



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED
MARCH 31, 2020 and 2019**

July 13, 2020

Introduction

This Management's Discussion and Analysis ("MD&A") is a review of the results of the consolidated operations of Jura Energy Corporation ("JEC", "Jura" or the "Company") and its subsidiaries Spud Energy Pty Limited ("SEPL"), PetExPro Ltd. ("PEPL"), Frontier Oil and Gas Holdings Limited ("FOGHL") and Frontier Holdings Limited ("FHL") for the three months ended March 31, 2020 and 2019 and the Company's financial position as at March 31, 2020. This MD&A is approved by the Board of Directors (the "Board") on July 13, 2020 and should be read in conjunction with the condensed consolidated interim financial statements of the Company for three months ended March 31, 2020 and 2019, Company's annual audited consolidated financial statements for the years ended December 31, 2019 and 2018 and the Company's annual MD&A for the years ended December 31, 2019 and 2018.

The condensed consolidated interim financial statements of the Company for the three months ended March 31, 2020 and 2019 have been prepared by management in accordance with the International Financial Reporting Standards ("IFRS") as applicable to the interim financial reports including IAS 34 - Interim Financial Reporting, and should be read in conjunction with the annual audited consolidated financial statements of the Company for the years ended December 31, 2019 and 2018 which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

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

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

Non IFRS Financial Measures

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

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

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

Boe conversions

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

Forward-Looking Information

Certain information and statements contained in this MD&A that are not historical facts are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, operational information, anticipated capital and operating budgets and expenditures, anticipated working capital, estimated costs, sources of financing and the Company's future outlook. All statements other than statements of present or historical facts are forward-looking statements. Forward-looking statements typically, but not always, contain words such as "anticipate", "believe", "estimate", "expect", "potential", "could", "forecast", "guidance",

"intend", "may", "plan", "predict", "project", "should", "target", "will" or other similar words suggesting future outcomes.

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

Forward-looking statements contained in this MD&A are based on management's current expectations and assumptions regarding future capital and other expenditures (including the amount, nature and sources of funding thereof), future economic conditions, future currency, and exchange rates, future international oil prices, continued political stability, timely receipt of any necessary regulatory approvals, timing of the implementation of applicable petroleum exploration and production policies and the Company's continued ability to employ a qualified team to execute work program in a timely and cost efficient manner, the continued participation of the Company's joint venture partners ("JV Partners") in exploration and development activities, the impact of Company's response to COVID-19 global pandemic, the severity and duration of the COVID-19 pandemic, the potential for a temporary suspension of operations impacted by an outbreak of COVID-19, continued weakness and volatility of crude oil and other petroleum products due to decreased global demand as a result of COVID-19 pandemic, changes in general economic, market and business conditions. In addition, budgets are based upon the Company's current exploration plans and anticipated costs, both of which are subject to changes based on unexpected delays and changes in market conditions.

Although management of the Company believes that the expectations and assumptions reflected in such forward-looking statements are reasonable, the Company cautions readers and prospective investors in the Company's securities not to place undue reliance on forward-looking statements as, by their nature, they are based on current expectations regarding future events that involve a number of assumptions, inherent risks, and uncertainties which could cause actual results to differ materially from those anticipated by the Company including, but not limited to, those risks as set forth under the heading "Risk Factors". Accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur or if any of them do so, what benefits the Company will derive therefrom. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated, or expected.

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

Highlights

The key highlights for the three months ended March 31, 2020 and up to the date of this MD&A are as follows:

- The Company reported a net loss for the three months period ended March 31, 2020 of \$0.22 million compared to a net profit of \$0.59 million in the comparative period. The net loss for the current period is mainly due to recognition of impairment charge as a result of significant reduction in international crude oil price forecast owing to COVID-19 global pandemic and recognition of additional deferred tax liability due to reduction in value of PKR denominated tax losses and allowances;
- Gross profit for the three months period ended March 31, 2020 was \$1.67 million compared to \$1.71 million in 2019. The slight reduction in gross profit is due to increase in production costs during the current period;
- Net revenue increased by approximately 12.9% during the three months period ended March 31, 2020 compared to 2019. The increase in the current period is due to commencement of commercial production from Ayesha, Aminah and Ayesha North leases in February 2020;
- Production during the three months period ended March 31, 2020 increased by approximately 14.1% compared to the three months period ended March 31, 2019. The increase is due to additional production from Ayesha, Aminah and Ayesha North leases in Badin IV South block offset by a slight reduction in production from Zarghun South due to natural decline;
- The drilling of development well Zarghun South-4, in Zarghun South lease commenced in January 2020;

- In January 2020, SEPL entered into a syndicated term finance facility of PKR 2,000 million (equivalent \$12 million) with Askari Bank Limited, the lead arranger acting on behalf of the participants;
- The outstanding amount of Al Baraka syndicated credit facilities and JS Bank bilateral term finance facilities were fully settled from the proceeds of Askari Bank syndicated term finance facility;
- Commercial production from Ayesha, Aminah and Ayesha North gas and condensate discoveries in Badin IV South Block commenced in February 2020;
- After successfully completed as a gas producing well, the commercial production from Zarghun South-4 development well commenced in April 2020;
- In April 2020, Jura entered into Supplemental Debentures Indenture, pursuant to which the maturity date of Jura's subordinated debentures has been extended from April 30, 2020 to October 31, 2020;
- In June 2020, SEPL entered into a running finance facility of PKR 425 million (equivalent \$2.55 million) with JS Bank Limited, a related party; and
- The drilling of exploratory well Umair NW-1, in Guddu exploration license commenced in July 2020.

COVID-19 Pandemic

Beginning in early March 2020, market events and conditions, including global excess crude oil supply primarily due to an unprecedented reduction in global demand due to the COVID-19 pandemic, have caused significant degradation and volatility in global commodity prices. With the rapid spread of COVID-19 and excess crude oil supply, the price of crude oil and other petroleum products has deteriorated significantly and is expected to remain volatile until there is better visibility on the timing of the return to a more stable economic environment.

