



SECOND QUARTER 2007 REPORT

JURA ENERGY CORPORATION
Management's Discussion and Analysis
For the Three Month and Six Month Periods Ended March 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 March 31, 2007, and for the three and six month periods ended March 31, 2007 and 2006. This MD&A is dated May 9, 2007, and should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the same periods. This MD&A should also be read in conjunction with the audited consolidated financial statements of the Company for the year ended September 30, 2006.

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

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. The Company has ownership positions in exploration, appraisal and development concessions, and is presently engaged in obtaining and evaluating seismic and other data to identify drilling locations on these properties.

By agreement dated November 3, 2006, the Company, together with its in-country partner concluded the acquisition of the shares of a company whose primary assets consist of interests in producing natural gas properties. The subsidiary company's revenues and expenses, less the minority interest therein are reflected in the Company's Statement of Operations effective from January 3, 2007, the date of closing of the acquisition.

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 most recently completed fiscal year ended September 30, 2006, the Company underwent a transformation to an international energy resource company with the acquisition of interests in a number of exploratory and appraisal licences and a development lease in Pakistan. On January 3, 2007, the Company concluded an agreement to acquire a majority interest in a company with an interest in natural gas producing properties located in Pakistan.

The Company's activities in its second quarter ended March 31, 2007 were focused on the assessment and evaluation of data received from a seismic program that commenced in February 2007 that is to extend to all six of the concession areas in which the Company has an interest. The Company expects specific drilling locations to be selected once evaluation of seismic data has been completed, with drilling expected to commence in the Company's last fiscal quarter of 2007. With the acquisition on January 3, 2007 of the producing petroleum and natural gas properties of Pyramid Energy International Inc., the Company's Pakistan cost centre is no longer considered to be in the preproduction stage.

The Company's Statement of Operations for the first quarter ended December 31, 2006 reflected passive investment revenues earned from funds held on deposit. Expenses incurred were limited to general and administrative expenses related to the operations of the Canadian corporate office. There is no meaningful basis for comparison of the Statements of Operations for the two current interim periods presented with those of past years because of the change in the Company's focus to a resource company.

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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 certain petroleum and 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 acquisition consideration paid was: (a) the issuance of 14,958,838 common shares of the Company valued at \$23,186,199; (b) the payment of \$16,112,200 (US\$14,000,000); (c) the granting of stock options pursuant to the Company's Stock Option Plan to purchase an aggregate of 4,300,000 common shares of the Company valued at \$3,929,220; and (d) the agreement by the Company to issue an additional 500,000 common shares of the Company for each 100 billion cubic feet of reserves of gas proven during the five years following June 2, 2006, up to a maximum of an additional 7,681,918 common shares of the Company (the "Additional Consideration"), to which no value has presently been attributed. The issuance of the Additional Consideration in common shares will be subject to regulatory approval at the time of the proposed issuance. If regulatory approval is not obtained, the Company would be required to pay an equivalent amount of cash, based upon the volume weighted average trading price of its common shares.

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.

In January 2007, the Company and its in-country partner submitted a proposal to the relevant regulatory authority in Pakistan 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. Further seismic evaluation followed by drilling up to fourteen development wells will take place over the next two years. The power station would provide electrical power to the Pakistan electricity grid, and as such would provide an effective end-use for the Company's natural gas from the Kandra field.

Further information on the Company's petroleum and gas properties acquired on June 2, 2006 is contained in the Company's September 30, 2006 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 Energy International Inc. ("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 conditions to which the agreement was subject have all been met, and the acquisition closed on January 3, 2007, with this being deemed the effective date of the acquisition for accounting purposes. Accordingly, the Company's Statement of Operations for the three months ended March 31, 2007 is the first quarter in which Pyramid's revenues or expenses, less the Minority Interest therein are reflected.

The cost to the Company for its interest in Pyramid amounts to \$7,112,394 with consideration consisting of a cash payment of \$5,831,198 (US\$5,028,893 converted to Canadian currency at 1.1595), the issuance of 1,608,889 common shares valued at \$1,232,570, and \$48,626 in legal and professional fees paid. The valuation of the Company's common shares issued was based on the weighted average closing price of one of the Company's shares on the TSX for the five day trading period ended January 5, 2007.

Pyramid's only petroleum and natural gas property is a 15.7895% interest in a concession situated in the Central Gas Basin in Pakistan. The concession area currently has three natural gas wells on production, and includes additional acreage which is being evaluated by the Company's technical staff for further development. Commitments for two development wells within the next twelve months have been made, with a possible third development well to be subsequently drilled.

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Results of Operations

Quarterly Comparative Statement of Operations

	Three months ended March 31, 2007	2006	Quarter over Quarter Change
Revenues			
Petroleum and natural gas sales	\$ 466,531	\$ -	\$ 466,531
Less: Sales tax	63,054	-	63,054
Royalty	48,374	-	48,374
	<u>355,103</u>	<u>-</u>	<u>355,103</u>
Interest	84,726	422,875	(338,149)
Revaluation of marketable securities	(14,345)	-	(14,345)
Gain on settlement of legal claim	738,360	-	738,360
Other	-	47,378	(47,378)
	<u>1,163,844</u>	<u>470,253</u>	<u>693,591</u>
Expenses			
Production	42,850	-	(42,850)
General and administrative	1,393,060	1,368,497	(24,563)
Depletion, depreciation and amortization	363,855	2,707	(361,148)
	<u>1,799,765</u>	<u>1,371,204</u>	<u>(428,561)</u>
Loss before minority interest	(635,921)	(900,951)	265,030
Minority interest	22,620	-	(22,620)
Net loss for the period	<u>\$ (658,541)</u>	<u>\$ (900,951)</u>	<u>\$ 242,410</u>

The Company's second quarter ended March 31, 2007 is the first period in which resource operating activities related to the production and sale of natural gas from producing properties are reflected. These resource activities reflect the 15.7895% working interest held by Pyramid Energy International Inc. with the Company's effective interest therein amounting to 10.5263% reflecting its 66.665% ownership in the equity of Pyramid.

Natural gas from these properties is sold at US\$1.60 per MCF with such price being regulated by the federal government of Pakistan in accordance with agreements with the World Bank.

