to monitor its capital.

15. Other income

During the six months ended March 31, 2009, the Company received net proceeds of \$1,725,296 upon completion of several transactions that resulted in the utilization of previously unrecognized income tax losses.

16. Commitments

Resource

The Company's minimum contractual resource related commitments initially amounted to \$3.1 million for exploration and development commitments made pursuant to the granting of petroleum exploration licences by the Government of Pakistan. The Company has pledged this amount in cash as security against the guarantee (note 7). Cumulative exploration and development expenditures incurred to December 31, 2009 and the farm-out to GPX have reduced the required amount of the cash backed performance guarantee to \$1.8 million, however, the Company has not yet secured the refund of cash pledged.

Administrative

The Company's lease agreement for office space was terminated by the Company effective January 15, 2010 resulting in no further commitment as at March 31, 2010. New office space has been secured with no commitment to a specified lease term or amount.

The Company has also leased office space in Islamabad, Pakistan for a one year term expiring on May 31, 2010, with an option to renew for a second year with an increase in the monthly rental of 10%. The lease agreement contains an early termination clause stating that either the landlord or the Company can cancel the lease upon thirty days prior written notice. The estimated cost remaining under the lease obligation is \$6,000, assuming no early termination.

17. Financial instruments

Financial risk management

The Company as part of its operations carries a number of financial instruments including cash and short-term deposits, accounts receivable, accounts payable and accrued liabilities, and notes payable. The Company is exposed to the following risks related to financial assets and liabilities:

(a) Interest rate risk

The Company maintains its short-term deposits in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations thereon. Other interest rate risks on the Company's obligations are not considered material.

(b) Credit risk

The Company's accounts receivable are primarily from joint venture partners and government agencies operating within the international petroleum and natural gas industry, and are subject to credit and political risks that would be considered normal in this environment.

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17. Financial instruments (continued)

(c) Foreign currency exchange risk

The Company is exposed to risks arising from fluctuations in currency exchange rates between Canadian dollars, United States dollars and Pakistan rupees. At March 31, 2010, the Company's primary exposure is a US dollar denominated cash balance of \$2,440,467 held in Canada.

The Company performed a sensitivity analysis of the effect on net income and other comprehensive loss of a change in the Canadian dollar against the U.S. dollar. At March 31, 2010 if the Canadian dollar had reduced in value by 10% compared to the U.S. dollar and all other variables were held constant, after tax net income would have been \$247,903 lower and other comprehensive income would have been lower by approximately \$2.6 million.

(d) Fair Value

The recorded value of the majority of the Company's financial assets and liabilities approximate their fair values due to their demand nature or because of their relatively short term to maturity.

(e) Liquidity risk

The Company monitors its liquidity position regularly to assess whether it has the funds necessary to complete planned exploration commitments on its petroleum and natural gas properties or that viable options are available to fund such commitments from new equity issuances or alternative sources such as farm-out agreements. However, as an exploration company at an early stage of development and without significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that actual exploration expenditures may exceed those planned. The current uncertainty in global markets could have an impact on the Company's future ability to access capital on terms that are acceptable to the Company. Refer to the Company's going concern note (note 2) for further details on issues surrounding liquidity risk.

18. Litigation

Hotel property foreclosure

A former Company subsidiary was sued by the first mortgage holder on a hotel property to recover \$2,625,414 (CAD\$2,666,896), being the claimed shortfall between the net proceeds from the judicial sale of the foreclosed property and the outstanding debt secured by the property plus additional interest and costs from the defendants. The Company believes that it has valid defenses to this claim and accordingly has not recorded any related liability. The shareholders of the former subsidiary commenced an action against the Company for non-performance on a \$639,890 (CAD\$650,000) note payable due in respect of the acquisition of the subsidiary. The Company believes it has valid defenses to this claim, however the principal amount of the obligation is recorded as a note payable (note 9).

Other

Various other legal actions remain unresolved however the outcome of the actions is considered unlikely to have any material effect on amounts presently recorded in the Company's consolidated financial statements.

19. Related party transactions

For the three months ended March 31, 2010, the Company recorded \$44,945 (2009 - \$34,599) for Directors fees and related costs. For the six months ended March 31, 2010 the Company recorded \$98,388 (2009 - \$77,955) for Directors fees. At March 31, 2010, \$13,782 (2009 - \$34,141) was due to directors and included in accounts payable and accrued liabilities on the consolidated balance sheet.

In connection with its Pakistan operations, the Company shares certain office facilities, personnel, and other office and administrative costs with a company for which certain officers and directors are also Directors of the Company. For the three months ended March 31, 2010, the Company's share of these costs amounted to \$45,000 (2009: \$63,300). For the six months ended March 31, 2010, the Company's share of these costs amounted to \$130,800 (2009 - \$126,600).

In May 2007, the Company commenced providing financial and accounting services to Kulczyk Oil Ventures Inc. ("KOV"), formerly Loon Energy Inc., which owns 6.4% of the outstanding shares of the Company. Two directors and officers of KOV are directors of the Company. The Chief Financial Officer of KOV is also the Chief Financial Officer of the Company. Effective November 1, 2009, a new arrangement was agreed to such that KOV now provides financial and accounting services to the Company. For the three months ended March 31, 2010, the Company was charged fees and associated costs totaling \$23,663 (2009 - \$54,345). For the six months ended March 31, 2010, fees totaled \$26,056 (2009 - \$110,166). At March 31, 2010, \$4,014 (2009 - \$24,013) was due from KOV and included in accounts receivable on the consolidated balance sheet.

