



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2023 and 2022**

Notice To Reader: Jura Energy Corporation has refiled this Management's Discussion and Analysis ("MD&A") to remove the section on page 28 which described and evaluated the disclosure controls and procedures and internal controls over financial reporting. No other changes were made to the MD&A from the version filed on SEDAR on August 29, 2023.

August 29, 2023

Introduction

This MD&A is a review of the results of the consolidated operations of Jura Energy Corporation ("JEC", "Jura" or the "Company") and its subsidiaries Spud Energy Pty Limited ("SEPL"), PetExPro Ltd. ("PEPL"), Frontier Oil and Gas Holdings Limited ("FOGHL") and Frontier Holdings Limited ("FHL") for the three and six months ended June 30, 2023 and 2022 and the Company's financial position as at June 30, 2023. This MD&A is approved by the Board of Directors (the "Board") on August 29, 2023 and should be read in conjunction with the condensed consolidated interim financial statements of the Company for three and six months ended June 30, 2023 and 2022, the Company's annual audited consolidated financial statements for the years ended December 31, 2022 and 2021 and the Company's annual MD&A for the years ended December 31, 2022 and 2021.

The condensed consolidated interim financial statements of the Company for the three and six months ended June 30, 2023 and 2022 have been prepared by management in accordance with the International Financial Reporting Standards ("IFRS") as applicable to the interim financial reports including IAS 34 - Interim Financial Reporting, and should be read in conjunction with the annual audited consolidated financial statements of the Company for the years ended December 31, 2022 and 2021 which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

The Company uses the United States Dollar as its measurement and reporting currency. All amounts reported in this MD&A are stated in United States Dollars unless otherwise indicated.

JEC is listed on the Toronto Stock Exchange Venture Exchange ("TSX-V") and trades under the symbol of "JEC". Additional information relating to JEC is available on SEDAR at www.sedar.com and the Company's website at www.juraenergy.com.

Non IFRS Financial Measures

This MD&A refers to certain financial measures that are not determined in accordance with IFRS. The terms net revenue per Barrel of Oil Equivalent ("Boe"), production cost per Boe, depletion per Boe and operating netback per Boe are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. Management considers these to be important supplemental measures of the Company's performance and believes these measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies operating in similar industries.

Operating netback is used by research analysts to compare operating performance and the Company's ability to maintain current operations and meet the forecasted capital program. The Company's operating netback is the net result of the Company's revenue (consisting of petroleum and natural gas) net of production costs, excluding depletion of oil and gas properties, as found in the condensed consolidated interim financial statements of the Company, divided by production for the period.

Readers are encouraged to evaluate each adjustment and the reasons the Company considers appropriate for the supplemental analysis. Readers are cautioned, however, that these measures should not be construed as an alternative to net income/(loss) determined in accordance with IFRS as an indication of the Company's performance.

Boe conversions

The use of the Boe unit of measurement may be misleading, particularly if used in isolation. A Boe conversion ratio of 5.8 thousand cubic feet ("Mcf") equals to 1 Barrel ("Bbl") is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Forward-Looking Information

Certain information and statements contained in this MD&A that are not historical facts are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, operational information, anticipated capital and operating budgets and expenditures, anticipated working capital, estimated costs, sources of financing, the Company's future outlook, expectations regarding the commencement and timing of anticipated commercial production from Zainab-1 gas and condensate discovery

in Badin IV North exploration license; expected pricing under Pakistan Petroleum (Exploration and Production) Policy, 2012 and other pricing policies; timing for and drilling results of exploration wells in the Badin IV South, Badin IV North, Guddu and Nareli exploration licenses; expectations regarding the grant of waiver from compliance with the financial covenants under Askari Bank syndicated term finance facilities; expectations regarding the continuity of stay orders granted by Islamabad High Court against PEL's attempt to cause the forfeiture of FHL's 27.5% working interest in Badin IV North and South Blocks; expectations regarding the outcome of arbitration proceedings initiated against PEL and expectations regarding the grant of or extension applied in terms of expired exploration licenses and leases by the Government of Pakistan ("GoP"). All statements other than statements of present or historical facts are forward-looking statements. Forward-looking statements typically, but not always, contain words such as "anticipate", "believe", "estimate", "expect", "potential", "could", "forecast", "guidance", "intend", "may", "plan", "predict", "project", "should", "target", "will" or other similar words suggesting future outcomes.

Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Forward-looking statements contained in this MD&A are based on management's current expectations and assumptions regarding future capital and other expenditures (including the amount, nature and sources of funding thereof), future economic conditions, future currency, and exchange rates, future international oil prices, continued political stability, timely receipt of any necessary regulatory approvals, timing of the implementation of applicable petroleum exploration and production policies and the Company's continued ability to employ a qualified team to execute work program in a timely and cost efficient manner, the continued participation of the Company's joint venture partners ("JV Partners") in exploration and development activities, volatility of crude oil and other petroleum products, changes in general economic, market and business conditions. In addition, budgets are based upon the Company's current exploration plans and anticipated costs, both of which are subject to changes based on unexpected delays and changes in market conditions.

Although management of the Company believes that the expectations and assumptions reflected in such forward-looking statements are reasonable, the Company cautions readers and prospective investors in the Company's securities not to place undue reliance on forward-looking statements as, by their nature, they are based on current expectations regarding future events that involve a number of assumptions, inherent risks, and uncertainties which could cause actual results to differ materially from those anticipated by the Company. With respect to forward-looking statements contained 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 attract and retain qualified personnel;
- the stability of global and national economic and political structures;
- the absence of significant project delays, whether as a result of economic, regulatory, environmental or weather conditions; and
- the ability of the Company to market oil and natural gas products to new and existing customers.

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 assumptions set forth above and elsewhere in this MD&A:

- general economic conditions;
- volatility in global market prices for oil and natural gas;
- acts of violence, terrorism and civil unrest affecting the Company's assets and personnel;
- changes of laws in Pakistan affecting foreign ownership, interpretation or renegotiation of existing contracts, government participation, taxation policies, including royalty and tax increases and retroactive tax claims, investment restrictions, working conditions, exploration licensing and government control over domestic oil and gas pricing;
- competition;

- liabilities and risks, including environmental liability and risks, inherent in oil and gas operations;
- volatility in capital markets;
- the availability of capital;
- alternatives to and changing demand for Petroleum products;
- the risk that the GoP may revoke certain approvals;
- the risk that the Company's exploration licenses or leases will expire and will not be renewed, or that Exploration Licenses or Leases that are currently past their term and are pending renewal will not be renewed, on terms acceptable to the Company, or at all; and

without limitation, and among other things, the other factors considered under "Risk Factors" herein. Accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur or if any of them do so, what benefits the Company will derive therefrom. 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.

These factors should not be considered exhaustive. The reader is cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, readers are cautioned that the actual results achieved by the Company will vary from the information provided herein and the variations may be material. Consequently, there are no representations by the Company that actual results achieved will be the same in whole or in part as those set out in the forward-looking information.

The information contained, herein, is made as of the date of this MD&A, and, except as required by applicable securities law, the Company does not undertake any obligation to update or to revise any of the included forward-looking statements whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Highlights

The key highlights for the three and six months period ended June 30, 2023 and up to the date of this MD&A are as follows:

- The Company reported a net loss of \$1.00 million and a net profit of \$0.17 million for the three and six months period ended June 30, 2023 compared to a net profit of \$0.99 million and \$2.57 million in the comparative period. The significant decrease in net profit is mainly due to decrease in revenue on account of significant decline in production partially offset by net unrealized exchange gain on retranslation of PKR denominated liabilities due to weakening of PKR against US\$ and a reduction in finance costs;
- Gross profit for the three and six months period ended June 30, 2023 was \$0.29 million and \$1.13 million compared to \$1.11 million and \$3.13 million in the comparative period. The significant decrease in gross profit is due to decrease in net revenue;
- Net revenue decreased by approximately 55% and 52% respectively during the three and six months period ended June 30, 2023. The decrease in the current period is mainly due to decrease in production from Zarghun South and Aminah leases, offset by a slight increase in average realized price due to improvement in international crude oil prices; and
- Production during the three and six months period ended June 30, 2023 decreased by approximately 57% and 54% respectively compared to the three and six months period ended June 30, 2022. The decrease is mainly due to reduction in production from Zarghun South lease due to water breakthrough in the Dunghan reservoir, natural decline in production from Guddu block and suspension of production from Aminah well due to excessive water production.