Sales taxes are paid 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 13.54% for the period.

The Royalty is paid at rate 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 quarter just completed, the effective royalty rate amounts to 10.37% of gross sales revenues. Production expenses are typical of the nature and types of operations expenses seen in North America, and amounted to 9.18% of gross revenues for the quarter.

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

The Company's general and administrative expenses for the current quarter approximate the amount recorded for the comparative previous quarter.

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Included in revenues for the current quarter is \$738,360 resulting from the settlement of a legal matter with former officers of the Company that relate to operations since discontinued. The Company received 225,000 shares of Pearl Explorations and Production Ltd, ("Pearl") - a resource company traded on the TSX Venture exchange. The Company has recorded the gain upon receipt of the shares as part of the settlement agreement. All of the shares of Pearl were sold by the Company in April 2007.

The first quarter of fiscal 2007 reflects a period where the Company's efforts have been focused on technical evaluations of the exploratory and appraisal licences and the development lease acquired in June 2006, and with negotiations to acquire Pyramid Energy International Inc. Accordingly, the Company's Statement of Operations for the quarter ending December 31, 2006 reflects only passive revenues earned from the Company's investments of un-deployed cash reserves in short-term deposits, and expenses related to general corporate functions.

There is no meaningful basis for comparison for the current three month period with the three month period ended March 31, 2006 because of the change in the Company's focus to a resource company.

Year to date Comparative Statement of Operations

	Six months ended March 31, 2007	2006	Period over Period Change
Revenues			
Petroleum and natural gas sales	\$ 466,531	\$ -	\$ 466,531
Less: Sales tax	63,054	-	63,054
Royalty	48,374	-	48,374
	<u>355,103</u>	<u>-</u>	<u>355,103</u>
Interest	291,819	849,910	(558,091)
Revaluation of marketable securities	10,441	-	10,441
Gain on settlement of legal claim	1,107,984	-	1,107,984
Other	-	573,697	(573,697)
	<u>1,765,347</u>	<u>1,423,607</u>	<u>341,740</u>
Expenses			
Production	42,850	-	(42,850)
General and administrative	2,091,207	3,069,266	978,059
Depletion, depreciation and amortization	364,282	5,413	(358,869)
	<u>2,498,339</u>	<u>3,074,679</u>	<u>576,340</u>
Loss before minority interest	(732,992)	(1,651,072)	918,080
Minority interest	<u>22,620</u>	<u>-</u>	<u>(22,620)</u>
Net loss for the period	<u>\$ (755,612)</u>	<u>\$ (1,651,072)</u>	<u>\$ 895,460</u>

The decline in interest revenue as compared to the comparative period is due primarily to lower cash balances on deposit for the current period.

During the six month period ended March 31, 2007, the Company concluded settlement agreements with two former officers. The settlements resulted in the Company recovering amounts totalling \$369,624 that had previously been set up as liabilities – this recovery was recognized in the first quarter when the settlement agreement was reached. On February 2, 2007, the Company received 225,000 shares of Pearl when various conditions to the settlement agreement were fully satisfied. The assets underlying the legal claims were all loans and notes receivable to the Company against which valuation allowances, and the expenses related

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thereto, had been established in previous years. The gain on settlement recognized was \$738,360, and was recorded in the second quarter.

Other revenue items for the comparative period result from items related to the Company's former operations, with the most significant item being \$600,716 recorded as a gain on the sale of assets.

General and administrative expenses of \$2,091,207 are down by \$978,059 (32%) from the comparative period with this reduction being primarily attributable to a reduction in legal fees incurred.

Summary of Selected Quarterly Information

(\$ thousands, except per share amounts - unaudited)

	2007		2006				2005	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	\$1,163.8	\$ 231.9	\$ 880.3	\$ 204.9	\$ 556.0	\$ 957.7	\$ 3,810.4	\$ 733.7
Expenses	\$1,822.4	\$ 328.9	\$ 1,027.1	\$ 1,523.9	\$ 1,457.0	\$ 1,707.8	\$ 1,109.0	\$ 1,673.3
Net earnings (loss)	\$ (658.5)	\$ (97.1)	\$ 831.6	\$ (1,319.0)	\$ (901.0)	\$ (750.1)	\$ 2,701.4	\$ (1,379.0)
- per share	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ 0.05	\$ (0.02)

Liquidity and capital resources

The Company presently anticipates expending approximately \$63.3 million for its proportionate share of exploration and development activities, including seismic evaluation and drilling of up to ten exploration wells and up to seventeen development wells over the next two 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 indications indicated herein.

The Company has submitted a proposal to participate in the development and upgrading of a power generation plant located on the Kandra development lease, with preliminary estimates anticipating that the Company's share of capital expenditures will amount to \$61.2 million.

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 \$9.7 million, and funds that will be generated from operations. It is presently anticipated that additional funds of approximately \$114.8 million will be required, with \$12.2 million expected to be raised through debt financing secured by the power generation plant and the remaining \$102.6 million to be raised through the issuance of additional equity.

The Company has not yet concluded any agreements to raise the additional capital funding referred to above, and failure to do so in a timely manner will 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 possibility of political instability within Pakistan and its surrounding neighbours.

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Liquidity and capital resources (continued)

Summary of payments due by period:

	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Contractual obligations					
Operating leases - office space	\$ 315,060	\$ 202,162	\$ 112,898	\$ -	\$ -
Exploration and development expenditure commitments made pursuant to the granting of exploration and appraisal licences and development lease agreements	2,074,000	-	2,074,000	-	-
Exploration and development expenditures presently planned, but for which contractual commitments have not yet been	61,256,000	14,092,000	28,804,000	18,360,000	-
Power generation plant expenditures presently planned, but for which contractual commitments have not yet been made.	<u>61,200,000</u>	<u>-</u>	<u>43,714,000</u>	<u>17,486,000</u>	<u>-</u>
	<u><u>\$124,845,060</u></u>	<u><u>\$14,294,162</u></u>	<u><u>\$74,704,898</u></u>	<u><u>\$35,846,000</u></u>	<u><u>\$ -</u></u>

Related party transactions

For the six months ended March 31, 2007 the Company expensed \$96,085 (2005 - \$80,248) for directors fees and other services. Included in this figure is \$5,710 (2005 - \$27,248) relating to the imputed fair value of compensation expense for stock options. At March 31, 2007 \$48,375 (September 30, 2006 - \$20,000) 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 whom certain officers and directors are also an Officer and Directors of the Company. For the six months ended March 31, 2007, the Company's share of such costs amounted to \$158,760 (2005: \$nil); there was no amount outstanding at the period end.