The Company is continually monitoring and responding to the ongoing evolving COVID-19 situation. The Company is committed to ensure the health and safety of all personnel and to the safety and continuity of its operations. The Company has established a COVID-19 task force, comprised of senior management and employees to promptly implement measures to protect the health and safety of the Company's work force and the public, as well as to ensure continuity of operations. The Company is monitoring daily developments in the COVID-19 outbreak and actions taken by government authorities in response thereto.

In accordance with the government guidelines and to limit the risk and transmission of COVID-19, the Company has implemented mandatory self-quarantine policies, travel restrictions, enhanced cleaning and sanitation measures, and social distancing measures, including directing the vast majority of its office staff and certain non-essential field staff to work from home. The Company believes that it can maintain safe operations with these pandemic-related procedures and protocols in place. Additionally, in order to prevent and/or minimize any COVID-19 outbreak at field sites, the operators has implemented additional measures as part of its pandemic response, including changes to crew size and shift durations, screening measures prior to allowing field access to employees and staff, and mandating the use of masks and other measures to ensure continued safe and reliable operations.

Overview of the Company and Operations

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

Exploration licenses/leases	Working Interest	Operator
Producing		
Zarghun South lease	40.00%	Mari Petroleum Company Limited
Reti lease	10.66%	Oil and Gas Development Company Limited
Maru lease	10.66%	Oil and Gas Development Company Limited
Maru South lease	10.66%	Oil and Gas Development Company Limited
Ayesha lease	27.50%	Petroleum Exploration (Private) Limited

Aminah lease	27.50%	Petroleum Exploration (Private) Limited
Ayesha North lease	27.50%	Petroleum Exploration (Private) Limited
Badar lease*	7.89%	Petroleum Exploration (Private) Limited

Development

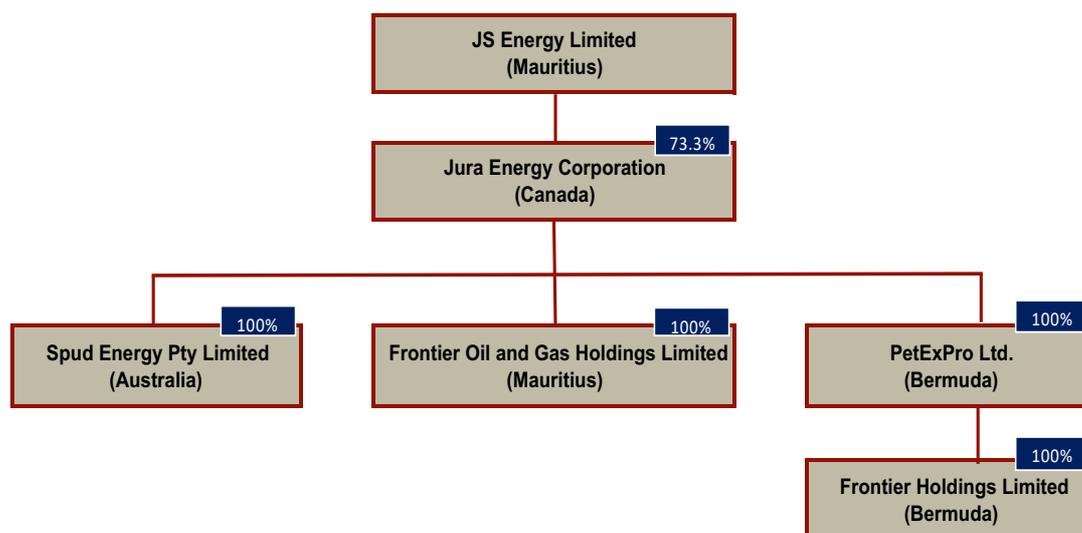
Sara lease	60.00%	Spud Energy Pty Limited
Suri lease	60.00%	Spud Energy Pty Limited
Kandra lease*	37.50%	Petroleum Exploration (Private) Limited

Exploration

Guddu exploration license	13.50%	Oil and Gas Development Company Limited
Badin IV South exploration license	27.50%	Petroleum Exploration (Private) Limited
Badin IV North exploration license	27.50%	Petroleum Exploration (Private) Limited
Kandra exploration rights	35.00%	Petroleum Exploration (Private) Limited
Zamzama North exploration license	24.00%	Heritage Oil and Gas Limited
Sanjawi exploration license	27.00%	Heritage Oil and Gas Limited

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

The group structure of the Company is as indicated below:



Background of Oil and Gas Properties

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

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

There has been no significant change in the status of activities in the exploration licenses and development leases since the filling of annual MD&A for the year ended December 31, 2019, except for the following:

Guddu exploration license

The drilling of exploratory well Umair NW-1 commenced in July 2020. The projected depth of the well is approximately 800 meters, which will target the Pirkoh and Habib Rahi Limestone formations of Eocene age.

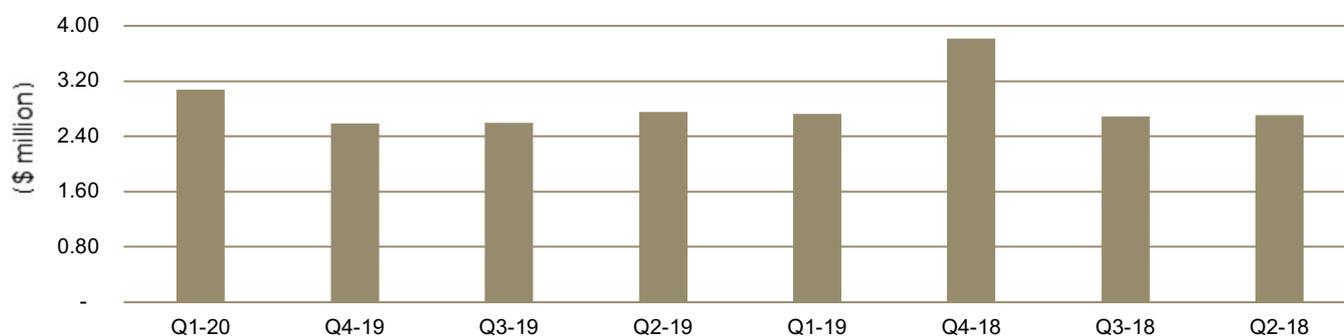
Performance Overview and Financial Analysis

