



FIRST QUARTER 2008 REPORT

JURA ENERGY CORPORATION
Management's Discussion and Analysis
For the Three Months Ended December 31, 2007

This Management Discussion and Analysis ("MD&A") of financial conditions and results of operations is a review of the results of operations and the financial position of the Company as at December 31, 2007, and for the three months ended December 31, 2007 and 2006. This MD&A is dated February 8, 2007, and should be read in conjunction with the unaudited consolidated financial statements of the Company as at and for the three months ended December 31, 2007.

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

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

Forward-looking Statements

This MD&A contains forward-looking statements. Readers are advised that any forward-looking statements contained in this MD&A are expressly qualified by the cautionary statements contained within the Forward-looking Statement section commencing on page 10 of this MD&A.

Non-GAAP Measurements

Within this MD&A, references are made to terms having widespread use in the oil and gas industry. "Netbacks" is not a term defined by GAAP in Canada and is regarded as a non-GAAP measure. Netbacks is equal to petroleum and natural gas sales revenues less sales tax, royalties and production costs.

Overview

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

The Company is nearing completion of an extensive seismic acquisition and evaluation program that extends over its properties acquired on June 2, 2006. A number of drilling locations have been identified and the Company intends to commence drilling these prospects in fiscal 2008. Two development wells have been drilled and successfully completed on properties acquired in January 2007 with the acquisition of Pyramid Energy International Inc, ("Pyramid") with a third development well on these same properties to be drilled in the second fiscal quarter of 2008.

Until June 19, 2006 when it changed its name, the Company operated as Proprietary Industries Inc. and was engaged in various businesses and held a variety of investments, none of which were related to its present resource activities. These business activities have all been discontinued, and the Company's efforts are now focused exclusively on the international resource industry.

Overall performance

During the quarter the Company successfully drilled and completed two development wells on a concession, Block 22, in which its subsidiary company, Pyramid has a 15.7895% ownership interest. The first well, Hassan-3, began producing natural gas in early January 2008 and the second well, Khanpur 2, is expected to be on production during the second quarter. The Company has a net 10.5% interest in each of these two wells.

The Company continued work on its seismic acquisition and evaluation program during the quarter. A 253 kilometre acquisition was completed on the Badin IV North concession and a 234 kilometre seismic acquisition

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program commenced on the Badin IV South concession. Processing of previously acquired data continues, and is identifying prospective drilling targets for 2008 and beyond.

In January 2007, the Company and its in-country partner submitted a proposal to refurbish an existing power station which would utilize as feedstock natural gas from the Kandra natural gas field - the Company's development lease located in the Central Gas basin. On January 16, 2008, the Government of Pakistan, Ministry of Water and Power, (Private Power and Infrastructure Board) issued a formal Letter of Interest ("LOI") for a 120 Megawatt Combined Cycle Power Facility. Under the terms of the LOI, the two partners in the power station development project will be responsible for the preparation of a detailed engineering study leading to the refurbishment of the existing power station, to include the installation of new co-generation turbines and associated infrastructure. Under a Field Development Plan previously approved by the Government of Pakistan, Ministry of Petroleum & Natural Resources, the power station will be fuelled by low-BTU gas supplied from the Kandra field, blended with pipeline quality gas to be purchased from the Sui Southern Gas Company Limited. Further seismic evaluation followed by the drilling of up to fourteen development wells on the Kandra concession will take place over the next two years.

The Company's investment in \$15.0 million (face value) non-bank Asset Backed Commercial Paper ("ABCP") that was originally scheduled to mature on August 14, 2007 remains uncollected at December 31, 2007. The Company has concluded that the valuation allowance on its ABCP investment recorded at September 30, 2007 should remain unchanged as of December 31, 2007. In late December 2007, a "Framework Agreement" was signed by various parties which provides a process to exchange existing ABCP securities for replacement securities that are eventually expected to trade on a secondary market. It is presently anticipated that further information regarding the value of the replacement securities to be received by the Company in exchange for its original ABCP investment will be known in its second fiscal quarter of 2008 when JPMorgan Chase & Company ("JPMorgan") is expected to provide their relative valuations of all of the Canadian non-bank ABCP.

The Company concluded a \$9.75 million credit facility agreement with HSBC Bank (Canada) subsequent to December 31, 2007. The credit facility will provide the Company with additional liquidity throughout much of 2008 if required to ensure continuation of planned exploration and development activities.

A summary discussion of resource related acquisitions that have been completed to date follows:

a) Exploration and appraisal licences and development lease

On June 2, 2006 the Company completed the acquisition of a number petroleum and natural gas interests in Pakistan, comprised of ownership interests ranging from 47.5% to 50% in six exploration licences and a 37.5% interest in a development and production lease for a natural gas field.

The six licences and one lease cover a total area of 1,287,548 acres, with four interests being located in the Central Gas Basin, two interests in the Lower Indus Gas and Oil Basin and one in the northern oil-bearing Potwar Basin. The work program associated with these interests' calls for extensive seismic evaluation and the drilling of up to ten exploration wells and fourteen development wells over a period of approximately 36 months.

For further information on the Company's petroleum and gas properties acquired on June 2, 2006, refer to the Company's September 30, 2007 Annual Information Form.

b) Pyramid Energy International Inc.

On November 3, 2006, the Company, together with Petroleum Exploration (Pvt.) Limited ("PEL"), signed a Share Purchase Agreement to acquire all of the issued and outstanding common, voting shares of Pyramid. Pursuant to the terms of the agreement, Jura acquired 66.665% of the shares of Pyramid and PEL acquired 33.335% of the Pyramid shares. The acquisition closed on January 3, 2007 with this being deemed the effective date of the acquisition for accounting purposes.

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Pyramid's only petroleum and natural gas property is a 15.7895% interest in Block 22, a concession situated in the Central Gas Basin in Pakistan. The concession area had three natural gas wells on production when acquired. Since that time two additional developmental wells have successfully been drilled and completed, with the drilling of a third well expected to be completed in the second quarter of fiscal 2008.