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 critical accounting estimates used in the preparation of the Company's interim consolidated financial statements at March 31, 2007 have changed from those used in the preparation of the Company's audited consolidated financial statements for the year ended September 30, 2006, in that estimates of recoverable reserves of petroleum and natural gas properties have been utilized in the determination of depletion and depreciations expenses provided, and estimates of future capital expenditures have been used to determine the amount provided for the Company's asset retirement obligations, and the annual accretion allowance provided therefor.

The Company considers the following accounting estimates to be critical given the uncertainties that exist at the time the interim 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 interim financial statements at March 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 March 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 independent reservoir engineering firms 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 completed a significant acquisition of petroleum and natural gas properties in the fiscal year just completed, and is currently evaluating the properties acquired for future locations to drill exploration and development wells. In January, 2007, the Company completed the acquisition of 66.665% of the issued and outstanding shares of Pyramid, as described elsewhere in this document. Pyramid owns a 15.7895% working interest in various producing natural gas wells. Under the Company's full cost accounting policy, such properties have capitalized as a component of their total costs, an amount representing future abandonment and reclamation costs. The Company is in the early stages of evaluating the petroleum and natural gas properties acquired in June 2006, and has not yet been able to determine with reasonable assurance an estimate of future abandonment and/or reclamation costs associated with these properties. The asset retirement obligation related to the Pyramid properties represents the entire provision on the Company's balance sheet at March 31, 2007, and has been determined by management based on the evaluation of an independent reservoir engineering firm.

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Changes in accounting policies

The accounting policies utilized in the preparation of the Company's March 31, 2007 interim consolidated financial statements are changed from those disclosed in Note 2 to the audited consolidated financial statements for the year ended September 30, 2006.

New accounting policies

On October 1, 2006, the Company adopted the Canadian Institute of Chartered Accountants Handbook Section 1530 "Comprehensive Income", Section 3251 "Equity" and Section 3855 "Financial Instruments – Recognition and Measurement". As required by the new standards, prior periods have not been restated.

Comprehensive Income

The new standards introduce comprehensive income, which consists of net earnings or loss and other comprehensive income. The Company's financial statements now include a Consolidated Statement of Changes in Equity, which includes all components of equity, including comprehensive income as and when recognized. The Company has no financial instruments or activities that give rise to other comprehensive income.

Financial Instruments

The financial instrument standard establishes the recognition and measurement criteria of financial assets, financial liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities as defined by the standard.

Financial assets and financial liabilities held-for-trading are measured at fair value with changes in those fair values recognized in net earnings or loss. Financial assets available-for-sale are measured at fair value, with changes in those fair values recognized in other comprehensive income. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method of amortization.

Cash, short-term deposits and restricted cash are designated as held-for-trading and are measured at carrying value, which approximates fair value due to the short-term nature of these instruments. Marketable securities are designated as held-for-trading, and are measured at fair value. Trade accounts receivable, notes receivable and prepaid expenses and deposits are designated as loans and receivables. Trade accounts payable and accrued liabilities and long-term liabilities are designated as other financial liabilities.

The adoption of the financial instruments standard has been made in accordance with its transitional provisions.

Initial adoption of accounting policies

The Company has also adopted a number of accounting policies to reflect the Company's acquisition of 66.665% of Pyramid Energy International Inc. and this its change to a producing petroleum and natural gas company, including policies for:

- Asset retirement obligations
- Joint venture accounting
- Revenue recognition

Financial instruments

The Company's interim consolidated financial statements reflect a number of financial instruments, including cash and short-term deposits, accounts receivable, marketable securities, prepaid expenses and deposits, accounts payable and accrued liabilities and notes payable. In conformance with the Company's newly adopted

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accounting policy regarding the recognition and measurement of financial instruments, all of these aforementioned assets and liabilities are recorded at their fair value.

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 will be 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. Amounts receivable remaining from the Company's former business activities are carried at their estimated realizable value.

c) Foreign currency exchange risk

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

Outstanding share data

Common shares

	Number of shares		Stated value
Balance, December 31, 2006	89,794,194	\$	178,883,639
Issuance of shares pursuant to acquisition of Pyramid Energy International Inc.	1,608,889		1,232,570
Issued pursuant to exercise of stock options	250,000		172,500
Balance, March 31, 2007, and May 9, 2007	91,653,083	\$	180,288,709

Pursuant to the acquisition of petroleum and natural gas properties in June 2006, the Company agreed to issue an additional 500,000 of its common shares for each 100 billion cubic feet of reserves of natural gas proven for these properties during the five years following June 2, 2006, to a maximum of an additional 7,681,918 common shares. The issuance of the Additional Consideration in common shares will be subject to regulatory approval at the time of the proposed issuance. If regulatory approval is not obtained, the Company would be required to pay an equivalent amount of cash, based upon the volume weighted average trading price of the common shares in lieu thereof.

Stock Options

The Company's shareholders approved an amended and restated stock option plan at the March 2007 Annual and Special Meeting of shareholders. Amendments to the stock option plan were made to reflect the current requirements of the Toronto Stock Exchange regarding security based compensation arrangements, and include:

- The aggregate number of shares that can be issued under the stock option plan is limited to 10% of the Commons Shares outstanding from time to time, and

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- The exercise price for options issued under the plan will be set by the Board of Directors, and cannot be less than the market price of the shares at the time of the grant calculated in accordance with the Toronto Stock Exchange's rules.