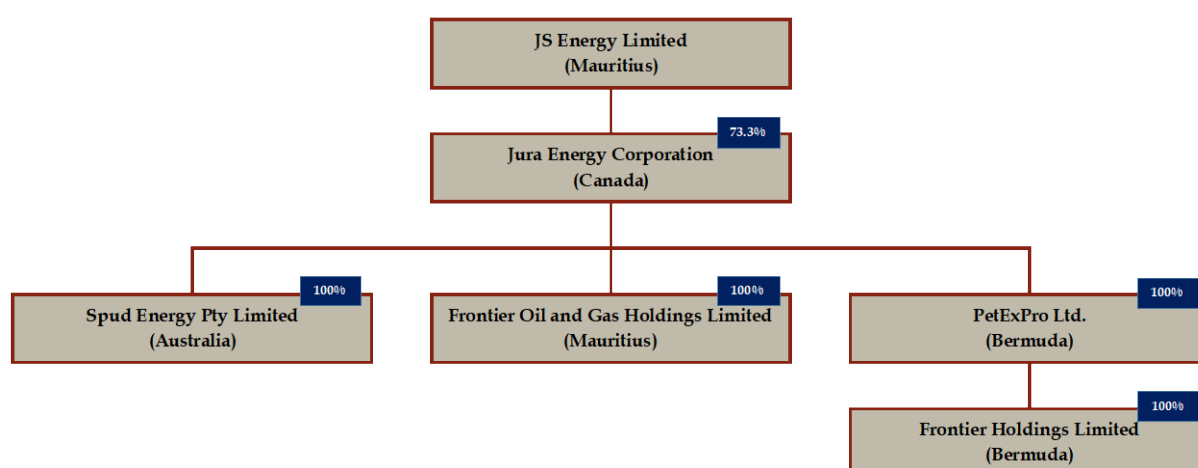
Overview of the Company and Operations

JEC is an international upstream oil and gas exploration and production company. The Company's activities are currently conducted in Pakistan, where it has working interests in the following exploration licenses/leases through its wholly owned subsidiaries Spud Energy Pty Limited ("SEPL") and Frontier Holdings Limited ("FHL"):

Exploration licenses/leases	Working Interest Owner	(%)	Operator
<u>Producing</u>			
Zarghun South lease	SEPL	40.00%	Mari Petroleum Company Limited
Reti lease	SEPL	10.66%	Oil and Gas Development Company Limited
Maru lease	SEPL	10.66%	Oil and Gas Development Company Limited
Maru South lease	SEPL	10.66%	Oil and Gas Development Company Limited
Sara lease	SEPL	60.00%	Spud Energy Pty Limited
Suri lease	SEPL	60.00%	Spud Energy Pty Limited
Badar lease*	SEPL	7.89%	Petroleum Exploration (Private) Limited
Ayesha lease	FHL	27.50%	Petroleum Exploration (Private) Limited
Aminah lease	FHL	27.50%	Petroleum Exploration (Private) Limited
Ayesha North lease	FHL	27.50%	Petroleum Exploration (Private) Limited
<u>Development</u>			
Zainab lease	FHL	27.50%	Petroleum Exploration (Private) Limited
Kandra lease*	FHL	37.50%	Petroleum Exploration (Private) Limited
<u>Exploration</u>			
Guddu exploration license	SEPL	13.50%	Oil and Gas Development Company Limited
Nareli exploration license	SEPL	27.55%	Mari Petroleum Company Limited
Zamzama North exploration license	SEPL	24.00%	Heritage Oil and Gas Limited
Badin IV South exploration license	FHL	27.50%	Petroleum Exploration (Private) Limited
Badin IV North exploration license	FHL	27.50%	Petroleum Exploration (Private) Limited
Kandra exploration rights	FHL	35.00%	Petroleum Exploration (Private) Limited

*Pursuant to the terms of Settlement Agreement entered into between SEPL, FHL and Petroleum Exploration (Private) Limited ("PEL"), effective August 12, 2016, SEPL and FHL has agreed to assign SEPL's 7.89% working interest in Badar and FHL's 37.5% working interest in Kandra lease to PEL. The applications for the assignment of 7.89% working interest in Badar and 37.5% working interest in Kandra lease have been submitted to Government of Pakistan, the approval of which is expected in due course.

The group structure of the Company is as indicated below:



Background of Oil and Gas Properties

SEPL has operated working interest in two leases and non-operated working interests in four leases (excluding Badar lease) and three exploration licenses. The working interest ranges from 10.66% to 60%.

FHL has non-operated working interests in two exploration licenses, four leases (excluding Kandra lease) and exploration rights within the Kandra lease. The working interest ranges from 27.5% to 35%.

There has been no significant change in the status of activities in the exploration licenses and development leases since the filling of annual MD&A for the year ended December 31, 2022.

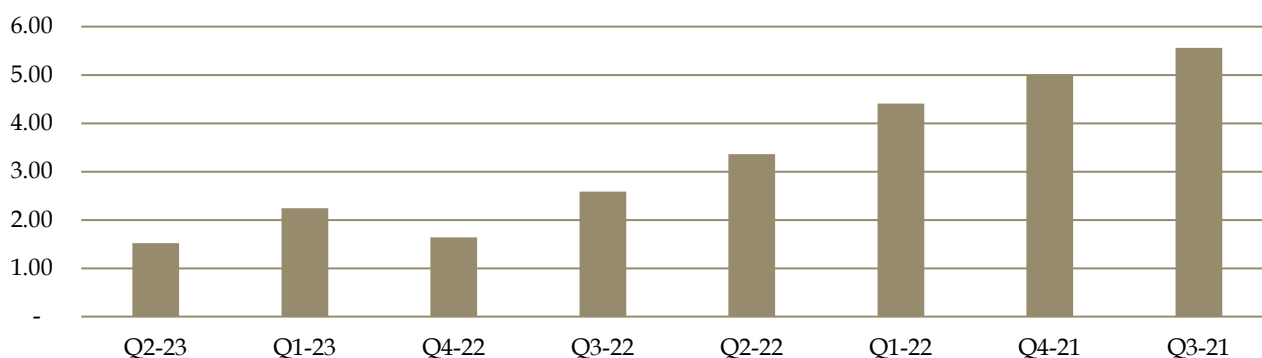
Performance Overview and Financial Analysis

Summary of Quarterly Results

Description	2023		2022				2021	
	Q-2	Q-1	Q-4	Q-3	Q-2	Q-1	Q-4	Q-3
	-----\$-----							
Net revenue	1,520,410	2,241,440	1,636,406	2,588,746	3,358,496	4,409,487	4,991,465	5,561,455
Net profit / (loss)	(1,001,098)	1,171,442	(6,365,514)	1,112,592	994,246	1,574,497	(6,891,178)	(2,779,275)
Weighted no. of outstanding share	69,076,328	69,076,328	69,076,328	69,076,328	69,076,328	69,076,328	69,076,328	69,076,328
EPS (basic and diluted)	(0.01)	0.02	(0.09)	0.02	0.01	0.02	(0.10)	(0.04)
Capital expenditure	1,368,912	252,117	1,235,433	292,109	404,622	113,057	175,298	1,741,048
Assets	29,674,136	27,997,854	32,175,010	39,114,216	41,515,592	46,380,467	43,445,576	54,253,818
Long-term liabilities	4,470,133	4,470,133	4,470,133	7,817,904	8,551,953	9,471,382	10,184,931	14,547,836

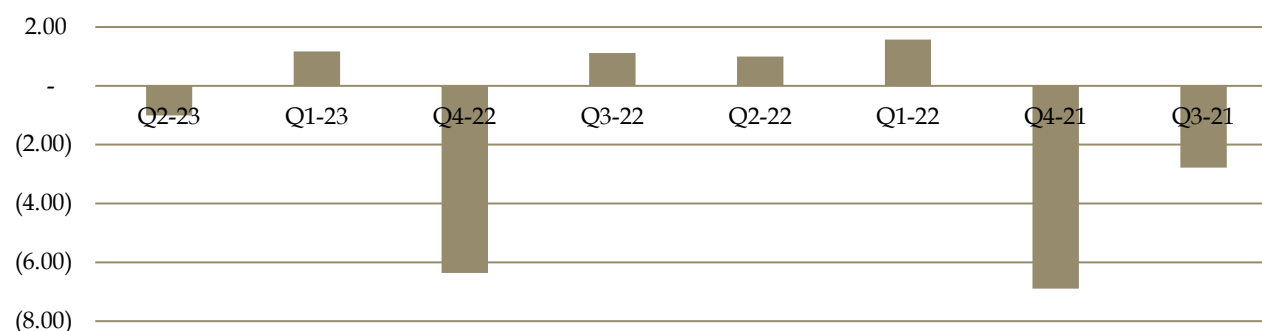
Trend analysis of quarterly information

Net Revenue - (\$ million)



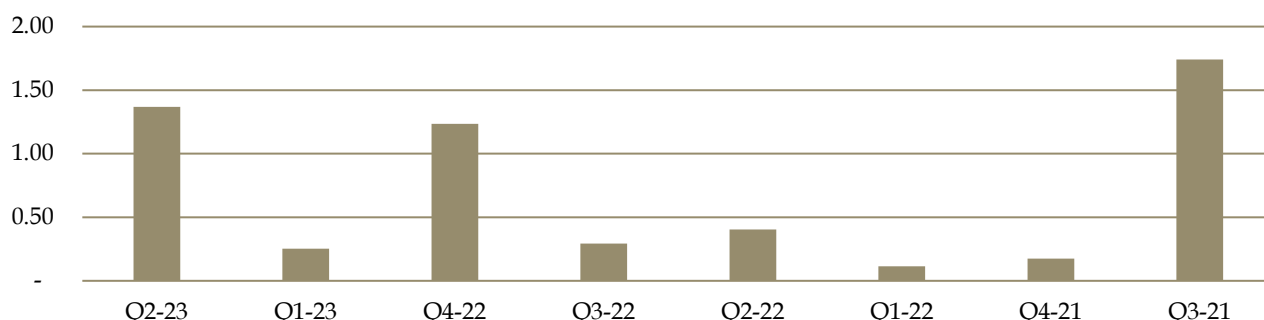
The consistent decline in net revenue is due to decline in production from Zarghun South lease caused by water breakthrough in the Dunghan reservoir, natural decline in production from Guddu block, suspension of production from Aminah well due to excessive water production since Q2 2022. Further, during Q4 2022 the production from Zarghun South lease was suspended due to damage to sales gas pipeline. The minor increase in net revenue during Q1 2023 is due to resumption of production from Zarghun South lease in fourth week of December 2022.