Results of Operations

Quarterly Comparative Statement of Operations

	Three months ended December 31		Change
	2007	2006	
Revenues			
Petroleum and natural gas sales	\$ 358,336	\$ -	\$ 358,336
Less: Sales tax	48,188	-	48,188
Royalty	34,064	-	34,064
	<u>276,084</u>	<u>-</u>	<u>276,084</u>
Interest	173,984	207,093	(33,109)
Other income	-	369,624	(369,624)
	<u>450,068</u>	<u>576,717</u>	<u>(126,649)</u>
Expenses			
Production	58,885	-	(58,885)
General and administrative	873,852	1,006,952	133,100
Unrealized foreign exchange losses	196,864	28,451	(168,413)
Realized foreign exchange losses	286,114	(337,256)	(623,370)
Revaluation of marketable securities	80,132	(24,786)	(104,918)
Depletion, depreciation and amortization	276,081	427	(275,654)
	<u>1,771,928</u>	<u>673,788</u>	<u>1,098,140</u>
Loss before minority interest and taxes	(1,321,860)	(97,071)	(1,224,789)
Non-controlling interest	(8,579)	-	8,579
Future income tax expense	36,000	-	(36,000)
Net loss and comprehensive loss for the period	\$ <u><u>(1,349,281)</u></u>	\$ <u><u>(97,071)</u></u>	\$ <u><u>(1,252,210)</u></u>

The acquisition of Pyramid on January 3, 2007 marked the commencement of resource operations for the Company. As the Company's previous operations as a merchant bank were unrelated to its present resource activities, and were discontinued prior to the current fiscal year, comparisons of the current period to those of fiscal 2007 and earlier periods are not considered meaningful.

Natural gas from the properties currently on production is sold at US\$1.60 per Mcf ("thousand cubic feet") with such price being regulated by the Government of Pakistan.

Petroleum and natural gas sales volumes averaged 1,426 net Mcf/day for the three month period ended December 31, 2007 compared to 1,500 net Mcf/day in the fourth quarter of fiscal 2007. Total net sales volume for the three month period was 131,249 Mcf.

Sales taxes are calculated for payment to the Government of Pakistan at a rate that approximates 15% of the sales value of the gas, however there are typically minor adjustments and foreign currency adjustments that have resulted in an effective rate of 13.4% for the period (Q4 2007: 13.3%). The Royalty is calculated at a rate

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of 12.5% on what is referred to as the wellhead value of the natural gas produced and sold; the wellhead value is determined by adjusting gross revenues by an allowance for depreciation. For the period, the effective royalty rate amounts to 9.5% of gross sales revenues (Q4 2007: 9.1%). Production expenses as a percentage of gross revenues were 16.4% in the period (Q4 2007: 10.2%). The increase is due to increased repairs and maintenance costs for the November 2007 production month.

The resource activities for the three month period resulted in a gross netback of \$217,199 (net \$143,351).

Interest revenues from short term investments for the current three month period total \$173,984. The decline in interest revenue as compared to the comparative period is due primarily to lower cash balances on deposit for the current period.

Other income for the comparative period relates to a recovery on settlement of amounts recorded as a liability in 2006. This recovery related to the former operations of the Company.

The Company entered into a foreign currency option contract on July 12, 2007 under which US\$14.0 million was purchased for C\$14,655,200 (FX conversion rate = 1.0468) on October 12, 2007, the expiry date of the contract. Based on the Canadian to United States currency exchange rate of 0.9983 at September 30, 2007, the Company recognized an unrealized loss of \$707,000 on this financial instrument for the year ended September 30, 2007. At expiry of the contract on October 12, 2007, the Company incurred a total realized loss of \$1,020,386; the additional \$313,386 is recorded as a realized loss in the three months ended December 31, 2007.

Depletion, depreciation and amortization expense is higher than the comparative period as it includes unit-of-production depletion and depreciation expense for the Company's resource activities.

General and administrative expenses of \$873,853 are down by \$133,099 (13%) from the comparative period. This reduction is due primarily to the reduction of legal fees incurred by the Company on matters related to former operations in the U.S. The reduction of legal fees was offset by an increase in stock based compensation expense in the period relating to options granted in fiscal 2007 and 2008.

Capital Expenditure Summary

Drilling of the Hassan-3 well commenced in September 2007 and it was successfully completed as a natural gas well and placed on production in January 2008. An additional development well, Khanpur-2, was drilled on the same concession during December 2007. This well was successfully completed as a natural gas well and is expected to be placed on production during the second quarter of fiscal 2008. A third development well is expected to begin drilling during Q2 2008.

The Company continued with its seismic acquisition and evaluation program during the first quarter. A 253 kilometre acquisition program was completed on the Badin IV North concession and a 234 kilometre acquisition program commenced on the Badin IV South concession. Processing of this data, and data previously acquired continues and is being evaluated to identify potential drilling targets for 2008 and beyond.

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Summary of Selected Quarterly Information

(\$ thousands, except per share amounts)

	2008	2007				2006		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	\$ 450.1	\$ 1,640.4	\$ 935.4	\$ 1,163.8	\$ 576.7	\$ 880.3	\$ 204.9	\$ 556.0
Expenses	\$ 1,799.3	\$ 6,383.5	\$ 1,844.6	\$ 1,822.4	\$ 673.8	\$ 1,711.9	\$ 1,523.9	\$ 1,457.0
Net earnings (loss)	\$ (1,349.2)	\$ (4,743.1)	\$ (909.2)	\$ (658.5)	\$ (97.1)	\$ 831.6	\$ (1,319.0)	\$ (901.0)
- per share	\$ (0.01)	\$ (0.03)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ (0.02)	\$ (0.02)

Liquidity and capital resources

The Company presently anticipates expending approximately \$48.5 million for its proportionate share of exploration and development activities, including seismic evaluation and drilling of up to ten exploration wells, up to fourteen development wells and one additional production well over the next three fiscal years. The amount of actual expenditures incurred, together with their timing, will be dependent on the outcome of ongoing technical evaluations, and accordingly may change from the preliminary figures indicated herein.

The Company is participating in the development and upgrading of a power generation plant located nearby the Kandra development lease, with preliminary estimates anticipating that the Company's share of capital expenditures will amount to \$60.5 million in respect of a 120 megawatt facility.

The \$30.0 million bought deal equity financing that closed on June 6, 2007 will provide funds for a portion of the 2007, 2008 and 2009 capital commitments and for general corporate purposes. The uncertainty surrounding the timing and ultimate realization of the Company's investment in \$15.0 million face value of ABCP has negatively affected the Company's working capital position, with the possible consequence that the Company may be required to seek capital financing in a greater amount than may otherwise have been the case, and may do so earlier than was otherwise expected. The \$9.75 million credit facility concluded with HSBC Bank (Canada) will provide the ability to partially offset the loss in liquidity caused by the ABCP situation.