Share purchase options outstanding are as follows:

	Number	Option price per share
Granted April 4, 2005 - expiry April 4, 2010	1,620,000	\$0.69
Granted March 30, 2006 - expiry March 30, 2011	4,300,000	\$1.55
Granted on December 13, 2006 - expiry December 31, 2011	2,140,000	\$1.00
Granted on January 8, 2007 - expiry January 8, 2012	350,000	\$1.00
Exercised during the period	<u>(250,000)</u>	\$0.69
Balance outstanding, March 31, 2007, and May 9, 2007	<u>8,160,000</u>	

Common Share Purchase Warrants

Share purchase warrants outstanding are as follows:

	Number	Exercise price per share
Exercisable for one year from August 9, 2006, subject to acceleration of the expiry date in the event that the Company's common shares trade at \$2.50 per share or higher for 20 consecutive days after December 9, 2006.	15,000,000	\$1.50
Exercisable for two years from August 9, 2006	<u>900,000</u>	\$1.00
Balance outstanding, March 31, 2007, and May 9, 2007	<u>15,900,000</u>	

Forward Looking Statements

This MD&A may contain forward looking statements and information. Forward looking statements are statements that are not historical fact and are generally identified by words such as "believe", "expect", "project", "could", "anticipate", "intend", "plan", "likely", "will" or similar words suggesting future outcomes. By their nature, forward-looking statements and information involve assumptions, inherent risks and uncertainties, many of which are difficult to predict and are usually beyond the control of management, which could cause actual results to be materially different from those expressed by these forward looking statements and information.

Risks and uncertainties include, but are not limited to, risk with respect to:

- general economic, business and political conditions;
- the petroleum and natural gas industry, such as operational risks in exploring for, developing and producing crude petroleum and natural gas, and market demand for petroleum and natural gas;
- geology of petroleum and natural gas deposits;
- uncertainty of reserves estimates, reserves life, and estimates and projections relating to production, costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures;

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- health, safety, environmental;
- property values;
- foreign regulations and taxes;
- civil unrest or military action;
- acts of, or actions against, international terrorism;
- corporate restructuring and related costs;
- capital and operating expenses;
- pricing and availability of capital and financing; and
- foreign currency exchange rate fluctuations and currency exchange controls.

Readers are cautioned not to place undue reliance on these forward looking statements and information. The Company does not undertake to update or re-issue the forward-looking statements and information that may be contained herein, whether as a result of new information, future events or otherwise.

Disclosure Controls and Procedures, and Internal Controls over Financial Reporting

The Company's disclosure controls and procedures and internal controls over financial reporting for the most recently completed interim period have been impacted by the acquisition of a 66.665% ownership interest in Pyramid Energy International Inc., and Company management has taken the actions that it deems appropriate to ensure proper and appropriate disclosure controls and procedures, and internal controls over financial reporting are in place and functioning.

The descriptions, evaluations of and conclusions reached with respect to the design of the Company's system of disclosure controls and procedures, and the design of the system of internal controls over financial reporting contained in the Company's September 30, 2006 Management's Discussion and Analysis for the year ended September 30, 2006 are considered by management to be accurate as at March 31, 2007.

Approval

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

Jura Energy Corporation

Interim Consolidated Financial Statements

Three and six month periods ended March 31, 2007 and 2006
(unaudited)

Jura Energy Corporation
Consolidated Balance Sheet
(unaudited)

	March 31, 2007	September 30, 2006
Assets		
Current assets		
Cash	\$ 9,138,301	\$ 21,591,496
Marketable securities	971,594	33,901
Accounts receivable	594,497	364,664
Notes receivable (note 4)	3,616,636	-
Prepaid expenses and deposits	62,267	354,683
	14,383,295	22,344,744
Other assets (note 5)	3,563,611	3,949,721
Property and equipment (note 6)	60,834,454	45,449,458
	\$ 78,781,360	\$ 71,743,923
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,019,524	\$ 2,309,461
Notes payable (note 7)	650,000	863,426
	4,669,524	3,172,887
Asset retirement obligation (note 8)	855,191	-
Future income taxes (note 3)	2,049,000	-
Minority interest in subsidiaries	2,797,644	833,298
	10,371,359	4,006,185
Shareholders' equity		
Share capital (note 9)	180,288,709	178,884,558
Contributed surplus (note 10)	20,194,493	20,170,769
Deficit	(132,073,201)	(131,317,589)
	68,410,001	67,737,738
	\$ 78,781,360	\$ 71,743,923

Approved:

Signed: "S. Akerfeldt", Director

Signed: "N. Holton", Director

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

	Six months ended March 31,	
	2007	2006
Share capital (note 9)		
Balance, beginning of period	\$ 178,884,558	\$ 142,319,358
Changes during the period	1,404,151	-
Balance, end of period	180,288,709	142,319,358
Contributed surplus (note 10)		
Balance, beginning of period	20,170,769	15,724,319
Changes during the period	23,724	55,177
Balance, end of period	20,194,493	15,779,496
Deficit		
Balance, beginning of period	(131,317,589)	(129,179,141)
Net loss, and comprehensive loss	(755,612)	(1,651,072)
Balance, end of period	(132,073,201)	(130,830,213)
 Total equity	 \$ 68,410,001	 \$ 27,268,641

Jura Energy Corporation
Consolidated Statement of Operations
(unaudited)

	Three months ended March 31,		Six months ended March 31,	
	2007	2006	2007	2006
Petroleum and natural gas sales	\$ 466,531	\$ -	\$ 466,531	\$ -
Less:				
Sales tax	63,054	-	63,054	-
Royalty	48,374	-	48,374	-
	355,103	-	355,103	-
Interest	84,726	422,875	291,819	849,910
Unrealized gain (loss) on revaluation of marketable securities	(14,345)	-	10,441	-
Other income (note 11)	738,360	47,378	1,107,984	573,697
	1,163,844	470,253	1,765,347	1,423,607
Expenses				
Production	42,850	-	42,850	-
Administration	1,393,060	1,368,497	2,091,207	3,069,266
Depletion, depreciation and amortization	363,855	2,707	364,282	5,413
	1,799,765	1,371,204	2,498,339	3,074,679
Loss before minority interest	(635,921)	(900,951)	(732,992)	(1,651,072)
Minority interest	22,620	-	22,620	-
Net loss	\$ (658,541)	\$ (900,951)	\$ (755,612)	\$ (1,651,072)
Loss per share	\$ (0.007)	\$ (0.015)	\$ (0.008)	\$ (0.028)