Summary of Quarterly Results

Description	2020	2019				2018			
	Q-1	Q-4	Q-3	Q-2	Q-1	Q-4	Q-3	Q-2	
Net revenue	3,073,597	2,582,578	2,600,217	2,749,531	2,722,080	3,813,145	2,685,237	2,707,574	
Net profit / (loss)	(224,643)	(873,041)	(177,939)	245,693	588,892	(2,202,192)	562,274	802,916	
Weighted no. of outstanding share	69,076,328	69,076,328	69,076,328	69,076,328	69,076,328	69,076,328	69,076,328	69,076,328	
EPS (basic and diluted)	(0.00)	(0.01)	(0.00)	0.00	0.01	(0.03)	0.01	0.01	
Capital expenditure	3,026,583	1,405,858	191,680	2,123,256	194,912	1,171,752	1,173,891	1,741,788	
Assets	58,204,878	55,612,584	55,984,146	55,113,918	52,357,333	53,888,746	56,416,111	57,426,195	
Long-term liabilities	28,007,726	20,501,622	21,282,190	21,133,513	24,375,305	25,288,012	24,187,846	25,057,475	

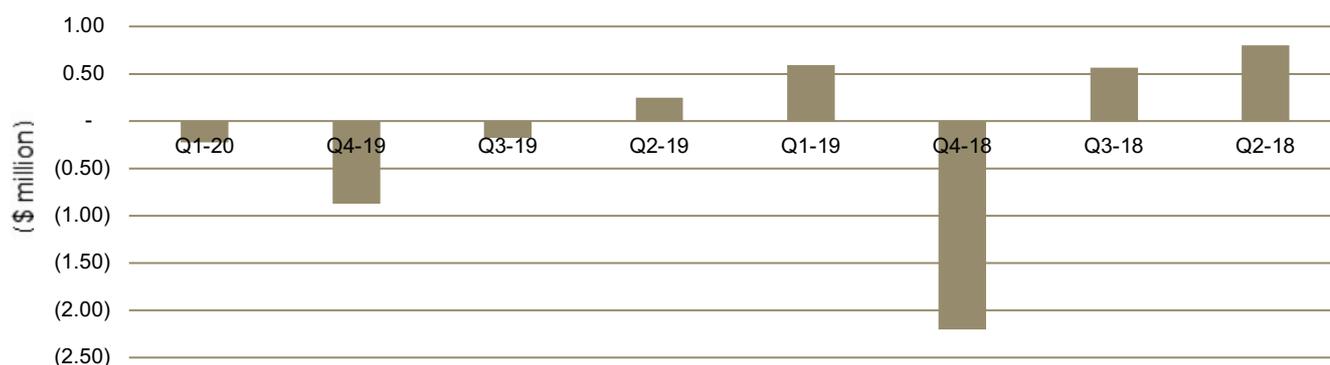
Trend analysis of quarterly information

Net Revenue



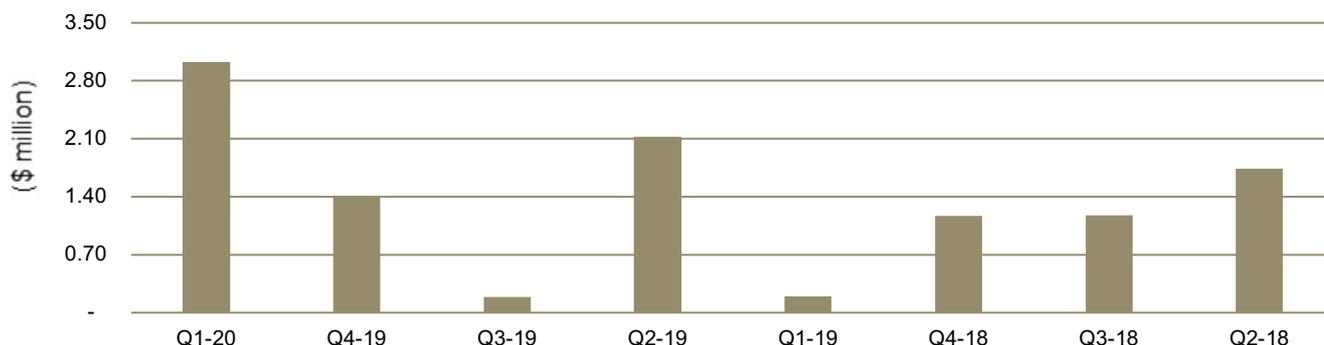
Quarterly net revenue represents stable production and consistent average realized price in Q2 and Q3 2018. The significant increase in net revenue during Q4 2018 is due to recognition of sale price adjustment for the period July 2018 to December 2018. There is consistent decline in quarterly net revenue during 2019 due to natural decline in production from Zarghun South and Reti Maru gas fields. The significant increase in net revenue during Q1 2020 is due to commencement of commercial production from Ayesha, Aminah and Ayesha North leases in February 2020.

Net profit / (loss)