In order to meet the financial commitments required for planned expenditures on petroleum and natural gas properties, and the proposed power generation plant project, the Company will require funds over and above its existing working capital of \$11.2 million and funds that will be generated from operations. It is presently anticipated that additional funds of approximately \$97.8 million will be required, with \$48.4 million expected to be raised through additional debt financing secured by the power generation plant and the remaining \$49.4 million to be raised through other means.

The Company has not yet concluded all agreements that will be required to raise the additional capital funding referred to above, and failure to do so in a timely manner could result in the potential relinquishment of the Company's interests in its concession grants. Factors that could affect the Company's ability to attract equity and debt funding would include economic downturns affecting capital markets in North America and Europe, and the potential consequences arising from political instability should it continue within Pakistan.

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Summary of payments due by period:

	Total	Year 1	Year 2	Years 3 - 5	After 5 years
Contractual obligations					
Operating leases - office space	\$ 112,898	\$ 112,898	\$ -	\$ -	\$ -
Exploration and development expenditure obligations to earn ownership interests pursuant to farm-in agreements	19,734,344	8,950,504	5,952,435	4,831,405	-
Exploration and development expenditures presently planned, but for which contractual commitments have not yet been made.	28,768,213	3,461,578	12,137,340	13,169,295	-
Power generation plant expenditures presently planned, but for which contractual commitments have not yet been made.	60,540,002	240,002	22,740,000	37,560,000	-
	<u>\$109,155,457</u>	<u>\$ 12,764,982</u>	<u>\$ 40,829,775</u>	<u>\$ 55,560,700</u>	<u>\$ -</u>

Related party transactions

For the three months ended December 31, 2007, the Company expensed \$57,750 (2006 - \$32,710) for Directors fees and other services. Included in the comparative figure is \$5,710 relating to the imputed fair value of compensation expense for stock options. At December 31, 2007, \$35,250 (2006 - \$12,000) was due to these directors and included in accounts payable and accrued liabilities on the consolidated balance sheet.

In connection with its Pakistan operations, the Company shares certain office facilities, personnel, and other overheads with a company for which certain officers and directors are also an Officer and Directors of the Company. For the three months ended December 31, 2007, the Company's share of these costs amounted to \$66,272 (2006: \$6,531); there was no amount outstanding at the period-end.

The Company provides financial and accounting services to Loon Energy Inc. ("Loon"), which owns 6.4% of the outstanding shares of the Company. Two directors and officers of Loon are directors of the Company. For the period ended December 31, 2007, the Company charged fees and associated costs totalling \$81,540 (2006 - Nil). At December 31, 2007 \$55,477 (2006 - Nil) was due from Loon and included in accounts receivable on the consolidated balance sheet.

Critical accounting estimates

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

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

a) *Litigation*

The Company is involved in a number of lawsuits – both as plaintiff and as defendant – that relate to its former business activities as a merchant bank. Three unresolved legal actions are disclosed in the Company's financial statements at December 31, 2007. Two of the actions are claims against the Company for which the total liability would be \$3.46 million in the event of judgements unfavourable to the Company; the Company's financial statements at December 31, 2007 reflect a liability (Note Payable) in the amount of \$650,000 related to one of the claims notwithstanding that the Company believes it has valid legal defences against the claims made against it in respect of these actions. Until these legal matters are resolved however, the final amount of the potential liabilities is not determinable. The Company has also initiated a legal action against its former auditors, for which no amount receivable has been recorded. The Company will not record a receivable or recovery in respect of this action until final resolution has been achieved.

b) *Depletion and depreciation expense*

Depletion and depreciation of petroleum and natural gas properties and equipment is provided using the unit-of-production method and proved reserves. The Company has retained an independent reservoir engineering firm to determine proved reserves used in the depletion and depreciation provision. Expenditures on undeveloped properties are excluded from the depletion provision until related reserves are proven, or impairment is recognized. Volumes are converted to equivalent units on the basis that one barrel of oil is equivalent to six thousand cubic feet of natural gas.

c) *Asset retirement obligations*

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

d) *Carrying value of Investment in Asset Backed Commercial Paper*

In July 2007, the Company invested \$14,938,950 in non-bank ABCP that was to have matured on August 14, 2007 as \$15.0 million. However, the amount due on maturity was not funded by the issuer of the security, and the full amount of the investment continues to remain uncollected and outstanding as at the Company's current period-end. A group representing banks, asset providers and major investors (the "Montreal Group") has been working to re-establish normal operations in the Canadian ABCP market with their stated goal being to restore liquidity to this market. The Montreal Group has since evolved into what is referred to as the Pan-Canadian Investors Committee for Third-Party Structured Asset Backed Commercial Paper (the "Committee").

In late December 2007, a "Framework Agreement" was reached between the Committee, certain investors, issuers of and trustees for the various trust entities that issued the ABCP and certain banks in their capacity as liquidity providers. Under the proposed terms of this agreement, investors in ABCP would receive a combination of senior debenture notes and subordinated notes with the amount and relative proportion of the two securities to be based on the relative value of their original ABCP as compared to all of the Canadian, non-bank ABCP currently in default. This determination of relative value is being prepared at the Committee's request by JPMorgan however it remains unavailable as at the date of this MD&A. The replacement securities are presently expected to have terms to maturity that will coincide with the maturity dates of the underlying assets of each of the original trusts.

As reasonably prompt liquidation is unlikely, the Company has reclassified its investment in ABCP to long-term in other assets, and it continues to be classified as held-for-trading. As at December 31, 2007, the Company reviewed the fair value determination of its ABCP investment, and has concluded that the valuation allowance determined as at September 30, 2007 should remain unchanged. The successful attainment of the Framework Agreement provides increased clarity as to the securities that will replace the Company's existing ABCP

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investment together with greater certainty as to when the new replacement securities will be issued. However the valuation of these replacement securities will not be known until JPMorgan's work is concluded and is provided to investors.

At September 30, 2007 the Company made a fair value determination of this ABCP investment using a probability weighted valuation technique to reflect the expected realization in an active secondary market. Potential "realization outcomes" ranging from a low of 65% to a high of 100% of the face value of the ABCP investment were each assigned a probability factor in determining the Company's estimate of most likely realizable value of its ABCP investment.