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19. Related party transactions (continued)

As part of the completion of several transactions that resulted in the other income being earned during the six months ended March 31, 2009 (note 15), the Company utilized short-term financing provided by an entity whose principal was at the time a director of the Company. The cost of this financing was \$88,382 (CAD\$110,000) and is recorded as a charge against the gross proceeds in other income. All amounts borrowed were fully repaid and no amounts were outstanding as at March 31, 2010. The above related party transactions were at exchange amounts agreed to by both parties which approximate their fair value.

20. Segmented information

The Company's reportable business segments include its oil and gas operations in Pakistan and corporate activities in Canada.

	Three months ended March 31, 2010		
	Canada	Pakistan	Consolidated
	US\$	US\$	US\$
Interest income	\$ -	\$ 7,541	\$ 7,541
Less expenses:			
Administration	458,953	15,062	474,015
Foreign exchange losses (gains)	64,927	(116)	64,811
Depletion, depreciation and accretion	9,391	10,662	20,053
	<u>533,271</u>	<u>25,608</u>	<u>558,879</u>
Loss on sale of subsidiary	<u>-</u>	<u>(1,348,326)</u>	<u>(1,348,326)</u>
Net income (loss) for the period	<u>\$ (533,271)</u>	<u>\$ (1,366,393)</u>	<u>\$ (1,899,664)</u>
Property and equipment expenditures	\$ -	\$ 1,555,154	\$ 1,555,154
	Six months ended March 31, 2010		
	Canada	Pakistan	Consolidated
	US\$	US\$	US\$
Petroleum and natural gas sales	\$ -	\$ 346,291	\$ 346,291
Sales tax	-	(48,699)	(48,699)
Royalty	-	(29,881)	(29,881)
Interest income	-	17,871	17,871
	<u>-</u>	<u>285,582</u>	<u>285,582</u>
Less expenses:			
Production	-	81,844	81,844
Administration	897,054	71,827	968,881
Foreign exchange losses	131,269	1,184	132,453
Depletion, depreciation and accretion	12,931	241,213	254,144
Non-controlling interest	-	(5,645)	(5,645)
Future income tax expense	-	(1,617)	(1,617)
	<u>1,041,254</u>	<u>388,806</u>	<u>1,430,060</u>
Loss on sale of subsidiary	<u>-</u>	<u>(1,348,326)</u>	<u>(1,348,326)</u>
Net loss for the period	<u>\$ (1,041,254)</u>	<u>\$ (1,451,550)</u>	<u>\$ (2,492,804)</u>
Property and equipment expenditures	\$ -	\$ 1,280,066	\$ 1,280,066
	As at March 31, 2010		
Total assets	\$ 994,724	\$54,473,985	\$55,468,709

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20. Segmented information (continued)

	Three months ended March 31, 2009		
	Canada	Pakistan	Consolidated
	US\$	US\$	US\$
Petroleum and natural gas sales	\$ -	\$ 395,914	\$ 395,914
Sales tax	-	(56,424)	(56,424)
Royalty	-	(37,619)	(37,619)
Interest income	286,258	26,327	312,585
	<u>286,258</u>	<u>328,198</u>	<u>614,456</u>
Less expenses:			
Production	-	66,596	66,596
Administration	483,986	55,913	539,899
Foreign exchange gains	(86,616)	15,213	(71,403)
Valuation allowance on other assets	732,362	-	732,362
Depletion, depreciation and accretion	3,284	324,404	327,688
Non-controlling interest	-	45,099	45,099
Future income tax expense (recovery)	-	(92,347)	(92,347)
Net income (loss) for the period	<u>\$ (846,758)</u>	<u>\$ (86,680)</u>	<u>\$ (933,438)</u>
Property and equipment expenditures	\$ 5,278	\$ 3,751,121	\$ 3,756,399
	Six months ended March 31, 2009		
	Canada	Pakistan	Consolidated
	US\$	US\$	US\$
Petroleum and natural gas sales	\$ -	\$ 830,417	\$ 830,417
Sales tax	-	(119,045)	(119,045)
Royalty	-	(78,558)	(78,558)
Interest income	292,672	67,045	359,717
Other income	1,725,296	-	1,725,296
	<u>2,017,968</u>	<u>699,859</u>	<u>2,717,827</u>
Less expenses:			
Production	-	126,329	126,329
Administration	1,151,816	99,769	1,251,585
Foreign exchange gains	(266,186)	21,295	(244,891)
Valuation allowance on other assets	732,362	-	732,362
Depletion, depreciation and accretion	6,904	700,406	707,310
Non-controlling interest	-	68,694	68,694
Current income tax expense	-	302,000	302,000
Future income tax expense	-	(89,873)	(89,873)
Net income (loss) for the period	<u>\$ 393,072</u>	<u>\$ (528,761)</u>	<u>\$ (135,689)</u>
Property and equipment expenditures (recovery)	\$ 8,143	\$ (3,043,449)	\$ (3,035,306)
	As at March 31, 2009		
Total assets	\$ 8,436,740	\$ 76,678,876	\$ 85,115,616

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