Net profit / (loss) - (\$ million)



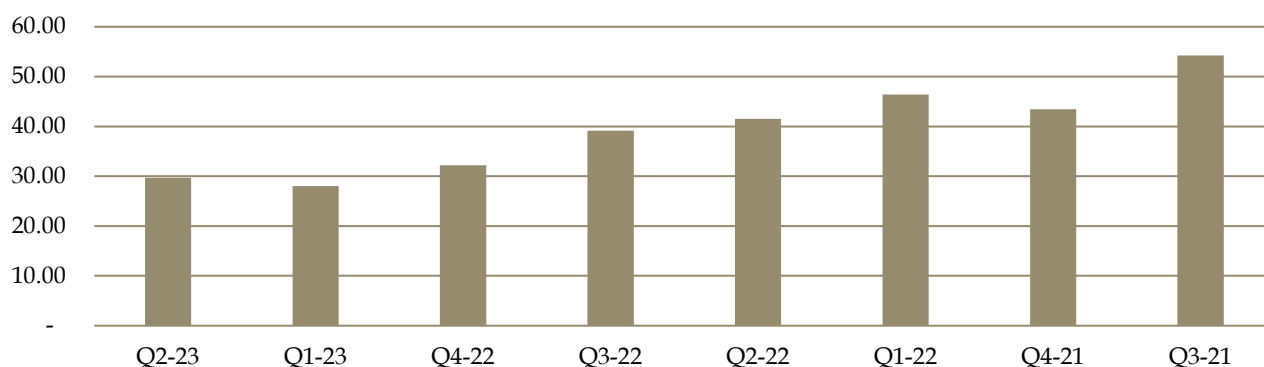
The net loss during Q3 and Q4 2021 and Q4 2022 is due to decrease in revenue and recognition of an impairment and a higher depletion charge as a result of reduction in recoverable reserves of Zarghun South lease partially offset by unrealized exchange gain on retranslation of PKR denominated liabilities due to weakening of PKR against US\$ and a reversal of deferred tax charge due to reduction in carrying amount of Company's oil and gas properties.

Capital expenditure - (\$ million)



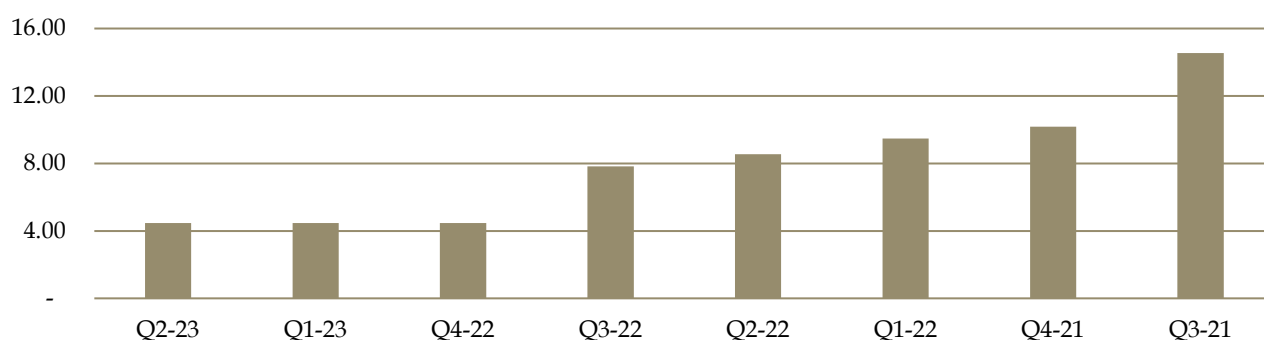
The Company continued to incur significant capital expenditure for the development of its oil and gas properties, and exploration and evaluation assets. The capital expenditure during Q3 2021, Q2 2022 and Q4 2022 represents buyout cost of amine sweetening unit in Badin IV South Block, exploration drilling in Guddu exploration license and cost of Islamabad office. The capital expenditure incurred during Q2 2023 represents 2D seismic acquisition in Nareli exploration license.

Assets - (\$ million)



The consistent decrease in total assets since Q3 2021 is due to recognition of impairment of Zarghun South lease and reduction in cash build up due to settlement of debt facilities.

Long term liabilities - (\$ million)



The significant reduction in long term liabilities during 2021 and 2022 is mainly due to repayment of shareholder loan and Askari Bank syndicated term finance facilities. Further, during Q3 and Q4 2021, there is a significant reduction in deferred tax liability due to reduction of carrying value of oil and gas properties as a result of impairment charge for the year. Further, at December 31, 2022, March 31, 2023 and June 30, 2023, the carrying amount of Askari Bank syndicated term finance facilities is classified as current liability due to non-compliance with the financial covenants.

Financial and Overall Performance Review and Analysis

Review of Financial Results

1. Net profit/(loss)

Description	For the three months period ended June 30,			For the six months period ended June 30,		
	2023	2022	Difference	2023	2022	Difference
	-----\$-----					
Net profit	(1,001,098)	994,246	(1,995,344)	170,344	2,568,743	(2,398,399)

The Company reported a net loss of \$1,001,098 and a net profit of \$170,344 for the three and six months period ended June 30, 2023, compared to a net profit of \$994,246 and \$2,568,743 in the comparative period.

The significant decrease in net profit is mainly due to decrease in revenue on account of reduction in production during the current period partially offset by net unrealized exchange gain on retranslation of PKR denominated liabilities due to weakening of PKR against US\$ and a reduction in finance costs

Segment breakdown of net profit/(loss) for the three and six months period ended June 30, 2023 is as follows:

	Three months ended June 30, 2023	Six months ended June 30, 2023
	\$	\$
Canada	(163,398)	(353,099)
Pakistan	(837,700)	523,443

The segment-wise profit/(loss) for the period is mainly attributable to the following:

- Canada segment is non-revenue generative. The loss in Canada mainly represents corporate and regulatory expenses.
- Net profit/(loss) of the Pakistan segment represents revenue from sale of gas, offset by production costs, general and administrative expenses, finance costs and un-realized exchange gain/loss on foreign currency denominated liabilities due to strengthening/weakening of PKR exchange rate parity against US dollar.

2. Net revenue

Description	For the three months period ended June 30,			For the six months period ended June 30,		
	2023	2022	Difference	2023	2022	Difference
	-----\$-----					
Sales	1,722,305	3,883,196	(2,160,891)	4,322,071	8,919,856	(4,597,785)
Royalty	(201,895)	(524,700)	322,805	(560,221)	(1,151,873)	591,652
Net revenue	1,520,410	3,358,496	(1,838,086)	3,761,850	7,767,983	(4,006,133)

Net revenue represents the sale of gaseous hydrocarbons from Reti, Maru, Maru South, Maru East, Khamiso and Umair (together "Reti-Maru leases"), Ayesha, Aminah and Ayesha North (together "Badin IV South leases"), Sara, Suri and Zarghun South leases net of royalty. The decrease in gross revenue is mainly due to reduction in production from Zarghun South lease due to water breakthrough in the Dunghan reservoir, natural decline in production from Guddu block, suspension of production from Aminah well due to excessive water production offset by slight increase in average realized price as a result of improvement in international crude oil prices.

A comparison of weighted average daily sale gas volume for the periods presented is as follows:

Description	For the three months period ended June 30,			For the six months period ended June 30,		
	2023	2022	Difference	2023	2022	Difference
	-----\$-----					
Reti-Maru leases	7.59	8.41	(0.82)	7.99	8.56	(0.57)
Zarghun South lease	3.79	6.87	(3.08)	4.20	8.13	(3.93)
Badin IV South leases	2.84	12.70	(9.86)	4.85	15.27	(10.42)
Sara and Suri leases	0.12	0.47	(0.35)	0.15	0.38	(0.23)

Gross production volume and price trends for the periods presented are as follows:

Description	For the three months period ended June 30,			For the six months period ended June 30,		
	2023	2022	Difference	2023	2022	Difference
	-----\$-----					
Production in Boe	49,470	116,375	(66,905)	122,517	267,070	(144,553)
Price (\$ / Boe) ¹	34.82	33.37	1.45	35.28	33.40	1.88

¹Refer to non IFRS financial measures.

The royalty is calculated at 12.5% of revenue. A comparison of royalty cost per Boe for the periods presented is as follows:

Description	For the three months period ended June 30,			For the six months period ended June 30,		
	2023	2022	Difference	2023	2022	Difference
	-----\$-----					
Production in Boe	49,470	116,375	(66,905)	122,517	267,070	(144,553)
Royalty (\$ / Boe) ¹	(4.08)	(4.51)	0.43	(4.57)	(4.31)	(0.26)

¹Refer to non IFRS financial measures.

3. Cost of production

Description	For the three months period ended June 30,			For the six months period ended June 30,		
	2023	2022	Difference	2023	2022	Difference
	-----\$-----					
Production costs	853,807	1,127,214	(273,407)	1,531,682	2,021,207	(489,525)
Depletion of oil and gas properties	487,607	1,125,628	(638,021)	1,218,532	2,621,465	(1,402,933)
	1,341,414	2,252,842	(911,428)	2,750,214	4,642,672	(1,892,458)

The significant decrease in cost of production is due to lower depletion charge as a result of reduction in production during the current period.