Jura Energy Corporation
Consolidated Cash Flow Statement
(unaudited)

	Three months ended March 31,		Six months ended March 31,	
	2007	2006	2007	2006
Operating activities				
Net loss	\$ (658,541)	\$ (900,951)	\$ (755,612)	\$ (1,651,072)
Items not involving cash:				
Depletion, depreciation and amortization	363,855	2,707	364,282	5,413
Gain on asset sales	-	(71,317)	-	(600,716)
Unrealized gain (loss) on revaluation of marketable securities	14,345	-	(10,441)	-
Gain on settlement of a legal claim	(738,361)	-	(738,361)	-
Write-downs	-	82,149	-	82,149
Foreign exchange differences	(85,143)	(33,879)	(56,692)	(74,959)
Recoveries on settlement of amounts payable	-	-	(369,624)	-
Stock based compensation	17,514	11,563	23,724	55,177
Minority interest	22,620	-	22,620	-
Funds used in operations	<u>(1,063,711)</u>	<u>(909,728)</u>	<u>(1,520,104)</u>	<u>(2,184,008)</u>
Changes in other current assets and liabilities (note 12)	<u>589,070</u>	<u>(314,339)</u>	<u>1,100,759</u>	<u>1,697,862</u>
	<u>(474,641)</u>	<u>(1,224,067)</u>	<u>(419,345)</u>	<u>(486,146)</u>
Financing activities				
Note receivable	(3,616,636)	(21,797)	(3,616,636)	(47,172)
Common share issuance cost	-	-	(919)	-
Common shares issued	172,500	-	172,500	-
	<u>(3,444,136)</u>	<u>(21,797)</u>	<u>(3,445,055)</u>	<u>(47,172)</u>
Investing activities				
Business acquisition (note 3), adjusted for cash acquired of \$228,878	(5,650,946)	-	(5,650,946)	-
Other assets	500,000	-	500,000	-
Investments	(167,000)	204,341	(167,000)	381,943
Loan receivable payments, net	-	1,973,477	-	2,193,802
Property and equipment	(2,736,530)	-	(4,296,942)	-
Proceeds on sale of land	-	-	-	493,942
Change in accounts payable related to capital expenditures	1,491,459	-	1,083,291	-
	<u>(6,563,017)</u>	<u>2,177,818</u>	<u>(8,531,597)</u>	<u>3,069,687</u>
Effect of exchange rate changes on cash	<u>118,476</u>	<u>8,843</u>	<u>(57,198)</u>	<u>25,673</u>
Change in cash	(10,363,318)	940,797	(12,453,195)	2,562,042
Cash, beginning of period	<u>19,501,619</u>	<u>15,601,075</u>	<u>21,591,496</u>	<u>13,979,830</u>
Cash, end of period	<u>\$ 9,138,301</u>	<u>\$ 16,541,872</u>	<u>\$ 9,138,301</u>	<u>\$ 16,541,872</u>

Supplemental cash flow information

Interest paid	\$ 1,937	\$ -	\$ 1,937	\$ 401
Income taxes paid	\$ -	\$ -	\$ -	\$ -

Jura Energy Corporation
Notes to Consolidated Financial Statements
March 31, 2007
(unaudited)

1. Basis of preparation

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

These interim consolidated financial statements are prepared on the same basis as, and should be read in conjunction with the Company's annual consolidated financial statements as at, and for the year ended September 30, 2006. The disclosures provided in these interim consolidated financial statements are incremental to those included in the annual consolidated financial statements, and certain disclosures typically included in annual consolidated financial statements have been summarized or omitted from these interim consolidated financial statements. With the closing of the Business Acquisition described in note 3, the Company has initially adopted and is disclosing a number of accounting policies that would not otherwise be typical to disclose in interim consolidated financial statements.

Until June 19, 2006, the Company was named Proprietary Industries Inc. and operated as a merchant bank with investments in a number of business activities all of which have been discontinued in order to pursue the mandate described above.

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

2. Summary of significant accounting policies

New accounting policies

On October 1, 2006, the Company adopted the Canadian Institute of Chartered Accountants Handbook Section 1530 "Comprehensive Income", Section 3251 "Equity" and Section 3855 "Financial Instruments – Recognition and Measurement". As required by the new standards, prior periods have not been restated.

Comprehensive Income

The new standards introduce comprehensive income, which consists of net earnings or loss and other comprehensive income. The Company's financial statements now include a Consolidated Statement of Changes in Equity, which includes all components of equity, including comprehensive income as and when recognized. The Company has no financial instruments or activities that give rise to other comprehensive income.

Financial Instruments

The financial instrument standard establishes the recognition and measurement criteria of financial assets, financial liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities as defined by the standard.

Financial assets and financial liabilities held-for-trading are measured at fair value with changes in those fair values recognized in net earnings or loss. Financial assets available-for-sale are measured at fair value, with changes in those fair values recognized in other comprehensive income. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method of amortization.

Cash, short-term deposits and restricted cash are designated as held-for-trading and are measured at carrying value, which approximates fair value due to the short-term nature of these instruments. Marketable securities are designated as held-for-trading, and are measured at fair value. Trade accounts receivable, notes receivable and prepaid expenses and deposits are designated as loans and receivables. Trade accounts payable and accrued liabilities and long-term liabilities are designated as other financial liabilities.

There were no transitional adjustments on the adoption of the financial instruments standard.

(a) Property and equipment

The Company follows the full cost method of accounting for its resource activities, and accordingly all costs related to the exploration for and development of petroleum and natural gas reserves are accumulated in one cost centre for Pakistan. Capitalized costs include: concession, land and lease acquisition costs, geological and geophysical expenditures, the carrying costs associated with undeveloped and non-producing properties, drilling and completion costs of productive and non-productive properties, and related production, gathering and plant equipment costs. A portion of overhead charges directly related to acquisition, exploration and development activities are capitalized. Proceeds received from the

Jura Energy Corporation
Notes to Consolidated Financial Statements
March 31, 2007
(unaudited)

2. Summary of significant accounting policies (continued)

(a) Property and equipment (continued)

disposition of properties are normally credited to the cost centre without recognition of a gain or loss unless such treatment would result in a change of 20% or more to the depletion rate.