There is no certainty as to whether a Canadian non-bank ABCP market will eventually be restored and consequently the timing and amount of any future cash flows may vary materially from current estimates.

New accounting policies

The Canadian Institute of Chartered Accountants ("CICA") issued the following new accounting standards that apply to the Company with effect from October 1, 2007. These standards will be adopted prospectively.

Financial instruments – disclosure and presentation

CICA handbook section 3862, "Financial Instruments – Disclosure" and Section 3863, "Financial Instruments – Presentation" replace section 3861 "Financial Instruments – Disclosure and Presentation". The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. They are also intended to remove any duplicate disclosures and simplify the disclosures about concentrations of risk, credit risk, liquidity risk and price risk previously found in Section 3861. The new presentation standard carries forward the former presentation requirements.

Accounting changes

CICA handbook section 1506, "Accounting Changes". Under the new standard, accounting policies are changed only if they are required by a primary source of GAAP or if they result in financial statements which provide reliable and more relevant information. Accounting policy changes are applied retrospectively unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. Corrections of prior period errors are applied retrospectively and changes in accounting estimates are applied prospectively by including these changes in operations.

Capital disclosures

CICA handbook section 1535, "Capital Disclosures" requires additional disclosure of objectives, policies and processes for managing capital. In addition, disclosures include whether companies have complied with externally imposed capital requirements.

Financial instruments

The Company's consolidated financial statements reflect a number of financial instruments, including cash and short-term deposits, accounts receivable, marketable securities, accounts payable and accrued liabilities and notes payable. In conformance with the Company's accounting policy regarding the recognition and measurement of financial instruments, all of these aforementioned assets and liabilities are recorded at their fair value.

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a) Interest rate risk

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

b) Credit risk

The Company's accounts receivable are primarily due from joint venture partners, government agencies and customers operating within the international petroleum and natural gas industry, and are subject to credit and political risks that would be considered normal in this environment. Amounts receivable remaining from the Company's former business activities are carried at their estimated realizable value.

The carrying value of the Company's investment in non-bank ABCP has been reduced by a valuation allowance to reflect the risk that the full amount of principal and interest due will not be collected because of the present absence of a viable, liquid market for these investments.

c) Foreign currency exchange risk

The Company is exposed to risks arising from fluctuations in currency exchange rates between Canadian dollars, United States dollars and Pakistan rupees. At December 31, 2007 the Company's primary exposures relate to U.S. dollars held on deposit for the Government of Pakistan and for commitments related to expenditures on petroleum and natural gas properties which are typically denominated in United States dollars.

d) Liquidity risk

All of the financial liabilities of the Company are classified as current and are anticipated to mature within the fiscal period. The Company intends to settle these with funds from its positive working capital position.

Outstanding share data

Common shares

	<i>Number of shares</i>	<i>Stated value</i>
Balance outstanding, September 30, 2006	89,794,194	\$ 178,884,558
Issuance of shares pursuant to acquisition of Pyramid	1,608,889	1,232,570
Issued pursuant to exercise of stock options	250,000	215,000
Issuance of shares for cash	26,100,000	27,131,299
Balance outstanding, December 31, 2007 and February 8, 2008	117,753,083	\$ 207,463,427

Stock Options

The Company's stock option plan reflects the current requirements of the Toronto Stock Exchange regarding security based compensation agreements, and as such:

- i) the aggregate number of shares to be issued under the stock option plan is limited to 10% of the Common Shares outstanding from time to time, and
- ii) the exercise price for options issued under the plan will be set by the Board of Directors, and cannot be less than the market price of the shares at the time of the grant calculated in accordance with the Toronto Stock Exchange's rules.

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Share purchase options outstanding are as follows:

	Number	Option price per share
Balance outstanding, September 30, 2007	8,260,000	
Granted December 20, 2007; expire December 20, 2012	2,500,000	\$0.41
Options forfeited	<u>(50,000)</u>	
Balance outstanding, December 31, 2007 and February 8, 2008	<u>10,710,000</u>	

Common Share Purchase Warrants

Share purchase warrants outstanding are as follows:

	<i>Number</i>	Exercise Price per share
Exercisable for two years from August 19, 2006	900,000	\$1.00
Exercisable for eighteen months from June 6, 2007	<u>1,566,000</u>	\$1.15
Balance outstanding, December 31, 2007 and February 8, 2008	<u>2,466,000</u>	

Forward Looking Statements

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

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

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

- the impact of increasing competition;
- the Company's ability to obtain additional financing on satisfactory terms; and
- the Company's ability to attract and retain qualified personnel.

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

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

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

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

Disclosure Controls and Procedures, and Internal Controls over Financial Reporting

The preparation of this MD&A is supported by a set of disclosure controls and procedures as at December 31, 2007. Disclosure controls and procedures have been designed to provide reasonable assurance that material information required to be disclosed by the Company is accumulated, appropriately processed and communicated to the Company's management to allow timely decisions regarding and preparation of required disclosures. The Company's Chief Executive Officer and Chief Financial Officer believe that the Company's disclosure controls and procedures provide a reasonable level of assurance that they are effective, however they do not expect that the disclosure controls and procedures will prevent all errors and/or fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing Internal Controls over Financial Reporting ("ICFR") or causing them to be designed under their supervision. Senior management believes that the Company's system of ICFR is appropriately designed to provide reasonable assurance regarding the reliability of financial reporting systems and the preparation of consolidated financial statements for external purposes in accordance with Canadian GAAP. However the Company recognizes that its ICFR has a number of inherent weaknesses due to the geographical distribution of the Company's senior management staff, and the limited number of staff employed by the Company. At the Company's present stage of development, it is not economically feasible to achieve complete segregation of otherwise incompatible duties. Management believes that it has designed sufficient compensating internal controls, comprised primarily of management and Board review and oversight, to mitigate these limitations.

A system of ICFR, no matter how well conceived or operated can provide only reasonable, not absolute, assurance that the objectives of the ICFR are met. At present, the Chief Executive Officer, the Executive Vice-President and the Chief Financial Officer oversee all material transactions and there is daily oversight by management of the Company. Interim consolidated financial statements are reviewed each quarter by the Company's external audit firm, and the Audit Committee and the Board review the interim and annual consolidated financial statements.