A comparison of production costs per Boe for the periods presented is as follows:

Description	For the three months period ended June 30,			For the six months period ended June 30,		
	2023	2022	Difference	2023	2022	Difference
	-----\$-----					
Production in Boe	49,470	116,375	(66,905)	122,517	267,070	(144,553)
Production costs (\$ / Boe) ¹	17.26	9.69	7.57	12.50	7.57	4.93

¹Refer to non IFRS financial measures.

The increase in production cost per Boe is due to the fact that a large component the production costs is fixed in nature and decrease in production during the current period resulted in higher production cost per Boe.

Comparative depletion cost per Boe for the periods presented are as follows:

Description	For the three months period ended June 30,			For the six months period ended June 30,		
	2023	2022	Difference	2023	2022	Difference
	-----\$-----					
Production in Boe	49,470	116,375	(66,905)	122,517	267,070	(144,553)
Depletion of oil and gas properties (\$ / Boe) ¹	9.86	9.67	0.19	9.95	9.82	0.13

¹Refer to non IFRS financial measures.

4. General and administrative expenses

Description	For the three months period ended June 30,			For the six months period ended June 30,		
	2023	2022	Difference	2023	2022	Difference
	-----\$-----					
General and administrative expenses	796,077	803,865	(7,788)	1,601,983	1,590,080	11,903

The minor increase in general and administrative expenses is due to legal costs related to arbitration proceedings initiated against PEL offset by reduction in PKR denominated cost as a result of devaluation of PKR against US\$.

Segment breakdown of general and administrative expenses for three and six months ended June 30, 2023 is as follows:

	Three months ended June 30, 2023	Six months ended June 30, 2023
	\$	\$
Canada	163,295	349,243
Pakistan	632,782	1,252,740

5. Finance costs

Description	For the three months period ended June 30,			For the six months period ended June 30,		
	2023	2022	Difference	2023	2022	Difference
	-----\$-----					
Interest on amounts due to related parties	115,231	81,573	33,658	262,625	156,593	106,032
Interest on borrowings	300,639	375,737	(75,098)	630,770	677,347	(46,577)
	415,870	457,310	(41,440)	893,395	833,940	59,455

The increase in interest on amount due to related parties is due to draw down additional running finance facility during the current period. The decrease in interest on borrowings is due to reduction in carrying amount.

6. Operating netback

Description	For the three months period ended June 30,			For the six months period ended June 30,		
	2023	2022	Difference	2023	2022	Difference
	-----\$-----					
Net revenue	1,520,410	3,358,496	(1,838,086)	3,761,850	7,767,983	(4,006,133)
Production costs	(853,807)	(1,127,214)	273,407	(1,531,682)	(2,021,207)	489,525
Operating netback	666,603	2,231,282	(1,564,679)	2,230,168	5,746,776	(3,516,608)
Production in Boe	49,470	116,375	(66,905)	122,517	267,070	(144,553)

Operating Netback (\$ / Boe) ¹	13.47	19.17	(5.70)	18.20	21.52	(3.32)
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¹Refer to non IFRS financial measures.

Provisions, Contingencies and Commitments

Contingencies and Commitments

There has been no material change in contingencies as disclosed in the latest consolidated annual audited financial statements of the Company for the year ended December 31, 2022.

Financial Commitments

The Company's financial commitments mainly consist of minimum work commitments related to its exploration licenses. The following table summarizes the financial commitments of the Company as at March 31, 2023 and December 31, 2022. These financial commitments are expected to be funded through internal cash generation.

Description	June 30, 2023	December 31, 2022
	-----\$-----	
Minimum capital commitments related to exploration licenses	5,344,911	6,594,114
Commitment under share purchase agreement for the acquisition of EEL	1,000	1,000
Total	5,345,911	6,595,114

Going Concern and Liquidity

At June 30, 2023, the Company had current assets of \$8.31 million comprising accounts and other receivables of \$6.12 million, restricted cash of \$1.97 million and cash and cash equivalents of \$0.22 million. Total current liabilities were \$16.81 million comprising accounts payable and accrued liabilities of \$9.42 million and borrowings and amounts due to related parties of \$7.39 million. During the six months period ended June 30, 2023 the Company reported a net profit of \$0.17 million (June 30, 2022: \$2.57 million). As at June 30, 2023, the Company has an accumulated deficit of \$57.18 million (December 31, 2022: \$57.35 million). In addition to its ongoing working capital requirements, the Company also has financial commitments as at June 30, 2023 that amounted to \$5.34 million.

In addition to the above-mentioned factors, there are a number of additional material uncertainties that raise significant doubt as to the Company's ability to continue as a going concern, and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The uncertainties include the outcome of arbitration proceedings against PEL, classification of long-term borrowings as current liability due to non-compliance with the financial covenants and the need for additional cash resources to fund its existing operations, economic dependence on joint venture partners and the current economic and political conditions in Pakistan. To date, all exploration, development and other operational activities of the Company have been funded by internal cash generation from its producing concessions, equity and debt issuances, funding by a shareholder, and by farm-out through which a third party reimbursed the Company for a portion of its historical costs and will pay a portion of the Company's future capital expenditures to earn a portion of the Company's working interest in its properties.

These events and conditions create material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern, and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue its operations and to realize assets at the carrying values is dependent upon obtaining additional debt or equity financing, maintaining continued support from its majority shareholder, generating positive cash flows and compliance with its capital expenditure commitments. However, there can be no assurance that the steps management is taking will be successful. The principal shareholder has confirmed its commitment to provide financial support to the Company as and when required for a minimum period of twelve months from the date of approval of these consolidated financial statements.

The condensed consolidated financial statements of the Company do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and 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.

Results of Operations

The following table summarizes the working capital of the Company as at June 30, 2023 as compared to December 31, 2022:

Description	As at June 30, 2023	As at December 31, 2022
	-----\$-----	
Current assets	8,315,048	11,280,909
Current liabilities	(16,814,699)	(19,485,917)
Working capital deficiency	(8,499,651)	(8,205,008)

Contractual Obligations

The following table sets forth the contractual obligations of the Company as at June 30, 2023:

Description	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
	-----\$-----				
Minimum capital commitments related to exploration licenses ⁽¹⁾	5,344,911	2,930,226	2,414,685	-	-
Purchase obligations ⁽²⁾	1,000	1,000	-	-	-
Other obligations ⁽³⁾	21,284,832	16,814,699	-	-	4,470,133
Total contractual obligations	26,630,743	19,745,925	2,414,685	-	4,470,133

Notes:

- (1) "Obligations related to exploration licenses" means the obligations which are legally binding on the Company pursuant to the terms of the relevant Petroleum Concession Agreement.
- (2) "Purchase obligation" means a binding sale and purchase agreement entered into by the Company with respect to the acquisition of EEL that specifies all significant terms related thereto, and the timing of the transaction.
- (3) "Other obligations" means other financial liabilities reflected in the Company's statement of financial position.

Off-Balance Sheet Arrangements

Off-balance sheet arrangements include a bank guarantee of \$928,725 issued to the DGPC in respect of minimum work commitments under the Nareli exploration license.

Transactions with Related Parties

The Company's related parties with significant transactions during the period include its majority shareholder, JS Energy Limited ("JSEL"), JS Bank Limited, an associated entity, and key management personnel. Details of transactions with related parties are as follows:

Transaction with Majority Shareholder – JS Energy Limited

JS Energy Limited, the majority shareholder of JEC, provided financial support to SEPL in the form of an interest-bearing bridge loan. The loan was fully settled during 2022.

Description	June 30, 2023	December 31, 2022
	-----\$-----	
Bridge loan		
Balance payable at beginning of the period	-	143,184
Interest accrued during the period	-	2,635
Principal repaid during the period	-	(102,998)

Description	June 30, 2023	December 31, 2022
	-----\$-----	
Interest paid during the period	-	(42,821)
Balance payable at end of the period	-	-

Transactions with associated entity – JS Bank Limited

JS Bank is a participant in Askari Bank syndicated term finance facilities with a participation of PKR 550 million (equivalent \$1.94 million). Further, JS Bank has also provided running finance facilities of PKR 625 million (equivalent \$2.20 million). The changes in loan balances during the applicable periods and balances outstanding as at June 30, 2023 and December 31, 2022 are as follows:

Description	June 30, 2023	December 31, 2022
	-----\$-----	
AKBL Syndicated term finance facilities		
Balance payable at beginning of the period	1,383,118	2,506,039
Interest accrued during the period	114,408	315,024
Principal repaid during the period	(275,270)	(701,425)
Interest paid during the period	(111,908)	(288,832)
Exchange gain on retranslation	(250,049)	(447,688)
Balance payable at end of the period	860,299	1,383,118
Running finance facilities		
Balance payable at beginning of the period	2,434,741	2,435,566
Facility utilized during the period	429,782	451,470
Interest accrued during the period	262,625	376,746
Interest paid during the period	(238,892)	(300,618)
Exchange gain on retranslation	(581,168)	(528,693)
Balance payable at end of the period	2,307,088	2,434,741

Key management personnel

Description	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	-----\$-----			
Management salaries and benefits	129,813	129,646	256,626	259,292
Directors' fees and compensation	22,336	42,791	44,529	127,962
Total	152,149	172,437	301,155	387,254

Future Outlook

The Company's capital expenditure program for 2023 includes:

- development of Zainab gas and condensate discovery in Badin IV North block;
- drilling of one development and one exploration well in the Badin IV South exploration license;
- drilling of one exploration well in the Guddu exploration license; and
- 2D seismic acquisition in the Nareli exploration license.