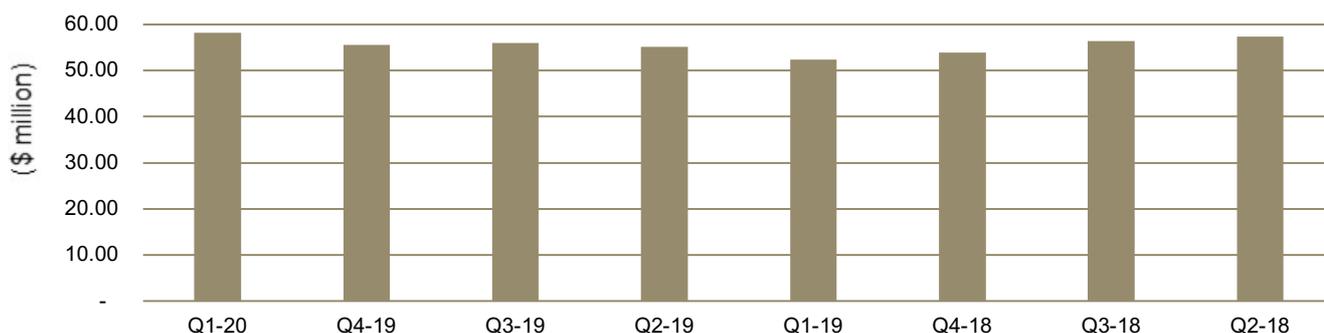
The company reported quarterly net profit in Q2 and Q3 2018, which is mainly due to stable revenue, unrealized exchange gain on the retranslation of foreign currency denominated balances and a reduction in general and administrative expenses following management team restructuring in Q3 2017. The significant loss in Q4 2018 is due to impairment of oil and gas properties of \$3.82 million and recognition of a deferred tax liability due to reduction in value of PKR denominated tax losses and allowances. The net loss in Q3 and Q4 2019 is due to exchange loss on retranslation of PKR denominated balances on account of strengthening of PKR against US\$. The net loss in Q1 2020 is mainly due to recognition of impairment charge as a result of significant reduction in international crude oil price forecast owing to COVID-19 global pandemic and recognition of additional deferred tax liability due to reduction in value of PKR denominated tax losses and allowances.

Capital expenditure



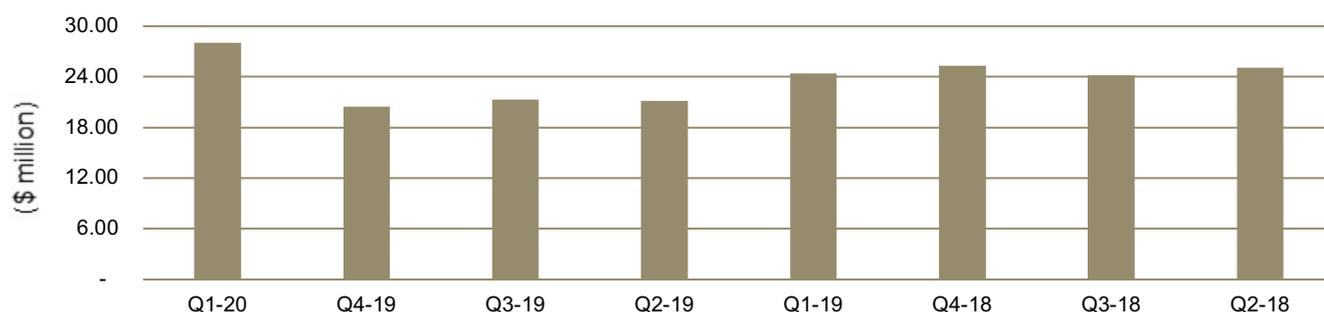
The Company continued to incur significant capital expenditure for the development of its oil and gas properties and exploration and evaluation assets. Capital expenditure in 2018 and 2019 mainly relates to drilling of exploration wells in Guddu, 3D and 2D seismic acquisition in Guddu and Zarghun South respectively and development of gas and condensate discoveries in Badin IV South block. The capital expenditure incurred in Q1 2020 mainly represents expenditure incurred on the drilling of Zarghun South-4 development well in Zarghun South lease.

Assets



There is no significant change in total assets.

Long term liabilities



The decrease in long term liabilities during Q2, Q3 and Q4 2019 represents repayment of principal amount of Al Baraka and JS Bank financing facilities. Significant increase in Q1 2020 is due to closing of Askari Bank syndicated term finance facility.

Financial and Overall Performance Review and Analysis

Review of Financial Results

1. Net profit / (loss)

Description	Three months period ended March 31,		
	2020	2019	Difference
	-----\$-----		
Net profit / (loss)	(224,643)	588,892	(813,535)

The Company reported a net loss of \$224,643 for the three months period ended March 31, 2020, compared to a net profit of \$588,892 in the comparative period.

The net loss for the current period is mainly due to recognition of impairment charge of \$0.75 million as a result of significant reduction in international crude oil price forecast owing to COVID-19 global pandemic and recognition of additional deferred tax liability of \$0.57 million due to reduction in value of PKR denominated tax losses and allowances.

Segment breakdown of net loss for the three months period ended March 31, 2020 is as follows:

	\$
Canada	(167,806)
Pakistan	(56,837)

The segment-wise loss for the period is mainly attributable to the following:

- Canada segment is non-revenue generative. The loss in Canada mainly represents corporate expenses and finance cost on the Company's subordinated debentures.
- Net loss of the Pakistan segment represents revenue from sale of gas, un-realized exchange gain on foreign currency denominated liabilities offset by production costs, general and administrative expenses, finance costs, impairment of oil and gas properties and additional deferred tax liability due to reduction in value of PKR denominated tax losses and allowances.

2. Net revenue

Description	Three months period ended March 31,		
	2020	2019	Difference
	-----\$-----		
Sales	3,446,255	3,061,384	384,871
Royalty	(372,658)	(339,304)	(33,354)
Net revenue	3,073,597	2,722,080	351,517

Net revenue represents the sale of gaseous hydrocarbons from the Reti, Maru and Maru South (together "Reti-Mar"), Ayesha, Aminah and Ayesha North (together "Badin IV South") and Zarghun South leases net of royalty.

The increase of \$384,871 in gross revenue in the current period is mainly due to commencement of commercial production from Ayesha, Aminah and Ayesha North leases in February 2020.

During the three months period ended March 31, 2020 daily gas sales volumes from the Reti-Mar, Zarghun South and Badin IV South leases averaged approximately 11.01 MMcf, 12.60 MMcf and 8.22 MMcf respectively compared to 10.47 MMcf, 14 MMcf and nil respectively in the comparative period.

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

Description	Three months period ended March 31,		
	2020	2019	Difference
Production in Boe	118,945	104,230	14,715
Price (\$ / Boe) ¹	28.97	29.37	(0.40)

¹Refer to non IFRS financial measures.

The royalty is calculated at 12.5% of revenue minus gathering, processing and transportation charges.