Approval

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

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Three months ended December 31, 2007 and 2006
(Unaudited)

Jura Energy Corporation
Consolidated Balance Sheet
(Unaudited)

	December 31, 2007	September 30, 2007
Assets		
Current assets		
Cash and cash equivalents (note 3)	\$ 12,260,404	\$ 16,375,519
Marketable securities	194,606	274,738
Accounts receivable	1,043,550	2,527,175
Prepaid expenses and deposits	42,833	10,592
	13,541,393	19,188,024
Other assets (note 4)	16,359,953	16,325,976
Property and equipment (note 5)	68,342,197	65,127,346
	\$ 98,243,543	\$ 100,641,346
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,660,336	\$ 2,191,820
Deferred foreign exchange option loss (note 6)	-	707,000
Note payable (note 7)	650,000	650,000
	2,310,336	3,548,820
Asset retirement obligation (note 8)	198,736	177,291
Future income taxes	2,623,800	2,587,800
Non-controlling interest in subsidiaries (note 9)	2,620,901	2,629,480
	7,753,773	8,943,391
Shareholders' equity		
Share capital (note 10)	207,463,427	207,463,427
Contributed surplus (note 11)	22,101,123	21,960,027
Deficit	(139,074,780)	(137,725,499)
	90,489,770	91,697,955
	\$ 98,243,543	\$ 100,641,346

Jura Energy Corporation
Consolidated Statement of Changes in Equity
(Unaudited)

	Three months ended December 31,	
	2007	2006
Share capital (note 10)		
Balance, beginning of year	\$ 207,463,427	\$ 178,884,558
Changes during the period	-	(919)
Balance, end of period	207,463,427	178,883,639
Contributed surplus (note 11)		
Balance, beginning of year	21,960,027	20,170,769
Changes during the period	141,096	6,210
Balance, end of period	22,101,123	20,176,979
Deficit		
Balance, beginning of year	(137,725,499)	(131,317,589)
Net loss and comprehensive loss	(1,349,281)	(97,071)
Balance, end of period	(139,074,780)	(131,414,660)
Total equity	\$ 90,489,770	\$ 67,645,958

Jura Energy Corporation
Consolidated Statement of Operations
(Unaudited)

	Three months ended December 31,	
	2007	2006
Petroleum and natural gas sales	\$ 358,336	\$ -
Less:		
Sales tax	48,188	-
Royalty	34,064	-
	276,084	-
Interest	173,984	207,093
Other income (note 13)	-	369,624
	450,068	576,717
 Expenses		
Production	58,885	-
Administration	873,852	1,006,952
Unrealized foreign exchange losses	196,864	28,451
Realized foreign exchange losses (gain)	286,114	(337,256)
Unrealized loss (gain) on revaluation of marketable securities	80,132	(24,786)
Depletion, depreciation and amortization	276,081	427
	1,771,928	673,788
Loss before non-controlling interest and taxes	(1,321,860)	(97,071)
Non-controlling interest	(8,579)	-
Income taxes		
Future income tax	36,000	-
Net loss and comprehensive loss	\$ (1,349,281)	\$ (97,071)
 Loss per share	\$ (0.011)	\$ (0.001)

Jura Energy Corporation
Consolidated Cash Flow Statement
(Unaudited)

	Three months ended December 31,	
	2007	2006
Operating activities		
Net loss	\$ (1,349,281)	\$ (97,071)
Items not involving cash:		
Depletion, depreciation and amortization	276,081	427
Future income taxes	36,000	-
Unrealized loss(gain) on revaluation of marketable securities	80,132	(24,786)
Unrealized foreign exchange losses	196,864	28,451
Recoveries on settlement of amounts payable	-	(369,624)
Stock based compensation	141,096	6,210
Non-controlling interest	(8,579)	-
Funds used in operations	(627,687)	(456,393)
 Changes in other current assets and liabilities	 (147,180)	 511,689
	(774,867)	55,296
 Financing activities		
Common share issuance costs	-	(919)
 Investing activities		
Performance guarantee posted	(59,286)	-
Property and equipment	(3,469,338)	(1,560,412)
Change in accounts payable related to capital expenditures	315,133	(408,168)
	(3,213,491)	(1,968,580)
 Effect of exchange rate changes on cash	 (126,757)	 (175,674)
 Change in cash and cash equivalents	 (4,115,115)	 (2,089,877)
 Cash and cash equivalents, beginning of year	 16,375,519	 21,591,496
 Cash and cash equivalents, end of period	 \$ 12,260,404	 \$ 19,501,619

Jura Energy Corporation
Notes to Consolidated Financial Statements
December 31, 2007
(Unaudited)

1. Basis of preparation

Jura Energy Corporation ("the Company") is an energy exploration, development and production company with active operations focused solely in Pakistan. The Company's unaudited consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada and are presented in Canadian currency.

Jura Energy Corporation is listed on the Toronto Stock Exchange and trades under the symbol "JEC".

2. Significant accounting policies

The interim consolidated financial statements of the Company are presented in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). These unaudited interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended September 30, 2007, except as noted below. Interim consolidated statements do not contain all the disclosures required for annual consolidated financial statements. Accordingly, these statements should be read in conjunction with the audited annual consolidated financial statements for the year ended September 30, 2007.

New accounting policies

The Canadian Institute of Chartered Accountants ("CICA") issued the following new accounting standards that apply to the Company with effect from October 1, 2007. The Company has determined that these standards, which will be adopted prospectively, will not have a material effect on the consolidated financial statements.

Financial instruments – disclosure and presentation

CICA handbook section 3862, "Financial Instruments – Disclosure" and Section 3863, "Financial Instruments – Presentation" replace section 3861 "Financial Instruments – Disclosure and Presentation". The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. They are also intended to remove any duplicate disclosures and simplify the disclosures about concentrations of risk, credit risk, liquidity risk and price risk previously found in Section 3861. The new presentation standard carries forward the former presentation requirements.

Accounting changes

CICA handbook section 1506, "Accounting Changes". Under the new standard, accounting policies are changed only if they are required by a primary source of GAAP or if they result in financial statements which provide reliable and more relevant information. Accounting policy changes are applied retrospectively unless it is otherwise permitted or where it is impracticable to determine either the period-specific effects or the cumulative effect of the change. Corrections of prior period errors are applied retrospectively and changes in accounting estimates are applied prospectively by including these changes in operations.

Capital disclosures

CICA handbook section 1535, "Capital Disclosures" requires additional disclosure of objectives, policies and processes for managing capital. In addition, disclosures will include whether companies have complied with externally imposed capital requirements.