This capital expenditure program is expected to be funded through available cash and internal cash generation. In the near future, the Company expects the commencement of commercial production from Zainab gas and condensate discovery in Badin IV North block.

The Company's future outlook is also dependent on the expected extension in the terms of expired licenses and leases. The management believes that these extensions will be granted in the ordinary course of business.

Impact of change in international oil prices on wellhead gas prices in Pakistan

In Pakistan, the price for gas purchased by the GoP is based on a formula and linked to the international prices for a basket of imported Arabian and Persian Gulf crude oil ("Basket of Crude"). Prices are based upon a baseline of 1,000 Btu/Scf. If the gas which is sold has a Btu content which is less than or greater than 1,000 Btu/Scf, the price is proportionately decreased or increased, respectively.

The wellhead gas price in Pakistan is determined by applying step up discounting using various slabs under the different applicable petroleum policies to the C&F price of the Basket of Crude. The basket will reflect the actual mix of imported crude oils in the previous six months (January to June and July to December) in Pakistan as notified by the Ministry of Petroleum and Natural Resources, Government of Pakistan. Each discounting table under a policy has a predetermined C&F floor and ceiling price. The discount table is designed to provide maximum benefit to the seller for a lower C&F price. As the C&F price increases the applicable discount also increases until the C&F price reaches the ceiling price. The discounts applicable to the C&F price under various slabs range from 0% to 90%. No benefit is provided to the seller if the C&F price is higher than the ceiling price. The applicable floor and ceiling prices vary for each petroleum policy.

As a result of the formula used for calculating the price for gas purchased by the GoP, decreases in international oil prices do not proportionately reduce the price for gas purchased by the GoP. For example, a 40% reduction in international crude oil pricing from \$50/Bbl to \$30/Bbl will result in a 5 - 25% decrease in the price for gas purchased by the GoP under various applicable petroleum policies. Petroleum Policy, 2012 has the highest ceiling price and, accordingly, gas prices under this policy are the most impacted by a reduction in international oil prices. The applicability of particular petroleum policy to wellhead gas pricing for a discovery depends upon timing of drilling and commencement of production from the discovery area.

Significant Accounting Policies

The accounting policies adopted in the preparation of Company's condensed consolidated interim financial statements for the three and six months ended June 30, 2023 are consistent with those followed in the preparation of the Company's consolidated annual audited financial statements for the year ended December 31, 2022.

Critical Accounting Estimates and Judgments

The preparation of Company's condensed consolidated interim financial statements for the three and six months ended June 30, 2023 in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience including the expectation of future events that are believed to be reasonable under the circumstances. Estimates and judgements made by the management in the preparation of Company's condensed consolidated interim financial statements are the same as those used in the preparation of Company's consolidated annual audited financial statements for the year ended December 31, 2022.

Financial Risk Management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the Board. The Board provides risk management guidance covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Market risk

(i) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company does not have any financial instrument exposed to other price risk.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(iv) Credit risk

Credit risk is the risk of financial loss to JEC, if a counterparty to a product sales contract or financial instrument fails to meet its contractual obligations. JEC is exposed to credit risk with respect to its cash and cash equivalents, restricted cash and accounts and other receivables. However, the default risk is considered very low for all of the Company's financial instruments due to the external credit ratings of its counterparties. Majority of the Company's trade receivables relate to the sale of natural gas to Sui Southern Gas Company Limited ("SSGCL"), a state-owned gas transmission company.

(v) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company follows an effective cash management and planning protocol to ensure availability of funds, and to take appropriate measures for new requirements.

This interim MD&A does not include all financial risk management information and disclosures required in the annual MD&A and should be read in conjunction with the Company's consolidated annual audited financial statements and annual MD&A for the years ended December 31, 2022 and 2021.

Fair value of financial assets and liabilities

The fair value of financial assets and liabilities is determined using different levels defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The fair value of cash and cash equivalents, restricted cash, accounts and other receivables and accounts payable and accrued liabilities approximate their carrying amount due to the short-term nature of the instruments.

The fair value of borrowings and amounts due to related parties approximates their carrying value as the interest rates charged on these instruments is comparable to the prevailing interest rates.

Risk Factors

The business of exploring for, developing and producing oil and gas reserves is inherently risky. The Company will face numerous and varied risks which may prevent it from achieving its goals. The Company's actual exploration and operating results may be very different from those expected as at the date of this MD&A. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A and in the Company's Form 51-101 F1 - *Statement of Reserves Data and Other Oil and Gas Information* dated as of December 31, 2022. If any event arising from the risk factors set forth below occurs, the Company's business, prospects, financial condition, results of operation or cash flows and in some cases its reputation could be materially adversely affected.

The Company's business is subject to the risks normally encountered in the oil and natural gas industry such as the marketability of oil and natural gas, competition with companies having greater resources, acquisition, exploration and production risks, need for capital, fluctuations in the market price and demand for oil and natural gas and the regulation of the oil and natural gas industry by various levels of government. The oil and natural gas reserves and recovery information contained in the Company's Form 51-101 F1 - *Statement of Reserves Data and Other Oil and Gas Information* dated as of December 31, 2022, are estimates only and the actual production and ultimate reserves recovered from the Company's properties and acquisitions may be greater or less than the estimates contained in the said Statement. The success of acquisitions and further exploration or development projects cannot be assured. Such risks and any such risks described below may not be the only risks facing the Company. Additional risks not currently known may also negatively impact the Company's business operations and results of operation.

Volatility of Crude oil prices

In Pakistan, the price for gas purchased by the GoP is based on a formula linked to the international prices for a basket of Arabian and Persian Gulf crude oil imported into Pakistan. Crude oil prices are affected by, among other things, worldwide military, political, economic and other events, medical epidemics or pandemics, the conflict in Ukraine or a conflict in the Middle East, expectations for global economic growth, inflation, political sanctions, trade disputes, or initiatives by OPEC+, can affect supply and demand for oil and natural gas. Weather conditions, governmental regulation (in Canada and U.S.), levels of consumer demand, the availability and pricing of alternate sources of energy (including renewable energy initiatives), the availability of pipeline capacity and other transportation for oil and natural gas, global oil and natural gas storage levels, and other factors beyond our control can also affect the supply of and demand for oil and natural gas and lead to future price volatility.

Recently, commodity prices have been negatively affected by a combination of factors, including increased production, the decisions of OPEC+, concerns in respect of a recession and a strengthening in the U.S. dollar relative to most other currencies. Oil and natural gas prices are expected to continue to be volatile as a result of near-term production instability, medical epidemics or pandemics, conflict in Ukraine and actions of Russia, changes in oil and natural gas inventories, sanctions on Russian oil and natural gas exports and prices, industry demand, global and national economic performance, the actions of OPEC+, and any coordinated releases of oil from strategic reserves by the U.S. (or any other country). Certain of these events and conditions may contribute to decreased exploration and drilling activities and a decrease in confidence in the oil and natural gas industry generally. A prolonged period of low and/or volatile prices could affect the value of Company's oil and gas properties and the level of spending on growth projects and could result in the curtailment of production from some properties and/or the impairment of that property's carrying value. Accordingly, low crude oil, could have a material adverse effect on Company's business, financial condition, reserves, and may also lead to further impairment of assets.

Obtaining Financing and Funding Requirements

The Company is in the growth phase of its oil and gas operations with limited revenues from three properties and the majority of its properties are in exploration and development stage. There can be no assurance of its ability to develop and operate its projects profitably. The Company has been historically dependent upon the financial support from its shareholders to provide the finance needed to fund its operations, but the Company cannot assure that the shareholders will continue to do so. The Company's ability to continue in business depends upon its continued ability to obtain significant financing from internal as well as external sources and the success of its exploration efforts and any production efforts resulting therefrom. Any reduction in its ability to raise finance in the future would force the Company to reallocate funds from other planned uses and could have a significant negative effect on its business plans and operations, including its ability to continue its current development and exploration activities.

The Company's current cash and cash flow from any reserves subsequently acquired will not be sufficient to fund its ongoing activities at all times. The Company will require additional funding in order to satisfy its capital expenditure requirements and carry out its oil and gas acquisition, exploration and development activities. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will

be on terms acceptable to the Company. Failure to obtain such funding on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Company's revenues from any reserves subsequently acquired decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Company's ability to spend the necessary capital to replace its reserves or to maintain its production.

Exploration License Expiry

With respect to certain of the Company's working interest in any license, lease or petroleum concession agreement, it is not anticipated that committed work programs will be completed prior to expiry dates set forth in the relevant petroleum concession agreements with the GoP. While the relevant operators have advised that they anticipate that extensions will be granted for the completion of committed work, there is no guarantee that extensions will be granted. In the event that extensions are not granted, the Company may be liable to the GoP for its share of the minimum expenditure of undischarged work obligations upon the expiry of the exploration licenses.

Governmental Approvals

The Company's operations are subject to a range of licenses, regulations, and approvals of governmental authorities, including those relating to the exploration, development, operation, production, marketing, pricing, transportation and storage of gas. The Company has no control over whether or not necessary government approvals or licenses (or renewals thereof) are granted, the timing of obtaining (or renewing) such approvals or licenses, the terms on which they are granted or the lease or exploration license areas in which the Company has interests. As a result, the Company may have limited or no control over the nature and timing of lease or exploration license areas in which the Company has or seeks interests or the manner in which operations are conducted on such license areas.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities. As the Company is not the operator of many of its oil and gas properties, the Company will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Title to Assets

It is the practice of the Company in acquiring significant oil and gas exploration licenses and leases or interests in oil and gas exploration licenses and leases to fully examine the title to the interest thereunder. Nevertheless, there may be title defects which affect lands comprising a portion of the Company's properties which may adversely affect the Company.