The trend in royalty costs per Boe for the periods presented is as follows:

Description	Three months period ended March 31,		
	2020	2019	Difference
Production in Boe	118,945	104,230	14,715
Royalty (\$ / Boe) ¹	3.13	3.26	(0.13)

¹Refer to non IFRS financial measures.

3. Cost of production

Description	Three months period ended March 31,		
	2020	2019	Difference
	-----\$-----		
Production costs	730,392	426,091	304,301
Depletion of oil and gas properties	677,144	583,963	93,181
	1,407,536	1,010,054	397,482

The increase in cost of production in the current period is due to additional costs incurred in relation to Badin IV South that commenced production in February 2020.

Comparative production and production costs per Boe for the periods presented are as follows:

Description	Three months period ended March 31,		
	2020	2019	Difference
Production in Boe	118,945	104,230	14,715
Production costs (\$ / Boe) ¹	6.14	4.09	2.05

¹Refer to non IFRS financial measures.

The significant increase in production costs per Boe is due to additional time writing costs incurred in relation to the drilling of ZS-4 development well in Zarghun South lease.

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

Description	Three months period ended March 31,		
	2020	2019	Difference
Production in Boe	118,945	104,230	14,715
Depletion of oil and gas properties (\$ / Boe) ¹	5.69	5.60	0.09

¹Refer to non IFRS financial measures.

4. General and administrative expenses

Description	Three months period ended March 31,		
	2020	2019	Difference
	-----\$-----		
General and administrative expenses	427,292	395,739	31,553

Segment breakdown of general and administrative expenses for three months ended March 31, 2019 is as follows:

	\$
Canada	56,312
Pakistan	370,980

5. Exchange gain - net

Description	Three months period ended March 31,		
	2020	2019	Difference
	-----\$-----		
Exchange gain – net	764,260	93,721	670,539

The currency translation exchange gain is due to the strengthening of US Dollar exchange rate parity against Pak Rupee. During the three months period ended March 31, 2020, the devaluation of Pak Rupee against US Dollar was 7.34% compared to a devaluation of 1.15% in the comparative period.

6. Finance costs

Description	Three months period ended March 31,		
	2020	2019	Difference
	-----\$-----		
Interest on amount due to related parties	387,811	400,597	(12,786)
Interest on borrowings	486,559	365,983	120,576
Accretion on asset retirement obligation	17,499	18,722	(1,223)
Late payment surcharge on payment of cash calls to operators	18,333	-	18,333
	910,202	785,302	124,900

The increase in interest on borrowings is due increase in carrying amount of borrowings after closing of Askari Bank syndicated term finance facility.

7. Operating netback

Description	Three months period ended March 31,		
	2020	2019	Difference
	-----\$-----		
Net revenue	3,073,597	2,722,080	351,517
Production costs	(730,392)	(426,091)	(304,301)
Operating netback	2,343,205	2,295,989	47,216
Production in Boe	118,945	104,230	14,715
Operating Netback (\$ / Boe) ¹	19.70	22.03	(2.33)

¹Refer to non IFRS financial measures.

Operating netback per Boe for three months ended March 31, 2020 decreased significantly due to increase in production costs.

Impairment of oil and gas properties

In light of the significant degradation and volatility in global crude oil prices, international oil supply and demand imbalances, and the uncertainty surrounding the economic impact of the COVID–19 global pandemic, the Company has determined that indicators of impairment existed at March 31, 2020. As a result, the management carried out an impairment test for its Cash Generating Units in accordance with the accounting policy stated in note 2(xvi-b) of the Company's annual audited financial statements for the year ended December 31, 2019. The tests were performed using a fair value less cost of disposal methodology using a discounted cash flow model.

The fair value of each Cash Generating Unit ("CGU") was categorized as Level 3 fair value based on the unobservable inputs used. The determination of the recoverable amount of a CGU involves several assumptions and estimates which are subject to estimation uncertainty, as well as a significant degree of

judgment. Significant estimates involved in the calculation include pricing assumptions, production and cost assumptions and the appropriate discount rate. The Company engages an independent reserves valuer to prepare an annual reserve report, which contains the pricing, production and cost assumptions that form the basis for determining the recoverable amount of each CGU. The most recent report is prepared as at December 31, 2019, and therefore adjustments were made to reflect the updated crude oil price forecast as at April 1, 2020 as provided by the Company's independent reserves valuer. Other adjustments to the report are made as necessary to reflect the change in the economic environment. The future net cash flows are calculated by applying forecasted prices of gas reserves to estimated future production of proved and probable gas reserves, less estimated future expenditures to be incurred in developing and producing the proved and probable reserves. The present value of estimated future net cash flows is computed using an after-tax discount rate of 15%. The discount rate used reflects the specific risks relating to the underlying CGUs. As a result of the impairment tests, an impairment charge of \$0.75 million was recorded for CGU-II. At March 31, 2020, the recoverable amount of CGU-II was \$4.17 million. No impairment is required to be recognized for CGU-I and CGU-III.

The crude oil price forecast used to determine the recoverable amount are \$35.50/bbl in 2020, \$46.41/bbl in 2021, \$55.14/bbl in 2022, \$61.55/bbl in 2023 and an annual escalation of approximately 2% after 2023.

Estimates of the recoverable amounts are sensitive to discount rate and crude oil prices.

The impact of 1% (increase) / decrease in the discount rate and 5% increase / (decrease) in the crude oil price forecast on the recoverable amount of each CGU is as follow:

	Discount rate		Crude oil price	
	1% increase	1% decrease	5% increase	5% decrease
	\$	\$	\$	\$
CGU-I	(1,758,000)	1,894,000	875,000	(918,000)
CGU-II	(144,000)	153,000	96,000	(100,000)
CGU-III	(305,000)	318,000	498,000	(500,000)

Provisions, contingencies and commitments

Contingencies and Commitments

There has been no material change in contingencies as disclosed in the latest consolidated annual audited financial statements of the Company for the year ended December 31, 2019.

Financial Commitments

The Company's financial commitments mainly consist of minimum work commitments related to its exploration licenses and approved authorities for expenditure. The following table summarizes the financial commitments of the Company as at March 31, 2020 and December 31, 2019. These financial commitments are expected to be funded through internal cash generation and debt and/or equity financing.