3. Cash and cash equivalents

	December 31, 2007	September 30, 2007
Cash	\$ 813,371	\$ 778,445
Short-term investments in Royal Bank of Canada term deposits (September 30, 2007 - HSBC Bank, Bankers Acceptances)	11,447,033	15,597,074
	<u>\$ 12,260,404</u>	<u>\$ 16,375,519</u>

Jura Energy Corporation
Notes to Consolidated Financial Statements
December 31, 2007
(Unaudited)

4. Other assets

	December 31, 2007	September 30, 2007
Restricted cash (not available for general corporate purposes)		
(a) Provided as security for bank guarantees to the Government of Pakistan for exploration and development expenditure commitments made pursuant to the granting of petroleum exploration licences; invested in interest bearing securities	\$ 3,049,717	\$ 3,075,026
(b) Provided as security for performance guarantee to the Government of Pakistan for the Company's interest in a power project	<u>59,286</u>	<u>-</u>
	<u>3,109,003</u>	<u>3,075,026</u>
Non-bank Asset Backed Commercial Paper ("ABCP")		
Cash invested to purchase \$15.0 million face value ABCP	14,938,950	14,938,950
Less: valuation allowance	<u>(1,688,000)</u>	<u>(1,688,000)</u>
	<u>13,250,950</u>	<u>13,250,950</u>
	<u>\$ 16,359,953</u>	<u>\$ 16,325,976</u>

The Company's non-bank ABCP investment matured on August 14, 2007, however the \$15.0 million due on maturity was not funded by the issuer of the security, and the full amount of the investment continues to remain uncollected and outstanding as at the Company's current period-end. A group representing banks, asset providers and major investors (the "Montreal Group") has been working to re-establish normal operations in the Canadian ABCP market with their stated goal being to restore liquidity to this market. The Montreal Group has since evolved into what is referred to as the Pan-Canadian Investors Committee for Third-Party Structured Asset Backed Commercial Paper (the "Committee").

In late December 2007, a "Framework Agreement" was reached between the Committee, certain investors, issuers of and trustees for the various trust entities that issued the ABCP and certain banks in their capacity as liquidity providers. Under the proposed terms of this agreement, investors in ABCP would receive a combination of senior debenture notes and subordinated notes with the amount and relative proportion of the two securities to be based on the relative value of their original ABCP as compared to all of the Canadian, non-bank ABCP currently in default. This determination of relative value is being prepared at the Committee's request by JPMorgan Chase & Co. ("JPMorgan") however it remains unavailable as at the date of these consolidated financial statements. The replacement securities are presently expected to have terms to maturity that will coincide with the maturity dates of the underlying assets of each of the original trusts.

As reasonably prompt liquidation is unlikely, the Company has reclassified its investment in ABCP to long-term in other assets, and it continues to be classified as held-for-trading. As at December 31, 2007, the Company reviewed the fair value determination of its ABCP investment, and has concluded that the valuation allowance determined as at September 30, 2007 should remain unchanged. The successful attainment of the Framework Agreement provides increased clarity as to the securities that will replace the Company's existing ABCP investment together with greater certainty as to when the new replacement securities will be issued. However the valuation of these replacement securities will not be known until JPMorgan's work is concluded and is provided to investors.

At September 30, 2007 the Company made a fair value determination of this ABCP investment using a probability weighted valuation technique to reflect the expected realization in an active secondary market. Potential "realization outcomes" ranging from a low of 65% to a high of 100% of the face value of the ABCP investment were each assigned a probability factor in determining the Company's estimate of the most likely realizable value of its ABCP investment.

There is no certainty as to whether a Canadian non-bank ABCP market will eventually be restored and consequently the timing and amount of any future cash flows may vary materially from current estimates.

Jura Energy Corporation
Notes to Consolidated Financial Statements
December 31, 2007
(Unaudited)

5. Property and equipment

	December 31, 2007	September 30, 2007
Petroleum and natural gas properties	\$ 72,061,087	\$ 68,609,117
Office and computer equipment	486,547	447,585
Leasehold improvements	<u>327,232</u>	<u>327,232</u>
	72,874,866	69,383,934
Accumulated depletion, depreciation and amortization	<u>(4,532,669)</u>	<u>(4,256,588)</u>
	<u>\$ 68,342,197</u>	<u>\$ 65,127,346</u>

Included in petroleum and natural gas property expenditures for the three months ended December 31, 2007 are capitalized general and administrative costs in the amount of \$309,4543 (2006: \$333,967). Unproven property costs of \$57,272,453 (2006: \$46,870,293) have been deducted from and future capital costs of \$878,792 (2006: NIL) have been added to costs subject to depletion and amortization for the three months ended December 31, 2007.

6. Deferred foreign exchange option loss

The Company entered into a foreign currency option contract on July 12, 2007 under which US\$14.0 million was purchased for C\$14,655,200 (FX conversion rate = 1.0468) on October 12, 2007, the expiry date of the contract. Based on the Canadian to United States currency exchange rate of 0.9983 at September 30, 2007, the Company recognized an unrealized loss of \$707,000 on this financial instrument for the year ended September 30, 2007. At expiry of the contract on October 12, 2007, the Company incurred a total realized loss of \$1,020,386; the additional \$313,386 is recorded as a realized loss in the three months ended December 31, 2007.

7. Note payable

Note payable to former unit-holders and shareholders of a subsidiary of the Company which forms part of a legal claim currently being litigated (note 16(a)). The note is unsecured, and the Company is not recording interest expense related thereto.

8. Asset retirement obligation

The Company's asset retirement obligations result from its working interest ownership in petroleum and natural gas properties, including tangible well equipment and processing facilities. The Company's estimate of the total undiscounted cash flows required to settle asset retirement obligations is \$346,758, which is expected to be incurred between 2012 and 2017. Accretion expense for the period is included with depletion, depreciation and amortization.