Seasonal Impact on Industry

Some of the Company's assets in the Middle Indus Basin in Pakistan are located on the flood plain near the Indus River. Traditionally, during the rainy season (generally from April through to November), there can be difficulty accessing those assets. In 2010 and 2022, heavier than normal monsoon rains in the Sindh, Punjab, Khyber and Baluchistan regions of Pakistan resulted in extensive flooding in areas adjacent to the Indus River. The flooding impacted Pakistan's infrastructure and also negatively affected access to the Company's assets. The recovery from the flooding is ongoing and may affect the operator's ability to implement the work programs.

Commercial Risk

In order to assign recoverable resources of oil and gas, the Company must establish a development plan consisting of one or more projects. In-place quantities for which a feasible project cannot be defined using established technology or technology under development are classified as unrecoverable. In this context,

"technology under development" refers to technology that has been developed and verified by testing as feasible for future commercial applications to the subject reservoir. In the early stage of exploration or development, as is the case for the Company, project definition will not be of the detail expected in the later stages of maturity. In most cases, recovery efficiency will be largely based on analogous projects.

Estimates of recoverable quantities are stated in terms of the sales products derived from a development program, assuming commercial development. It must be recognized that reserves, contingent resources and prospective resources involve different risks associated with achieving commerciality. The likelihood that a project will achieve commerciality is referred to as the "chance of commerciality." The chance of commerciality varies in different categories of recoverable resources as follows:

Reserves: To be classified as reserves, estimated recoverable quantities must be associated with a project(s) that has demonstrated commercial viability. Under the fiscal conditions applied in the estimation of reserves, the chance of commerciality is effectively 100%.

Contingent Resources: Not all technically feasible development plans will be commercial. The commercial viability of a development project is dependent on the forecast of fiscal conditions over the life of the project. For contingent resources, the risk component relating to the likelihood that an accumulation will be commercially developed is referred to as the "chance of development." For contingent resources, the chance of commerciality is equal to the chance of development.

Prospective Resources: Not all exploration projects will result in discoveries. The chance that an exploration project will result in the discovery of petroleum is referred to as the "chance of discovery." Thus, for an undiscovered accumulation, the chance of commerciality is the product of two risk components – the chance of discovery and the chance of development.

Exploration Risk

Oil and gas exploration involves a high degree of risk. These risks are more acute in the early stages of exploration. The Company's exploration expenditures may not result in new discoveries of oil or gas in commercially viable quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions, such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. If exploration costs exceed estimates, or if exploration efforts do not produce results that meet expectations, exploration efforts may not be commercially successful, which could adversely impact the ability to generate revenues from operations.

Operational Risk

If the Company's operations are disrupted and/or the economic integrity of its projects is threatened for unexpected reasons, business may experience a setback. These unexpected events may be due to technical difficulties, operational difficulties including floods which impact the production, transport or sale of products, geographic and weather conditions, medical epidemics or pandemics in Pakistan and related responses by governmental authorities, business reasons or otherwise. Because the Company is in its early stages of development, it is particularly vulnerable to these events. Prolonged problems may threaten the commercial viability of operations.

Development Risk

To the extent that the Company succeeds in discovering oil and/or gas, reserves may not be capable of production levels projected or in sufficient quantities to be commercially viable. On a long-term basis, the Company's viability depends on the ability to find or acquire, develop and commercially produce additional oil and gas reserves. Without the addition of reserves through exploration, acquisition or development activities, reserves and production will decline over time as reserves are produced. Future reserves will depend not only on the ability to develop then-existing properties, but also on the ability to identify and acquire additional suitable producing properties or prospects, to find markets for the oil and natural gas developed and to effectively distribute production into markets. Future oil and gas exploration may involve unprofitable efforts,

not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-downs of connected wells resulting from extreme weather conditions, problems in storage and distribution and adverse geological and mechanical conditions. While the Company will endeavor to effectively manage these conditions, it may not be able to do so optimally, and will not be able to eliminate them completely in any case. Therefore, these conditions could diminish revenue and cash flow levels and result in the impairment of oil and gas interests.

Drilling Risks

There are risks associated with the drilling of oil and gas wells, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, craterings, sour gas releases, fires, spills or natural disasters. The occurrence of any of these and other events could significantly reduce revenues or cause substantial losses, impairing future operating results. The Company may become subject to liability for pollution, blow-outs or other hazards. The Company obtains insurance with respect to these hazards, but such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. The payment of such liabilities could reduce the funds available to the Company or could, in an extreme case, result in a total loss of properties and assets. Moreover, the Company may not be able to maintain adequate insurance in the future at rates that are considered reasonable. Oil and gas production operations are also subject to all the risks typically associated with such operations, including the premature decline of reservoirs and the invasion of water into producing formations.

Environmental Risks

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and laws and regulations in Pakistan. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner that may result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to the GoP and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that application of environmental laws to the Company's business will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Operations

Operations are subject to all of the risks frequently encountered in the development of any business, including control of expenses, the business disruption due to medical epidemics or pandemics and other difficulties, complications and delays, as well as those risks that are specific to the oil and gas industry.

Reserve Replacement

The Company's future oil and natural gas reserves, production, and cash flows to be derived therefrom, are highly dependent on the Company successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves the Company may have at any particular time and the production therefrom, will decline over time as such existing reserves are exploited. A future increase in the Company's reserves will depend not only on the Company's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance

that the Company's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

Reserve Estimates

The Company makes estimates of oil and gas reserves, upon which it bases financial projections. The Company makes these reserve estimates using various assumptions, including assumptions as to oil and gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Some of these assumptions are inherently subjective, and the accuracy of reserve estimates relies in part on the ability of the management team, engineers and other advisers to make accurate assumptions. Economic factors beyond the Company's control, such as interest rates and exchange rates, will also impact the value of reserves. The process of estimating oil and gas reserves is complex and requires the Company to make significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each property. As a result, reserve estimates will be inherently imprecise. Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and gas reserves may vary substantially from those estimated. If actual production results vary substantially from reserve estimates, this could materially reduce revenues and result in the impairment of oil and gas interests.

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and natural gas liquids (or similar substances) reserves and cash flows to be derived therefrom, including many factors beyond the Company's control. The information concerning reserves and associated cash flow set forth in the Company's Form 51-101 F1 - *Statement of Reserves Data and Other Oil and Gas Information* dated as of December 31, 2022, represents estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom, are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, prepared by different engineers, or by the same engineers at different times, may vary. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material. Further, the evaluations are based, in part, on the assumed success of the exploitation activities intended to be undertaken in future years. The reserves and estimated cash flows to be derived therefrom, contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluation.

Estimates of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material. Many of the Company's producing wells have a limited production history and thus there is less historical production on which to base the reserves estimates. In addition, a significant portion of the Company's reserves may be attributable to a limited number of wells and, therefore, a variation in production results or reservoir characteristics in respect of such wells may have a significant impact upon the Company's reserves.

Facilities

Oil and gas exploration and development activities are dependent on the availability of drilling and related equipment, transportation, power and technical support in the particular areas where these activities will be conducted, and access to these facilities may be limited. To the extent that operations are conducted in remote areas, needed facilities may not be proximate to operations, which will increase expenses. Demand for such limited equipment and other facilities or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities. The quality and reliability of necessary facilities may also be unpredictable, and the Company may be required to make efforts to standardize facilities,

which may entail unanticipated costs and delays. Shortages and/or the unavailability of necessary equipment or other facilities will impair activities, either by delaying activities, increasing costs or otherwise.

Operating Expenses

Exploration, development, production, marketing (including distribution costs) and regulatory compliance costs (including taxes) substantially impact the net revenues derived from oil and gas produced. These costs are subject to fluctuations and variation in different locales in which the Company will operate, and the Company may not be able to predict or control these costs. If these costs exceed expectations, this may adversely affect results of operations. In addition, the Company may not be able to earn net revenue at predicted levels, which may impact the ability to satisfy any obligations.

Fluctuations in Operating Results can cause Share Price Decline

The Company's operating results will likely vary in the future primarily from fluctuations in revenues and operating expenses, including the ability to produce the oil and gas reserves that are developed, expenses that are incurred, the prices of oil and gas in the commodities markets and other factors. If the results of operations do not meet the expectations of current or potential investors, the price of the Company's shares may decline.

Decommissioning Costs

The Company may become responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines which are used for the production of oil and gas reserves. Abandonment and reclamation of these facilities and the costs associated therewith are often referred to as "decommissioning." If decommissioning is required before economic depletion of the properties or if estimates of the costs of decommissioning exceed the value of the reserves remaining at any particular time to cover such decommissioning costs, the Company may have to draw on funds from other sources to satisfy such costs. The use of other funds to satisfy such decommissioning costs could impair the ability to focus capital investment in other areas of the business.

Expiration of Permits, Exploration Licenses and Leases

The Company's properties are held in the form of permits, exploration licenses and leases and working interests in permits, exploration licenses and leases. If the Company or the holder of the exploration license or lease fails to meet the specific requirement of an exploration license or lease, the exploration license or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each exploration license or lease will be met. In management's experience, it is not uncommon in Pakistan for oil and natural gas permits, exploration licenses and leases to expire without prompt renewal. In these circumstances, the Company relies on the continued involvement of government authorities on its operating properties as an indication that such permits, exploration licenses and leases are not being treated as terminated by the GoP. However, there can be no assurance that delays in obtaining government permits and approvals will not result in the termination of an exploration license or lease. The termination or expiration of the Company's exploration licenses or leases or the working interests relating to an exploration license or lease without renewal may have a material adverse effect on the Company's results of operations and business.