Description	March 31, 2020	December 31, 2019
	-----\$-----	
Minimum capital commitments related to exploration licenses	5,489,836	5,489,836
Commitments under approved authority for expenditure	1,078,000	3,160,467
Commitment under sale and purchase agreement for the acquisition of Energy Exploration Limited, a related party	1,000	1,000
Total	6,568,836	8,651,303

Going Concern and Liquidity

At March 31, 2020, the Company had current assets of \$8.20 million comprising accounts and other receivables of \$6.89 million, restricted cash of \$0.63 million and cash and cash equivalents of \$0.68 million. Total current liabilities were \$16.39 million comprising accounts payable and accrued liabilities of \$12.42 million and current portion of borrowings of \$3.97 million. During the three months period ended March 31, 2020 the Company

reported a net loss of \$0.22 million (March 31, 2019: net profit of \$0.59 million). As at March 31, 2020, the Company has an accumulated deficit of \$51.93 million (December 31, 2019: \$51.71 million). In addition to its ongoing working capital requirements, the Company also has financial commitments as at March 31, 2020 that amounted to \$6.57 million. Additional cash resources will be required to exploit the Company's petroleum and natural gas properties.

In addition to the above-mentioned factors, there are a number of additional material uncertainties that raise significant doubt as to the Company's ability to continue as a going concern, and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The uncertainties include the need for additional cash resources to fund its existing operations and for the development of its properties, economic dependence on joint venture partners, the current economic and political conditions in Pakistan and the full extent of the impact of COVID-19 on the Company's operations and future financial performance.

To date, all exploration, development and other operational activities of the Company have been funded by internal cash generation from its producing concessions, equity and debt issuances, funding by a shareholder, and by farm-out through which a third party reimbursed the Company for a portion of its historical costs and will pay a portion of the Company's future capital expenditures to earn a portion of the Company's working interest in its properties. The Company's access to sufficient capital will impact its ability to complete its planned exploration and development activities. However, there can be no assurance that the steps management is taking will be successful.

On January 31, 2020, SEPL entered into a syndicated term finance facility of PKR 2,000 million (approx. \$12 million) with Askari Bank Limited ("AKBL"), the lead arranger acting on behalf of the participants (the "AKBL Facility"). Up to March 31, 2020, SEPL has drawn down PKR 1,600 million (approx. \$9.60 million) under the AKBL Facility, which was utilised to (i) fully settle the outstanding balance of Al Baraka syndicated credit facilities and JS Bank bilateral term finance facilities and (ii) fund the capital expenditure commitments of SEPL. The remaining unutilized amount of PKR 400 million (approx. \$2.40 million) is available for draw down.

Subsequent to the period end, on April 30, 2020, the Company entered into a second supplemental debentures indenture, pursuant to which, the maturity date of Company's \$3.5 million debentures has been extended from April 30, 2020 to October 31, 2020 (see "Subsequent Events Below"). Further, on June 11, 2020, SEPL entered into a running finance facility of PKR 425 million (approx. \$2.55 million) with JS Bank Limited, a related party. The proceeds of the running finance facility will be utilized to funds the operating expenses of SEPL (see "Subsequent Events Below"). Furthermore, the principal shareholder has confirmed its commitment to provide continued financial support to the Company as and when required for a foreseeable future which is at least twelve (12) months from the balance sheet date and twelve (12) months from the date of approval of the Company's condensed consolidated interim financial statements for the three months ended March 31, 2020.

The condensed consolidated interim financial statements of the Company for the three months ended March 31, 2020 do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Subsequent Events

- a) Extension in maturity date of subordinated debentures

Subsequent to period end, on April 30, 2020, the Company entered into a second supplemental debentures indenture, pursuant to which the maturity date of Company's \$3.5 million subordinated debentures has been extended from April 30, 2020 to October 31, 2020.

- b) Closing of running finance facility

Subsequent to period end, on June 11, 2020, SEPL entered into a running finance facility of PKR 425 million (approx. \$2.55 million) with JS Bank Limited, a related party. The proceeds of the running finance facility will be utilized to funds the operating expenses of SEPL.

Results of Operations

The following table summarizes the working capital of the Company as at March 31, 2020 as compared to December 31, 2019:

Description	As at March 31, 2020	As at December 31, 2019
	-----\$-----	
Current assets	8,198,347	7,493,732
Current liabilities	(16,394,303)	(21,088,634)
Working capital deficiency	(8,195,956)	(13,594,902)

Contractual Obligations

The following table sets forth the contractual obligations of the Company as at March 31, 2020:

Description	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
	-----\$-----				
Minimum capital commitments related to exploration licenses ⁽¹⁾	5,489,836	3,640,336	1,849,500	-	-
Commitments under approved authority for expenditure	1,078,000	1,078,000	-	-	-
Purchase obligations ⁽²⁾	1,000	1,000	-	-	-
Other obligations ⁽³⁾	44,402,029	16,394,303	15,422,171	5,997,001	6,588,554
Total contractual obligations	50,970,865	21,113,639	17,271,671	5,997,001	6,588,554

Notes:

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

Off-Balance Sheet Arrangements

JEC did not have any off-balance sheet arrangements as at March 31, 2020.

Transactions with Related Parties

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

Transactions with majority shareholder

JS Energy Limited, which is the majority shareholder of JEC, has provided financial support to SEPL in the form of an interest-bearing bridge loan and a short-term loan. The loans carry interest at the rate of 11% per annum compounded quarterly. The changes in loan balances during the applicable periods and balances outstanding as at March 31, 2020 and December 31, 2019 are as follows:

Description	March 31, 2020	December 31, 2019
	-----\$-----	
Bridge loan		
Balance payable at beginning of the period	11,933,431	10,704,979
Interest accrued during the period	328,514	1,228,452
Balance payable at end of the period	12,261,945	11,933,431

Description	March 31, 2020	December 31, 2019
Short-term loan		
Balance payable at beginning of the period	822,739	2,151,276
Interest accrued during the period	9,420	170,939
Principal repaid during the period	(813,478)	(1,178,944)
Interest paid during the period	(11,522)	(320,532)
Balance payable at end of the period	7,159	822,739

Transactions with associated entity – JS Bank Limited

JS Bank is a participant in Al Baraka syndicated credit facilities with a participation of PKR 670 million (equivalent \$4.02 million). Further, JS Bank has provided bilateral term finance facilities of PKR 350 million (equivalent \$2.10 million). During the three months period ended March 31, 2020, the outstanding amount of Al Baraka syndicated credit facilities and JS Bank bilateral term finance facilities were fully settled from the proceeds of Askari Bank syndicated term finance facility.