The Company performs a cost recovery test at least annually to evaluate and if appropriate, recognize impairment when the carrying value of property and equipment exceeds the undiscounted future cash flows from proven reserves using estimated future commodity prices. The amount of any impairment to be recognized is determined as the excess of the carrying value over fair value. Fair value is determined using proven and probable reserves together with undeveloped land, and is based on the present value of expected future cash flows discounted at a risk-free rate of interest.

(b) Depletion and depreciation

Depletion and depreciation of petroleum and natural gas properties and equipment is provided using the unit-of-production method and proved reserves. 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 recognizes the fair value of its asset retirement obligation as a liability at the time it incurs an obligation for the future abandonment and reclamation costs resulting from its resource operations. The asset retirement obligation is initially measured at its estimated fair value, which is the discounted future value of the liability, with the liability then accreting each subsequent period until the obligation is settled. The estimated fair value of the asset retirement obligation is capitalized to the petroleum and natural gas properties and equipment accounts, and is depleted over the estimated useful life of these assets.

(d) Joint ventures

The Company conducts all of its exploration, development and production activities with partners, and accordingly these consolidated financial statements reflect only the Company's proportionate interest in such activities.

(e) Foreign currency translation

The Company considers its operations in Pakistan and Canada to be integrated, and uses the Canadian dollar as its reporting currency. Non-Canadian dollar denominated assets and liabilities are translated at the exchange rates prevailing at the balance sheet dates for monetary items, and at historical transaction dates for non-monetary items. Revenues and expenses, except for depletion, depreciation and amortization, are translated at average exchange rates for the period; depletion, depreciation and amortization are translated at the same rates as the related assets. Gains or losses on translation are reflected in the Company's Statement of Operations.

(f) Revenue recognition

Revenue derived from the sale of the Company's petroleum and natural gas products is recognized when title to the product passes from the Company to its customer.

(g) Earnings per share

Basic earnings per share is calculated by dividing net earnings attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share, when appropriate, is calculated using the treasury stock method which adjusts earnings and weighted average shares outstanding to recognize the effect, if any, of the exercise of in-the-money stock options and warrants.

(h) Measurement uncertainty

In preparing the Company's consolidated financial statements, 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 consolidated 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.

(i) Comparative amounts

Certain comparative amounts have been reclassified to conform to the current period's presentation.

Jura Energy Corporation
Notes to Consolidated Financial Statements
March 31, 2007
(unaudited)

3. Business acquisition

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 Energy International Inc. ("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.

Pyramid's only petroleum and natural gas property is a 15.7895% interest in a concession situated in the Central Gas Basin in Pakistan. The concession area currently has natural gas wells on production, and includes additional acreage which is being evaluated for further development.

The conditions to which the agreement was subject have all been met, and the acquisition closed on January 3, 2007, with this being deemed the effective date of the acquisition for accounting purposes. Accordingly, the Company's Statement of Operations for the three months ended March 31, 2007 is the first period for which Pyramid's revenues and expenses, less PEL's minority interest therein are reflected.

The cost to the Company for its interest in Pyramid amounts to \$7,112,394 with consideration consisting of a cash payment of \$5,831,198 (US\$5,028,893 converted to Canadian currency at 1.1595), the issuance of 1,608,889 common shares valued at \$1,232,570, and \$48,626 in legal and professional fees paid. The valuation of the Company's common shares issued was based on the weighted average closing price of the Company's shares on the TSX for the five day trading period ended January 5, 2007.

A summary balance sheet showing the preliminary allocation of the purchase consideration at January 3, 2007 is as follows:

Current assets	
Cash	\$ 228,878
Accounts receivable	356,452
Petroleum and natural gas properties	11,408,348
Current liabilities	
Accounts payable and accrued liabilities	(79,354)
Asset retirement obligation	(811,203)
Future income tax liability	(2,049,000)
Minority interest	(1,941,727)
	<u>\$ 7,112,394</u>

4. Note receivable

In connection with the purchase referred to in note 3, the Company agreed to lend \$3,616,636 (US\$3,067,774 converted to Canadian currency at 1.1598) to PEL, representing PEL's share of purchase consideration to be paid together with PEL's share of professional fees related to the acquisition. The loan is secured by PEL's shares in the company and a promissory note from PEL, and bears interest at a rate equal to LIBOR plus 1.5%. The loan was repaid in April 2007 by way of a cash payment (of US\$3.0 million) with the remaining amount being set-off against capital expenditures payable to PEL (as operator) relating to the Company's other Pakistan petroleum and natural gas interests.

	March 31, 2007	September 30, 2006
Principal advances	\$ 3,558,152	\$ -
Professional fees	<u>58,484</u>	<u>-</u>
	<u>\$ 3,616,636</u>	<u>\$ -</u>

Jura Energy Corporation
Notes to Consolidated Financial Statements
March 31, 2007
(unaudited)

5. Other assets

	March 31, 2007	September 30, 2006
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.	\$ 3,563,611	\$ 3,449,721
(b) Held pursuant to a trust agreement for Company indemnities provided to certain present and past directors and officers.	-	500,000
	<u>3,563,611</u>	<u>3,949,721</u>
	\$ <u>3,563,611</u>	\$ <u>3,949,721</u>

6. Property and equipment

	March 31, 2007	September 30, 2006
Petroleum and natural gas properties	\$ 63,791,713	\$ 45,313,221
Office and computer equipment	348,413	325,370
Leasehold improvements	<u>327,232</u>	<u>327,232</u>
	64,467,358	45,965,823
Accumulated depletion, depreciation and amortization	<u>(3,632,904)</u>	<u>(516,365)</u>
	\$ <u>60,834,454</u>	\$ <u>45,449,458</u>

Included in petroleum and natural gas property expenditures for the six month period ended March 31, 2007 are capitalized general and administrative costs in the amount of \$328,036. (Year ended September 30, 2006: \$577,254).