Reliance on Operators, Working Interest Owners and Key Personnel

As the Company is not the operator of many of its oil and gas properties, the Company will be dependent on such operators for the timing of activities related to such properties and will largely be unable to direct or control the activities of the operators. Additionally, the Company's success depends in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company. The Company does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of the Company are of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

Public Health Crises

Local, regional, national or international public health crises, pandemics and epidemics could have an adverse effect on local economies and potentially the global economy, which may adversely impact the price of and demand for oil and natural gas (and correspondingly, decrease the demand for our services, which could have a material adverse effect on our business, financial condition, results of operations and cash flows). Such public health crises, pandemics, epidemics and disease outbreaks are continuously evolving and the extent to which our business operations and financial results continue to be affected depends on various factors, such as the duration, severity and geographic resurgence of the virus; the impact and effectiveness of governmental action to reduce the spread and treat such outbreak, including government policies and restriction; vaccine hesitancy and voluntary or mandatory quarantines; and the global response surrounding any such uncertainty. The economic climate resulting from the impact of public health crises, pandemics and epidemics and any corresponding emergency measures that may be implemented from time to time by various governments may have significant adverse impacts on the Company including, but not exclusively:

- (i) potential interruptions of our business or operations;
- (ii) material declines in revenue and cash flows;
- (iii) future impairment charges to our property, plant and equipment and intangible assets
- (iv) risk of non-payment of accounts receivable and customer defaults; and
- (v) additional restructuring charges as we align our structure and personnel to the dynamic environment.

Additionally, such public health crises, if uncontrolled, may result in temporary shortages of staff to the extent our workforce is impacted and may result in temporary interruptions to our business or operations, which may have an adverse effect on our financial condition, results of operations and cash flow.

Risks of Interruption and Casualty Losses

The Company's operations face many hazards inherent in the oil and gas industry, including blowouts, cratering, explosions, fires, loss of well control, loss of hole, reservoir damage and damage or loss from inclement weather or natural disasters. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage, damage to the property of others, and damage to producing or potentially productive oil and natural gas formations, which could have a material adverse effect on our business, financial condition, results of operations and cash flow. Additionally, unexpected events such as unplanned power outages, natural disasters, supply disruptions, pandemic illness or other unforeseeable circumstances could have a material adverse effect on our business, financial condition, results of operations and cash flow. Our operations could be disrupted by terrorism, acts of war, political sanctions, earthquakes, telecommunications failures, power or water shortages, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions (whether as a result of climate change or otherwise), medical epidemics or pandemics and other natural or manmade disasters or catastrophic events. The occurrence of any of these business disruptions could result in difficulties in hiring or managing personnel as well as other significant losses, that may adversely affect our business, financial conditions, results of operations and cash flow, and require substantial expenditures and recovery time in order to fully resume operations.

Foreign Operations

The oil and gas industry in Pakistan is not as efficient or developed as the oil and gas industry in North America. As a result, exploration and development activities may take longer to complete and may be more expensive than similar operations in North America. The availability of technical expertise, specific equipment and supplies may be more limited and such factors may subject international operations to economic and operating risks that may not be experienced in North American operations.

The Company currently has and will continue to have operations in Pakistan. As such, the Company's operations, financial condition and operating results could be significantly affected by risks over which it has no control. These risks may include risks related to economic, social or political instability or change, terrorism, hyperinflation, the extent of medical epidemics or pandemics in Pakistan and related responses by governmental authorities, currency non-convertibility or instability and changes of laws affecting foreign ownership, interpretation or renegotiation of existing contracts, government participation, taxation policies, including royalty and tax increases and retroactive tax claims, and investment restrictions, working conditions, rates of exchange, exchange control, exploration licensing, petroleum and export licensing and export duties, government control over domestic oil and gas pricing, currency fluctuations, devaluation or other activities that

limit or disrupt markets and restrict payments or the movement of funds; the possibility of being subject to exclusive jurisdiction of foreign courts in connection with legal disputes relating to licenses to operate and concession rights in countries where the Company currently operates; and difficulties in enforcing the Company's rights against a governmental agency because of the doctrine of sovereign immunity and foreign sovereignty over international operations. Problems may also arise due to the quality or failure of locally obtained equipment or technical support, which could result in failure to achieve expected target dates for exploration operations or result in a requirement for greater expenditure. The Company's operations may also be adversely affected by applicable laws and policies of Pakistan, the effect of which could have a negative impact on the Company.

The Company operates in such a manner as to minimize and mitigate its exposure to these risks. However, there can be no assurance that the Company will be successful in protecting itself from the impact of all of these risks and the related financial consequences.

Acts of Violence, Terrorist Attacks or Civil Unrest in Pakistan

All of the Company's operations are in Pakistan. Historically, Pakistan has experienced political, social and economic problems, terrorist attacks, insurgencies and civil unrest. The Company's Zarghun South Lease is located in the province of Baluchistan, which has experienced significant instability and unrest. In this location, the owners of the applicable working interest may incur substantial costs to maintain the safety of personnel and operations. Despite these precautions, the safety of the operator's personnel or of the Company's personnel and operations in these locations may continue to be at risk, and the Company may in the future suffer loss of personnel and disruption of operations, any of which could have a material adverse effect on the Company's business and results of operations.

Competition

Oil and gas exploration activities are intensely competitive in all its phases and involves a high degree of risk. The Company competes with numerous other participants in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. The Company's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Company. The Company's ability to increase reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price, methods and reliability of delivery.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. The Company's operations may require licenses from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development with respect to its projects and the obtaining of such licenses and permits may delay operations of the Company. It is not expected that any of these controls or regulations will affect the operations of the Company in a manner materially different than they would affect other oil and gas companies of similar size and operating in similar jurisdictions.

Prices, Markets and Marketing

The marketability and price of oil and natural gas that may be acquired or discovered by the Company will be affected by numerous factors beyond its control. The Company's ability to market oil and natural gas may depend upon its ability to acquire space within pipelines that deliver oil and natural gas to commercial markets. The Company may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities, and related to operational problems with such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. The Company's revenues, profitability and future growth, and the carrying value of its oil and gas properties are substantially dependent on prevailing prices of oil and gas. The Company's ability to borrow and to obtain additional capital

on attractive terms is also substantially dependent upon oil and gas prices. The price of oil and natural gas in Pakistan is determined by government regulation and is below the international market price. There is no certainty that this will change in the future. In addition, international market prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of the Company. These factors include impacts of medical epidemics or pandemics on the production of and demand for oil and gas products, economic conditions in various countries, the actions of the OPEC+, governmental regulation, political stability in the Middle East and elsewhere, the foreign supply of oil and gas, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and gas would have an adverse effect on the Company's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations.

Exchange rate fluctuations between Pakistan and US dollars and other foreign currencies also affect the profitability of the Company. World oil prices are quoted in United States dollars as are any revenues received by the Company and are therefore affected by the Pakistan/US exchange rate that may fluctuate over time. The Company may reduce the impact of foreign exchange fluctuations by using risk management tools related to foreign exchange rates and commodity prices. The Company has not entered into any foreign exchange contracts that are open as at the date of this management's discussion and analysis.

Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

Risk to Information Technologies Systems and Cyber Security

The Company may be negatively affected by cybersecurity incidents or other IT systems disruption. The Company relies heavily on its information technology systems including, without limitation, its networks, equipment, hardware, software, telecommunications, and other information technology (collectively "IT systems"), and the IT systems of its vendors and third-party service providers, to operate its business as a whole. Although the Company has not experienced any material losses to date relating to cybersecurity, or other IT systems disruptions, there can be no assurance that the Company will not incur such losses in the future. Despite the Company's efforts to mitigate IT systems security risks, the risk and exposure to these threats cannot be fully mitigated because of, among other things, the evolving nature of cybersecurity threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect IT systems from cybersecurity threats remain a priority. As these threats continue to evolve, the Company may be required to spend additional resources to continue to modify or enhance protective measures or to investigate and remediate any cybersecurity vulnerabilities. Any cybersecurity incidents or other IT systems disruption could result in operational delays, destruction or corruption of data, security breaches, financial losses from remedial actions, the theft or other compromising of confidential or otherwise protected information, fines and lawsuits, or damage to the Company's reputation. Any such occurrence could have an adverse impact on the Company's financial condition and operations.

Local Legal, Political and Economic Factors

Currently, the Company is undertaking its oil and gas activities exclusively in Pakistan. Exploration and production operations in foreign countries are subject to legal, political and economic uncertainties, including interference with private contract rights (such as privatization), extreme fluctuations in currency exchange rates, high rates of inflation, exchange controls, changes in tax rates and other laws or policies affecting environmental issues (including land use and water use), workplace safety, foreign investment, foreign trade, investment or taxation, as well as restrictions imposed on the oil and gas industry, such as restrictions on production, price controls and export controls. Political and economic instability could result in new governments or the adoption of new policies, laws or regulations that might assume a substantially more hostile attitude toward foreign investment, including imposing additional taxes. In an extreme case, such a change could result in termination of contract rights and expropriation of foreign-owned assets. Any changes in oil and gas or investment regulations and policies or a shift in political attitudes in Pakistan will be beyond the Company's control and may significantly hamper the ability to expand operations or operate the business at a profit.