JS Bank is a participant in Askari Bank syndicated term finance facility with a participation of PKR 550 million (equivalent \$3.03 million).

The changes in loan balance during the applicable periods and balances outstanding as at March 31, 2020 and December 31, 2019 are as follows:

Description	March 31, 2020	December 31, 2019
	-----	\$-----
Syndicated credit facilities		
Balance payable at beginning of the period	1,578,859	3,145,626
Interest accrued during the period	38,810	341,624
Principal repaid during the period	(1,552,046)	(1,307,591)
Interest paid during the period	(64,702)	(337,091)
Exchange gain on retranslation	(921)	(263,709)
Balance payable at end of the period	-	1,578,859
Term finance facilities		
Balance payable at beginning of the period	1,852,383	1,438,925
Loan received during the period	-	939,113
Interest accrued during the period	49,877	251,836
Principal repaid during the period	(1,822,783)	(448,433)
Interest paid during the period	(78,970)	(199,781)
Exchange gain on retranslation	(507)	(129,277)
Balance payable at end of the period	-	1,852,383
Syndicated term finance facility		
Balance payable at beginning of the period	-	-
Loan received during the period	2,702,188	-
Interest accrued during the period	81,533	-
Exchange gain on retranslation	(189,836)	-
Balance payable at end of the period	2,593,885	-

Key management personnel

Description	March 31, 2020	March 31, 2019
	-----	\$-----
Management salaries and benefits	69,300	63,600
Directors' fees and compensation	21,414	20,938
Total	90,714	84,538

Future Outlook

The Company's capital expenditure program for 2020 includes:

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

This capital expenditure program is expected to be funded through available cash, proceeds of Askari Bank syndicated term finance facility and internal cash generation.

In the near future, the Company expects the commencement of commercial production from the following:

- The Sara and Suri leases;
- The Umair gas discovery in Guddu block; and
- The Zainab gas and condensate discovery in Badin IV North block.

Impact of decline in International oil prices on wellhead gas prices in Pakistan

Since early March 2020 global crude oil prices have experienced multi-decade lows coupled with extreme levels of volatility driven primarily by the unprecedented demand shock due to COVID-19.

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

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

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

Significant Accounting Policies

The accounting policies adopted in the preparation of Company's condensed consolidated interim financial statements for the three months ended March 31, 2020 are consistent with those followed in the preparation of the Company's consolidated annual audited financial statements for the year ended December 31, 2019.

Critical Accounting Estimates and Judgments

The preparation of Company's condensed consolidated interim financial statements for the three months ended March 31, 2020 in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience including the expectation of future events that are believed to be reasonable under the circumstances. Estimates and judgements made by the management in the preparation of Company's condensed consolidated interim financial statements are the same as those used in the preparation of Company's consolidated annual audited financial statements for the year ended December 31, 2019.

There are no comparable recent events that provide guidance as to the effect, the COVID-19 global pandemic may have, and as a result, the ultimate impact of the outbreak is highly uncertain and subject to change. The full extent of the impact of COVID-19 on the Company's operations and future financial performance is currently unknown. The continued impact on capital and financial markets on a macro-scale presents uncertainty and risk that may affect the Company's performance, and the estimates and assumptions used in the preparation of its financial results.

Additional estimates, assumptions and judgments in response to the COVID-19 global pandemic have been disclosed in these condensed consolidated interim financial statements regarding valuation assessments to determine the recoverable amount of the Company's oil and gas properties.

Financial Risk Management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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

Market risk

(i) **Currency risk**

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

(ii) **Other price risk**

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

(iii) **Interest rate risk**

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

(iv) **Credit risk**

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

(v) **Liquidity risk**

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

This interim MD&A do not include all financial risk management information and disclosures required in the annual MD&A and should be read in conjunction with the Company's consolidated annual audit financial statements and annual MD&A for the years ended December 31, 2019 and 2018.

Fair value of financial assets and liabilities

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

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

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

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

Risk Factors

The business of exploring for, developing and producing oil and gas reserves is inherently risky. The Company will face numerous and varied risks which may prevent it from achieving its goals. The Company's actual exploration and operating results may be very different from those expected as at the date of this MD&A. Also, see "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2019 for a further description of the risks and uncertainties associated with the Company's business and recovery of its oil and gas reserves and resources.

Volatility of Crude oil prices

In Pakistan, the price for gas purchased by the GoP is based on a formula linked to the international prices for a basket of Arabian and Persian Gulf crude oil imported into Pakistan. Crude oil prices are affected by, among other things, global economic health and global economic growth, pipeline constraints, regional and international supply and demand imbalances, political developments, compliance or non-compliance with quotas agreed upon by OPEC members, decisions by OPEC not to impose quotas on its members, access to markets for crude oil, and weather.

Through the latter half of 2014 and into the latter half of 2016 and in the first half of 2020, world oil prices have declined significantly. A prolonged period of low and/or volatile prices could affect the value of Company's oil and gas properties and the level of spending on growth projects and could result in the curtailment of production from some properties and/or the impairment of that property's carrying value. Accordingly, low crude oil, could have a material adverse effect on Company's business, financial condition, reserves, and may also lead to further impairment of assets.

COVID-19 Global Pandemic

The current outbreak of COVID-19, and any future emergence and spread of similar pathogens, could have an adverse impact on global economic conditions. Additionally, the Company's ability to continue its oil and gas exploration and production without disruption, as well as potential adverse impacts on the operations of the Company's suppliers, contractors and service providers, may impact the operation and results of the Company in the immediate term and in the event of prolonged disruptions associated with the outbreak.