7. Notes payable

	March 31, 2007	September 30, 2006
Note payable, unsecured. (see Note 15(a))	\$ 650,000	\$ 650,000
Sundry	<u>-</u>	<u>213,426</u>
	\$ <u>650,000</u>	\$ <u>863,426</u>

Jura Energy Corporation
Notes to Consolidated Financial Statements
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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 approximately \$957,470 (US\$829,265), which is expected to be incurred by 2011. Accretion expense for the period is included with depletion, depreciation and amortization.

	March 31, 2007	September 30, 2006
Acquired, January 3, 2007 (note 3)	\$ 811,203	\$ -
Accretion expense	<u>16,278</u>	<u>-</u>
	827,481	-
Impact of foreign exchange rate changes	<u>27,710</u>	<u>-</u>
Closing balance	<u>\$ 855,191</u>	<u>\$ -</u>

9. 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, 2005	59,835,356	\$ 142,319,358
Issuance of shares upon acquisition of petroleum and natural gas properties	14,958,838	23,186,199
Private placement, net of costs of issuance	<u>15,000,000</u>	<u>13,379,001</u>
Balance, September 30, 2006	89,794,194	178,884,558
Share issuance costs	-	(919)
Issuance of shares for business acquisition (note 3)	1,608,889	1,232,570
Stock options exercised	<u>250,000</u>	<u>172,500</u>
Balance, March 31, 2007	<u>91,653,083</u>	<u>\$ 180,288,709</u>

Pursuant to the acquisition of petroleum and natural gas properties in June 2006, the Company agreed to issue an additional 500,000 of its common shares for each 100 billion cubic feet of reserves of natural gas proven for these properties during the five years following June 2, 2006, to a maximum of an additional 7,681,918 common shares. The issuance of these additional common shares will be subject to regulatory approval. If regulatory approval is not obtained, the Company will pay an equivalent amount in cash, based upon the volume weighted average trading price of the common shares in lieu thereof.

Jura Energy Corporation
Notes to Consolidated Financial Statements
March 31, 2007
(unaudited)

9. Share capital (continued)

(c) Stock Options

The Company's shareholders approved an amended and restated stock option plan in March 2007. Amendments to the stock option plan were made to reflect the current requirements of the Toronto Stock Exchange regarding security based compensation arrangements, and include:

- 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
- The exercise price for options issued under the plan will be set by the Board of Directors, and cannot be less than the market price of the shares at the time of the grant calculated in accordance with the Toronto Stock Exchange's rules.

Share purchase options outstanding are as follows:

	<i>Number</i>	<i>Option price per share</i>
Granted April 4, 2005; expire April 4, 2010	1,620,000	\$0.69
Granted March 30, 2006; expire March 30, 2011	4,300,000	\$1.55
Balance outstanding, September 30, 2006	5,920,000	
Granted December 13, 2006; expire December 13, 2011	2,140,000	\$1.00
Granted January 8, 2007; expire January 8, 2012	350,000	\$1.00
Options exercised	(250,000)	\$0.69
Balance outstanding, March 31, 2007	8,160,000	

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

Options outstanding			Options exercisable		
	<i>Exercise price</i>	<i>Options</i>	<i>Contractual life remaining, years (weighted average)</i>	<i>Options</i>	<i>Exercise price</i>
\$	0.69	1,370,000	3.0	1,370,000	\$ 0.69
\$	1.55	4,300,000	4.0	4,300,000	\$ 1.55
\$	1.00	2,490,000	4.7	713,333	\$ 1.00
		8,160,000		6,383,333	

(d) Stock Based Compensation expense

For the six months ended March 31, 2007, the Company recorded \$23,724 (2005: \$55,177) of stock based compensation expense with a corresponding increase to Contributed Surplus. For the three months ended March 31, 2007, the Company recorded \$17,514 (2005: \$11,563) of stock based compensation expense. The Company has not capitalized any of the stock based compensation expense recorded.

The fair value of the options granted in the current quarter was estimated to be approximately \$0.55 per option granted, and was determined using the Black-Scholes option pricing model with the following assumptions: expected volatility of 92.9%, risk-free interest rate of 4.2% and an expected life of 4 years.

Jura Energy Corporation
Notes to Consolidated Financial Statements
March 31, 2007
(unaudited)

9. Share capital (continued)

(e) Common Share Purchase Warrants

Share purchase warrants outstanding are as follows:

	<i>Number</i>	<i>Exercise price per share</i>
Exercisable for one year from August 9, 2006, subject to acceleration of the expiry date in the event that the Company's common shares trade at \$2.50 per share or higher for 20 consecutive days after December 9, 2006.	15,000,000	\$1.50
Exercisable for two years from August 9, 2006	<u>900,000</u>	\$1.00
Balance outstanding, March 31, 2007 and September 30, 2006	<u>15,900,000</u>	

10. Contributed surplus

	March 31, 2007	September 30, 2006
Balance, September 30, 2006	\$ 20,170,769	\$ 15,724,319
Stock based compensation (note 9 (d))	23,724	4,012,878
Broker warrants	<u>-</u>	<u>433,572</u>
Balance, end of period	<u>\$ 20,194,493</u>	<u>\$ 20,170,769</u>

11. 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 for, and certain expenses continue to be incurred. These amounts are summarized in the following table:

	<u>Three months ended March 31,</u>		<u>Six months ended March 31,</u>	
	2007	2006	2007	2006
Gain on sale of assets	\$ -	\$ 71,317	\$ -	\$ 600,716
Gain on settlement of a legal claim	738,360	-	738,360	-
Other revenue	-	61,810	-	63,101
Recovery on settlement of amounts payable	-	-	369,624	-
Rental expense	-	(3,600)	-	(7,971)
Write-downs	<u>-</u>	<u>(82,149)</u>	<u>-</u>	<u>(82,149)</u>
	<u>\$ 738,360</u>	<u>\$ 47,378</u>	<u>\$ 1,107,984</u>	<u>\$ 573,697</u>

The gain on settlement of a legal claim recorded in the current period arises from the conclusion of, and satisfaction of all conditions related to a legal settlement agreement reached with former officers of the Company. The assets underlying the legal claims were all loans and notes receivable to the Company against which valuation allowances, and the expenses related thereto, had been established in previous years. The consideration due to the Company specified in the settlement

Jura Energy Corporation
Notes to Consolidated Financial Statements
March 31, 2007
(unaudited)

11. Other income (continued)

agreement was received by the Company on February 22, 2007, and accordingly, the gain on settlement was recognized in the current period.