Enforcement of Civil Liabilities

Certain of the directors of the Company reside outside of Canada and, similarly, a majority of the assets of the Company are located outside of Canada. It may not be possible for investors to effect service of process within Canada upon directors not residing in Canada. It may also not be possible to enforce against the Company and certain of its directors' judgements obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Penalties

The Company's exploration, development, production and marketing operations are regulated under foreign federal, state and local laws and regulations. Under these laws and regulations, the Company could be held liable for personal injuries, property damage, site clean-up and restoration obligations or costs and other damages and liabilities. The Company may also be required to take corrective actions, such as installing additional safety or environmental equipment, which could require significant capital expenditures. Failure to comply with these laws and regulations may also result in the suspension or termination of operations and subject the Company to administrative, civil and criminal penalties, including the assessment of natural resource damages. The Company could be required to indemnify employees in connection with any expenses or liabilities that they may incur individually in connection with regulatory action against them. As a result of these laws and regulations, future business prospects could deteriorate and profitability could be impaired by costs of compliance, remedy or indemnification of employees, thus reducing profitability.

Competition for Exploration and Development Rights

The oil and gas industry is highly competitive. This competition is increasingly intense as prices of oil and gas on the commodities markets have reduced significantly in recent years. Additionally, other companies engaged in the same line of business may compete with the Company from time to time in obtaining capital from investors. Competitors include larger, more established companies, which may have access to greater resources than the Company, may be more successful in the recruitment and retention of qualified employees and may conduct their own refining and petroleum marketing operations, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests.

Income Taxes

The Company believes that it is in full compliance with all applicable tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Company, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have a significant impact on current and future taxes payable by the Company, which in turn could materially and adversely affect its financial condition.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. The Company cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Third-Party Credit Risk and Delays

The Company is or may be exposed to third-party credit risk through its contractual arrangements with its current or future working interest owners, marketers of its petroleum and natural gas production and other parties. In the event, such entities fail to meet their contractual obligations to the Company, such failures could have a material adverse effect on the Company and its operations. In addition, poor credit conditions in the industry and of working interest owners may impact a working interest owner's willingness to participate in the Company's ongoing capital program, potentially delaying the program and the result of such program until the Company finds a suitable alternative partner.

In addition to the usual delays in payments by purchasers of oil and natural gas to the Company or to the operators, and the delays by operators in remitting payment to the Company, payments between these parties may be delayed due to restrictions imposed by lenders, accounting delays, delays in the sale of delivery of products, delays in the connection of wells to a gathering system, adjustment for prior periods, or recovery by the operator of expenses incurred in the operation of the properties. Any of these delays could reduce the amount of cash flow available for the business of the Company in a given period and expose the Company to additional third-party credits risks.

Accounting Policies

The Company's financial statements for the year ended December 31, 2022, filed on SEDAR, were prepared using accounting policies and methods prescribed by IFRS as issued by the International Accounting Standards Board. Significant accounting policies under IFRS are described in more detail in the notes to the audited consolidated financial statements.

The Company has internal controls over financial reporting. These controls are designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. These controls cannot provide absolute assurance with respect to the reliability of financial reporting and financial statement preparation.

Technology

The Company relies on technology, including geographic and seismic analysis techniques and economic models, to develop reserve estimates and to guide exploration and development and production activities. The Company will be required to continually enhance and update its technology to maintain its efficacy and to avoid obsolescence. The costs of doing so may be substantial and may be higher than the costs that are anticipated for technology maintenance and development. If the Company is unable to maintain the efficacy of the technology, the ability to manage the business and to compete may be impaired. Further, even if technical effectiveness is maintained, the technology may not be the most efficient means of reaching objectives, in which case higher operating costs may be incurred than if the technology was more efficient.

Risk to Information Technologies Systems and Cyber Security

The Company may be negatively affected by cybersecurity incidents or other information technology systems disruption. The Company relies heavily on its information technology systems including, without limitation, its networks, equipment, hardware, software, telecommunications, and other information technology (collectively, "IT systems"), and the IT systems of its vendors and third-party service providers, to operate its business as a whole. Although the Company has not experienced any material losses to date relating to cybersecurity, or other IT systems disruptions, there can be no assurance that the Company will not incur such losses in the future. Despite the Company's efforts to mitigate IT systems security risks, the risk and exposure to these threats cannot be fully mitigated because of, among other things, the evolving nature of cybersecurity threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect IT systems from cybersecurity threats remain a priority. As these threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any cybersecurity vulnerabilities. Any cybersecurity incidents or other IT systems disruption could result in operational delays, destruction or corruption of data, security breaches, financial losses from remedial actions, the theft or other compromising of confidential or otherwise protected information, fines and lawsuits, or damage to the Company's reputation. Any such occurrence could have an adverse impact on the Company's financial condition and operations.

Foreign Currency Exchange Rate Fluctuation

The Company may sell oil and gas production under agreements that may be denominated in United States dollars or other foreign currencies. Many of the operational and other expenses incurred will be paid in the local currency of the country containing the operations. As a result, the Company will be exposed to currency exchange rate fluctuation and translation risk when local currency (Pakistan Rupee or Canadian Dollar) financial transactions are translated to United States dollars. This may have a significant effect on profitability between periods.

Exchange Controls

Foreign operations may require funding if their cash requirements exceed operating cash flow. To the extent that funding is required, there may be exchange controls limiting such funding or adverse tax consequences associated with such funding. In addition, taxes and exchange controls may affect the dividends received from foreign subsidiaries. Exchange controls may prevent transferring funds abroad.

Insurance

Involvement in the exploration for and development of oil and gas properties may result in the Company becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Any insurance that the Company may obtain may have limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances, be insurable or, in certain circumstances, the Company may choose not to obtain insurance to protect against specific risks due to the high premiums associated with such insurance or for other reasons. The payment of such uninsured liabilities would reduce funds available. If the Company suffers a significant event or occurrence that is not fully insured, or if the insurer of such event is not solvent, the Company could be required to divert funds from capital investment or other uses towards covering the liability for such events.

The Company will be Subject to Significant Capital Requirements and may Issue Additional Equity Securities or Incur Significant Borrowings

The Company must be able to utilize available financing sources to finance its growth and sustain capital requirements. The Company could be required to raise significant additional capital through equity financings in the capital markets or to incur significant borrowings through debt financings to meet its capital requirements. If these financings are required, the Company's cost of raising capital in the future may be adversely affected. In addition, if the Company is required to make significant interest and principal payments resulting from a debt or similar financing, the Company's financial condition and ability to raise additional funds may be adversely impacted. If the Company were to issue common shares, an existing holder of common shares may experience dilution in the Company's cash flow or earnings per share. Moreover, as the Company's intention to issue additional equity securities becomes publicly known, the common share price may be materially adversely affected.

Any significant delay in completing its development projects or the incurring of capital costs that are significantly higher than estimated, could have a significant adverse effect on the Company's results of operations and financial condition.

Current Global Financial Conditions

Current global financial conditions have been subject to significant and sustained volatility. Access to public financing has been negatively impacted due to lower confidence in the global credit and financial markets due to this volatility, and resulting from factors that include the current sovereign debt crisis, among others. The foregoing may impact the ability of the Company to obtain equity, debt or similar financing in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted.

Attracting and Retaining Talented Personnel

The Company's success depends in large measure on the abilities, expertise, judgement, discretion, integrity and good faith of management and other personnel in conducting the business of the Company. The Company has a small management team and the loss of any of these individuals or the inability to attract suitably qualified staff could materially adversely impact the business. The Company may also experience difficulties in certain jurisdictions in efforts to obtain suitably qualified staff and in retaining staff who are willing to work in that jurisdiction. The Company's success will depend on the ability of management and employees to interpret market and geological data successfully and to interpret and respond to economic, market and other business conditions in order to locate and adopt appropriate investment opportunities, monitor such investments and ultimately, if required, successfully divest such investments. Further, key personnel may not continue their association or employment with the Company, which may not be able to find replacement personnel with comparable skills. The Company has sought to and will continue to ensure that management and any key employees are appropriately compensated; however, their services cannot be guaranteed. If the Company is unable to attract and retain key personnel, business may be adversely affected.

Growth Management

As part of its strategy, the Company will continue existing efforts and initiate new efforts to develop new projects. A number of risks and uncertainties are associated with the development of these types of projects, including political, regulatory, design, construction, labour, operating, technical, and technological risks, uncertainties relating to capital and other costs, and financing risks. The failure to develop one or more of these initiatives successfully could have an adverse effect on the Company's financial position and results of operations. If the Company fails to effectively manage growth, financial results could be adversely affected. Growth may place a strain on management systems and resources. The Company will need to continue to refine and expand business development capabilities, systems and processes and access to financing sources. As the Company grows, it will need to continue to hire, train, supervise and manage new employees. The Company may not be able to:

- (i) Expand systems effectively or efficiently or in a timely manner;
- (ii) Allocate human resources optimally;
- (iii) Identify and hire qualified employees or retain valued employees; or
- (iv) Incorporate effectively the components of any business that may be acquired in the effort to achieve growth.

If the Company is unable to manage growth and operations, the financial results could be adversely affected by inefficiency, which could diminish profitability.

Outstanding Share Capital

The Company has 69,076,328 common shares outstanding as of the date of this MD&A.

Approval

The Company's Audit Committee has approved the disclosure contained within this MD&A. Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.