The COVID-19 outbreak and corresponding responses from governmental authorities have resulted and may continue to result in, among other things: increased volatility in financial markets and foreign currency exchange rates; disruptions to global supply chains; adverse effects on the health and safety of the Company's workforce, or guidelines or restrictions to protect health and safety of such workforces, rendering employees unable to work or travel; temporary operational restrictions; and an overall slowdown in the global economy. In particular, the COVID-19 pandemic has resulted in, and may continue to result in, a reduction in the demand for, and prices of, crude oil and natural gas. A prolonged period of decreased demand for, and prices of, these commodities could also result in the Company voluntarily curtailing or shutting in production, which could

adversely impact the Company's business, financial condition and results of operations. The full extent of the risks surrounding the severity and timing of the COVID-19 pandemic is continually evolving and is not fully known at this time; therefore, there is significant risk and uncertainty which may have a material and adverse effect on Jura's operations. The risks disclosed elsewhere in this MD&A may be exacerbated as a result of the COVID-19 pandemic.

In accordance with the government guidelines and to limit the risk and transmission of COVID-19, the Company has implemented mandatory self-quarantine policies, travel restrictions, enhanced cleaning and sanitation measures, and social distancing measures, including directing the vast majority of its office staff and certain non-essential field staff to work from home. The Company believes that it can maintain safe operations with these pandemic-related procedures and protocols in place. Additionally, in order to prevent and/or minimize any COVID-19 outbreak at field sites, the operators has implemented additional measures as part of its pandemic response, including changes to crew size and shift durations, screening measures prior to allowing field access to employees and staff, and mandating the use of masks and other measures to ensure continued safe and reliable operations.

Obtaining financing

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

Commercial Risk

In order to assign recoverable resources of oil and gas, the Company must establish a development plan consisting of one or more projects. In-place quantities for which a feasible project cannot be defined using established technology or technology under development are classified as unrecoverable. In this context, "technology under development" refers to technology that has been developed and verified by testing as feasible for future commercial applications to the subject reservoir. In the early stage of exploration or development, as is the case for the Company, project definition will not be of the detail expected in the later stages of maturity. In most cases, recovery efficiency will be largely based on analogous projects.

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

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

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

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

Exploration Risk

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

Operational Risk

If the Company's operations are disrupted and/or the economic integrity of its projects is threatened for unexpected reasons, business may experience a setback. These unexpected events may be due to technical difficulties, operational difficulties including floods which impact the production, transport or sale of products, geographic and weather conditions, the extent of the outbreak of COVID-19 in Pakistan and related responses by governmental authorities, business reasons or otherwise. Because the Company is in its early stages of development, it is particularly vulnerable to these events. Prolonged problems may threaten the commercial viability of operations.

Development Risk

To the extent that the Company succeeds in discovering oil and/or gas, reserves may not be capable of production levels projected or in sufficient quantities to be commercially viable. On a long-term basis, the Company's viability depends on the ability to find or acquire, develop and commercially produce additional oil and gas reserves. Without the addition of reserves through exploration, acquisition or development activities, reserves and production will decline over time as reserves are produced. Future reserves will depend not only on the ability to develop then-existing properties, but also on the ability to identify and acquire additional suitable producing properties or prospects, to find markets for the oil and natural gas developed and to effectively distribute production into markets. Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-downs of connected wells resulting from extreme weather conditions, problems in storage and distribution and adverse geological and mechanical conditions. While the Company will endeavor to effectively manage these conditions, it may not be able to do so optimally, and will not be able to eliminate them completely in any case. Therefore, these conditions could diminish revenue and cash flow levels and result in the impairment of oil and gas interests.

Drilling Risks

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

Environmental Risks

All phases of the oil and gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal

laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner that may result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. The application of environmental laws to the Company's business may cause it to curtail production or increase the costs of production, development or exploration activities.

Operations

Operations are subject to all of the risks frequently encountered in the development of any business, including control of expenses, the business disruption due to COVID-19 pandemic and other difficulties, complications and delays, as well as those risks that are specific to the oil and gas industry.

Reserve Estimates

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

Facilities

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

Operating Expenses

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

Fluctuations in Operating Results can cause Share Price Decline

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

Decommissioning Costs

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

Foreign Operations

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

Risk to Information Technologies Systems and Cyber Security

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

Local Legal, Political and Economic Factors

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

Enforcement of Civil Liabilities

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

Penalties

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

Competition for Exploration and Development Rights

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

Technology

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

Foreign Currency Exchange Rate Fluctuation

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

Exchange Controls

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

Insurance

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

or if the insurer of such event is not solvent, the Company could be required to divert funds from capital investment or other uses towards covering the liability for such events.

Attracting and Retaining Talented Personnel

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

Growth Management

The Company's strategy envisions expanding the business. If the Company fails to effectively manage growth, financial results could be adversely affected. Growth may place a strain on management systems and resources. The Company will need to continue to refine and expand business development capabilities, systems and processes and access to financing sources. As the Company grows, it will need to continue to hire, train, supervise and manage new employees. The Company may not be able to:

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

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

Outstanding Share Capital

The Company has 69,076,328 common shares, 50,000 stock options, 1,221,753 restricted share units and 750,000 share purchase warrants outstanding as of the date of this MD&A.

Disclosure Controls and Procedures, and Internal Controls over Financial Reporting

Based on the evaluation of the design and operating effectiveness of the Company's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), the Chief Executive Officer and the Chief Financial Officer concluded that the Company's DC&P and ICFR were effective as at March 31, 2020.

During the three months ended March 31, 2020, there have been no changes made to the Company's ICFR that materially affected or are reasonably likely to materially affect, its ICFR.

In mid-March 2020, in accordance with the government guidelines and to limit the risk and transmission of COVID-19, the Company implemented mandatory self-quarantine policies, travel restrictions, enhanced cleaning and sanitation measures, and social distancing measures, including directing the vast majority of its office staff and certain non-essential field staff to work from home. These changes to processes have not resulted in any material changes to the internal controls over financial reporting.

Approval

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