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

	December 31, 2007	September 30, 2007
Balance, beginning of the year	\$ 177,291	\$ -
Acquired, January 3, 2007	-	152,195
Additions	18,951	18,046
Accretion	<u>2,494</u>	<u>7,050</u>
Balance, end of period	<u>\$ 198,736</u>	<u>\$ 177,291</u>

Jura Energy Corporation
Notes to Consolidated Financial Statements
December 31, 2007
(Unaudited)

9. Non-controlling interest in subsidiaries

	December 31, 2007	September 30, 2007
Balance, beginning of year	\$ 2,629,480	\$ 833,298
Business acquisition, January 3, 2007	-	1,941,727
Current operations	<u>(8,579)</u>	<u>(145,545)</u>
Balance, end of period	<u>\$ 2,620,901</u>	<u>\$ 2,629,480</u>

10. Share capital

(a) Authorized

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

(b) Issued

Common shares issued:

	<i>Number of shares</i>	<i>Stated value</i>
Balance, September 30, 2006	89,794,194	\$ 178,884,558
Issuance of shares for business acquisition	1,608,889	1,232,570
Bought deal equity financing, net of costs of issuance	26,100,000	27,131,299
Stock options exercised	<u>250,000</u>	<u>215,000</u>
Balance, September 30 and December 31, 2007	<u>117,753,083</u>	<u>\$ 207,463,427</u>

The weighted average number of common shares outstanding used in computing loss per share for the three months ended December 31, 2007 is 117,753,083 shares (2006: 89,764,194 shares).

(c) Stock Options

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

	<i>Number</i>	<i>Option price per share</i>
Balance outstanding, September 30, 2007	8,260,000	
Granted December 20, 2007; expire December 20, 2012	2,500,000	\$0.41
Options forfeited	<u>(50,000)</u>	
Balance outstanding, December 31, 2007	<u>10,710,000</u>	

Jura Energy Corporation
Notes to Consolidated Financial Statements
December 31, 2007
(Unaudited)

10. Share capital (continued)

The following table summarizes information about the options outstanding and exercisable at December 31, 2007:

Options outstanding			Options exercisable		
Exercise price	Options	Contractual life remaining, years (weighted average)	Options	Exercise price	
\$ 0.69	1,345,000	2.3	1,345,000	\$ 0.69	
\$ 1.55	4,300,000	3.3	4,300,000	\$ 1.55	
\$ 1.00	2,465,000	4.0	1,800,832	\$ 1.00	
\$ 1.15	100,000	4.4	66,666	\$ 1.15	
\$ 0.41	2,500,000	5.0	-		
	<u>10,710,000</u>		<u>7,512,498</u>		

(d) Stock Based Compensation expense

During the three months ended December 31, 2007, the Company recorded \$141,096 (2006: \$6,210) of stock based compensation expense with a corresponding increase to Contributed Surplus. The Company has not capitalized any of the stock based compensation expense recorded.

The fair value of the options granted in the current period was determined using the Black-Scholes option pricing model with the following assumptions: expected volatility of 104%, risk-free interest rate of 4.0% and an expected life of 4 years.

(e) Common Share Purchase Warrants

Share purchase warrants outstanding are as follows:

	Number	Exercise Price per share
Exercisable for two years from August 19, 2006	900,000	\$1.00
Exercisable for eighteen months from June 6, 2007	<u>1,566,000</u>	\$1.15
Balance, December 31, 2007	<u>2,466,000</u>	

11. Contributed surplus

	December 31, 2007	September 30, 2007
Balance, beginning of year	\$ 21,960,027	\$ 20,170,769
Stock based compensation (note 10 (d))	141,096	1,101,023
Broker warrants (note 10 (e))	-	730,735
Exercise of options	-	<u>(42,500)</u>
Balance, end of period	<u>\$ 22,101,123</u>	<u>\$ 21,960,027</u>

Jura Energy Corporation
Notes to Consolidated Financial Statements
December 31, 2007
(Unaudited)

12. Capital management

The Company's total capital resources are \$90,489,770 with this amount comprised entirely of shareholder's equity. As at December 31, 2007 the Company had no debt. Subsequent to the balance sheet date, HSBC Bank (Canada) agreed to provide a credit facility in the maximum amount of \$9.75 million. Advances made under the credit facility will bear interest at the bank's prime rate plus 0.5% per annum and will be secured by the Company's investment in ABCP (note 4). Funding under the credit facility is available to be drawn in one lump-sum, and must be repaid by October 31, 2008. There are no restrictive covenants on the facility other than the bank's first right to repayment upon receipt of funds from realization of the ABCP investment.

Consistent with prior periods, the Company manages its capital structure to maximize its financial flexibility making adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company does not presently utilize any quantitative measures to monitor its capital.

13. Other income

The Company's former operations as a merchant bank continue to result in the intermittent receipt of revenues from legal settlements, recovery of amounts previously written-off or for which allowances were provided, and certain expenses continue to be incurred. There were no such recoveries or settlements in the current period. In the comparative period, the Company recorded \$369,624 as a recovery on the settlement of a liability that was extinguished without further payment as a result of a legal settlement reached with former officers of the Company.

14. Commitments

Resource related

The Company's contractual resource related commitments initially amounted to \$3.6 million (US\$3.1 million) for exploration and development commitments made pursuant to the granting of petroleum exploration licences by the Government of Pakistan. The Company has pledged this amount in cash as security against the guarantee (Note 4 (a)). Cumulative exploration and development expenditures incurred to December 31, 2007 have reduced the remaining commitment to \$2.1 million.

Administrative

The Company has leased office space in Calgary, Alberta with an expiry date of July 31, 2008. The lease agreement contains an early termination clause if the building is redeveloped stating that after July 31, 2007 either the landlord or the Company can cancel the lease upon ninety days prior written notice. The estimated cost remaining under the lease obligation reflected below assumes no early termination.

The Company has leased office space in Islamabad, Pakistan for a two year term expiring on June 14, 2008. The lease agreement contains an early termination clause stating that either the landlord or the Company can cancel the lease upon sixty days prior written notice. The estimated cost remaining under the lease obligation reflected below assumes no early termination.

The Company's commitments for its leased premises expire in fiscal 2008, and amount to \$112,898 for the year.

15. Financial instruments

Financial risk management

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

(a) Interest rate risk

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

Jura Energy Corporation
Notes to Consolidated Financial Statements
December 31, 2007
(Unaudited)

15. Financial instruments (continued)

(b) Credit risk

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

The Company has an investment with a maturity value of C\$15.0 million in non-bank Canadian ABCP with a maturity date of August 14, 2007. The Company made an estimate of the impact of the credit risk when calculating a valuation discount as at December 31, 2007 (note 4).