The recovery on settlement of amounts payable recorded in the first quarter of 2007 resulted from the same settlement referred to above, and was recorded in the first quarter as the Company had determined that the liabilities being carried on its books at the end of the quarter would not be paid to the former officers in accordance with the settlement agreement.

12. Changes in other current assets and liabilities

	Three months ended March 31,		Six months ended March 31,	
	2007	2006	2007	2006
Accounts receivable	\$ (37,426)	\$ 168,193	\$ 126,619	\$ 2,010,701
Prepaid expenses and deposits	185,947	(300,475)	292,416	(323,277)
Restricted cash, net	-	-	-	(128,325)
Accounts payable and accrued liabilities	440,549	(106,928)	681,724	448,927
Income tax payable	-	-	-	(105,992)
Deferred revenue	-	(75,129)	-	(204,172)
	\$ 589,070	\$ (314,339)	\$ 1,100,759	\$ 1,697,862

13. Commitments

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 in the commitment table 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 in the commitment table below assumes no early termination.

A summary of the Company's above commitments for the next five calendar years:

	Leased Premises	
2007	\$	202,162
2008		112,898
thereafter		-
	\$	315,060

The Company's formal 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 (see Note 5 (a)). Exploration and development expenditures incurred to March 31, 2007 have reduced the remaining commitment to \$2.1 million.

Jura Energy Corporation
Notes to Consolidated Financial Statements
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(unaudited)

14. 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, prepaid expenses and deposits, 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.

(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.

(c) Foreign currency exchange risk

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

(d) Fair Value

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

15. 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.

Detailed information for each legal action is presented in the Company's annual consolidated financial statements for the year ended September 30, 2006; summary information for certain legal claims 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 (see Note 7).

(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.

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15. Litigation (continued)

(c) 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.

16. Related party transactions

a) For the six months ended March 31, 2007 the Company expensed \$96,085 (2006 - \$80,248) for Directors fees and other services. Included in this figure is \$5,710 (2006 - \$27,248) relating to the imputed fair value of compensation expense for stock options. At March 31, 2007, \$48,375 (September 30, 2006 - \$20,000) was due to these Directors and included in accounts payable and accrued liabilities on 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 six months ended March 31, 2007, the Company's share of such costs amounted to \$158,760 (2005: \$nil); there was no amount outstanding at the period end.

17. Segmented information

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

	Three months ended March 31, 2007			
	Canada	USA	Pakistan	Consolidated
Total revenues	\$ 806,910	\$ 1,831	\$ 355,103	\$ 1,163,844
Expenses				
Production	-	-	42,850	42,850
General and administrative	1,276,406	42,848	73,806	1,393,060
Minority interest	-	-	22,620	22,620
Depreciation	4,444	-	359,411	363,855
Net loss for the period	<u>\$ (473,940)</u>	<u>\$ (41,017)</u>	<u>\$ (143,584)</u>	<u>\$ (658,541)</u>
Property and equipment expenditures	\$ 18,428	\$ -	\$ 14,170,439	\$ 14,188,867

Jura Energy Corporation
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17. Segmented information (continued)

	Six months ended March 31, 2007			
	Canada	USA	Pakistan	Consolidated
Total revenues	\$ 1,037,089	\$ 373,155	\$ 355,103	\$ 1,765,347
Expenses				
Production	-	-	42,850	42,850
General and administrative	1,877,407	203,553	10,247	2,091,207
Minority interest	-	-	22,620	22,620
Depreciation	4,871	-	359,411	364,282
Net loss for the period	<u>\$ (845,189)</u>	<u>\$ 169,602</u>	<u>\$ (80,025)</u>	<u>\$ (755,612)</u>
Total assets	\$ 12,992,087	\$ 345,561	\$ 65,443,712	\$ 78,781,360
Property and equipment expenditures	\$ 18,428	\$ -	\$ 15,730,851	\$ 15,749,279
	Three months ended March 31, 2006			
	Canada	USA	Pakistan	Consolidated
Total revenues	\$ 464,388	\$ 5,865	\$ -	\$ 470,253
Expenses				
General and administrative	799,926	568,571	-	1,368,497
Minority interest	-	-	-	-
Depreciation	2,707	-	-	2,707
Net loss for the period	<u>\$ (338,245)</u>	<u>\$ (562,706)</u>	<u>\$ -</u>	<u>\$ (900,951)</u>
Property and equipment expenditures	\$ -	\$ -	\$ -	\$ -
	Six months ended March 31, 2006			
	Canada	USA	Pakistan	Consolidated
Total revenues	\$ 922,610	\$ 500,997	\$ -	\$ 1,423,607
Expenses				
General and administrative	1,659,469	1,409,797	-	3,069,266
Minority interest	-	-	-	-
Depreciation	5,413	-	-	5,413
Net loss for the period	<u>\$ (742,272)</u>	<u>\$ (908,800)</u>	<u>\$ -</u>	<u>\$ (1,651,072)</u>
Total assets	\$ 31,525,531	\$ 346,768	\$ -	\$ 31,872,299
Property and equipment expenditures	\$ -	\$ -	\$ -	\$ -

Corporate Information

Directors

Stephen C. Akerfeldt
Toronto, Ontario

Robert D. Cudney
Toronto, Ontario

Timothy M. Elliott
Dubai, United Arab Emirates

Norman W. Holton
Calgary, Alberta

Graham S. Garner
Calgary, Alberta

Nigel R. McCue
Dubai, United Arab Emirates

A. Murray Sinclair
Vancouver, British Columbia

Peter Whitbread
Dubai, United Arab Emirates

Officers

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

Graham S. Garner
Executive Vice President
Calgary, Alberta

Paul H. Rose
Vice President Finance &
Chief Financial Officer
Calgary, Alberta

Michael D. Noble
Vice President Exploration
Dubai, United Arab Emirates

Shirley J. Farr
Corporate Secretary
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Stock Exchange Listing

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

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