(c) Foreign currency exchange risk

The Company is exposed to risks arising from fluctuations in currency exchange rates between Canadian dollars, United States dollars and Pakistan rupees. At December 31, 2007 the Company's primary exposures relate to U.S. dollars held on deposit for the Government of Pakistan and for commitments related to expenditures on petroleum and natural gas properties.

At December 31, 2007 if the Canadian dollar had strengthened by 10% compared to the U.S. dollar and all other variables were held constant, after tax net income would have been \$1.5 million lower. Conversely, if the Canadian dollar had weakened by 10% an equal increase of \$1.5 million to after tax net income would have resulted.

(d) Liquidity risk

All of the financial liabilities of the Company are classified as current and are anticipated to mature within the fiscal period. The Company intends to settle these with funds from its positive working capital position.

(e) Fair value

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

16. Litigation

The Company is involved in a number of lawsuits that remain outstanding from its former business activities as a merchant bank – as plaintiff in some cases and as defendant in others. The Company assesses each lawsuit on an action by action basis as to the probability that a claim will be successful. Claims are not reflected as an asset or liability, or as an expense or recovery in the consolidated financial statements until such time as there is a high degree of probability that the claim will be successful, taking into consideration all avenues of appeal and settlement.

A summary of each claim is as follows:

(a) Hotel property foreclosure

A Company subsidiary was sued by the first mortgage holder on a hotel property to recover \$2,814,969, being the claimed shortfall between the net proceeds from the judicial sale of the foreclosed property and the outstanding debt secured by the property plus additional interest and costs from the defendants. The Company believes it has valid defenses to this claim and accordingly has not recorded any related liability.

The former unit-holders and shareholders of the subsidiary commenced an action against the Company for non-performance on a \$650,000 note payable due in respect of the acquisition of the subsidiary. The Company believes it has valid defenses to this claim, however the principal amount of the obligation is still recorded as a note payable (note 7).

Jura Energy Corporation
Notes to Consolidated Financial Statements
December 31, 2007
(Unaudited)

16. Litigation (continued)

(b) Former auditors

The Company brought an action in September 2003 against the former auditors of the Company, alleging breach of contract, negligence, and breach of statutory duty in the performance of its audit of the Company's financial statements for the fiscal years 1998 to 2001, inclusive. The Company intends to vigorously pursue this claim.

(c) Chateau Hotels

The Company previously had loaned \$542,419 to Chateau Hotels and Resorts Inc. ("Chateau"); a provision for impairment for the full amount outstanding has been provided for in prior periods. A company related to Chateau is claiming that it is owed a total of approximately \$900,000 for services performed pursuant to an oral agreement. The company related to Chateau has requested payment of the balance and the Company's management has refused. The company related to Chateau has filed a statement of claim and the Company has filed a claim against Chateau for the balance of the note plus interest. The outcome of this matter is not determinable at this time.

(d) Other

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

17. Related party transactions

a) For the three months ended December 31, 2007 the Company expensed \$57,750 (2006 - \$32,710) for Directors fees and other services. Included in the comparative figure is \$5,710 relating to the imputed fair value of compensation expense for stock options. At December 31, 2007, \$35,250 (2006 - \$12,000) was due to these directors and included in accounts payable and accrued liabilities in the consolidated balance sheet.

b) In connection with its Pakistan operations, the Company shares certain office facilities, personnel, and other overheads with a company for which certain officers and directors are also an Officer and Directors of the Company. For the three months ended December 31, 2007, the Company's share of these costs amounted to \$66,272 (2006: \$6,531); there was no amount outstanding at the period-end.

c) In May 2007, the Company commenced providing financial and accounting services to Loon Energy Inc. ("Loon"), which owns 6.4% of the outstanding shares of the Company. Two directors and officers of Loon are directors of the Company. For the period ended December 31, 2007, the Company charged fees and associated costs totalling \$81,540 (2006 - Nil). At December 31, 2007, \$55,477 (2006 - Nil) was due from Loon and included in accounts receivable on the consolidated balance sheet.

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

Jura Energy Corporation
Notes to Consolidated Financial Statements
December 31, 2007
(Unaudited)

18. Segmented information

The Company's reportable business segments include its oil and gas operations carried out in Pakistan, the corporate costs incurred in Canada and the discontinued merchant bank operations in the United States.

	December 31, 2007			
	Canada	Pakistan	USA	Consolidated
Petroleum and natural gas sales	\$ -	\$ 358,336	\$ -	\$ 358,336
Sales Tax	-	(48,188)	-	(48,188)
Royalty	-	(34,064)	-	(34,064)
Interest Income	138,456	35,528	-	173,984
Other income	(80,132)	-	-	(80,132)
Expenses				
Production	-	58,885	-	58,885
General and administrative	783,720	90,132	-	873,852
Unrealized foreign exchange loss	80,749	116,115	-	196,864
Realized foreign exchange loss	286,114	-	-	286,114
Depreciation	3,938	272,143	-	276,081
Non-controlling interest	-	(8,579)	-	(8,579)
Future income tax expense	-	36,000	-	36,000
Net loss for the period	\$ (1,096,197)	\$ (253,083)	\$ -	\$ (1,349,281)
Total assets	\$ 25,488,818	\$ 72,754,725	\$ -	\$ 98,243,543
Property and equipment expenditures	\$ 5,487	\$ 3,463,851	\$ -	\$ 3,469,338
	December 31, 2006			
	Canada	Pakistan	USA	Consolidated
Petroleum and natural gas sales	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Royalty	-	-	-	-
Other income	230,179	-	371,324	601,503
Expenses				
Production	-	-	-	-
General and administrative	801,942	54,142	150,868	1,006,952
Unrealized foreign exchange loss	28,451	-	-	28,451
Realized foreign exchange gain	(229,394)	(117,699)	9,837	(337,256)
Depreciation	427	-	-	427
Net loss for the period	\$ (371,247)	\$ 63,557	\$ 210,619	\$ (97,071)
Total assets	\$ 20,693,400	\$ 50,074,301	\$ 347,825	\$ 71,115,526
Property and equipment expenditures	\$ -	\$ 1,560,412	\$ -	\$ 1,560,412

Corporate Information

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Nigel R. McCue
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President & Chief Executive Officer
Dubai, United Arab Emirates

Graham S. Garner
Executive Vice President
Calgary, Alberta

Paul H. Rose
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Stock Exchange Listing

The Toronto Stock Exchange
Trading Symbol: **JEC**

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