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Jura Energy Corporation

Condensed Consolidated Interim Financial Statements
For the Three Months Ended
March 31, 2020
(Expressed in US Dollars)
(Unaudited)

Notice of no auditor review of Condensed Consolidated Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company as at and for the three months ended March 31, 2020 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

Jura Energy Corporation
Condensed Consolidated Interim Statements of Financial Position
As at March 31, 2020 (Unaudited)

(Expressed in US Dollars)

	March 31, 2020 $	December 31, 2019 $
Assets		
Current assets		
Cash and cash equivalents	681,221	581,686
Restricted cash	625,794	952,314
Accounts and other receivables (note 4)	6,891,332	5,959,732
	8,198,347	**7,493,732**
Non-current assets		
Property, plant and equipment (note 5)	45,003,152	43,252,888
Exploration and evaluation assets (note 6)	4,743,165	4,626,053
Long-term receivables	260,214	239,911
Total assets	**58,204,878**	**55,612,584**
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	12,425,208	13,923,729
Borrowings (note 7)	3,969,095	6,560,417
Amounts due to related parties (note 8)	-	604,488
	16,394,303	**21,088,634**
Non-current liabilities		
Borrowings (note 7)	9,137,543	806,601
Amounts due to related parties (note 8)	12,281,629	14,016,590
Deferred tax liability – net	3,045,744	2,471,872
Asset retirement obligation (note 10)	3,542,810	3,206,559
Total liabilities	**44,402,029**	**41,590,256**
Shareholders' equity		
Share capital (note 11)	65,203,045	65,203,045
Contributed surplus (note 11)	395,271	390,107
Warrants (note 11)	140,265	140,265
Accumulated deficit	(51,935,732)	(51,711,089)
Total shareholders' equity	**13,802,849**	**14,022,328**
Total equity and liabilities	**58,204,878**	**55,612,584**

Going concern (note 2)
Contingencies and commitments (note 12)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"Signed"
Muhammad Nadeem Farooq
CEO and Director

"Signed"
Stephen C. Smith
Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Jura Energy Corporation

Condensed Consolidated Interim Statements of Comprehensive Income / (Loss)

For the three months ended March 31, 2020 (Unaudited)

(Expressed in US Dollars)

	March 31, 2020 $	March 31, 2019 $
Net revenue	3,073,597	2,722,080
Cost of production (note 13)	(1,407,536)	(1,010,054)
Gross profit	**1,666,061**	**1,712,026**
Expenses		
General and administrative expenses (note 14)	(427,292)	(395,739)
Impairment of oil and gas properties (note 5)	(750,000)	-
Other income	6,402	-
Operating profit	**495,171**	**1,316,287**
Exchange gain – net	764,260	93,721
Finance costs (note 15)	(910,202)	(785,302)
Profit before income tax	**349,229**	**624,706**
Income tax (note 16)	(573,872)	(35,814)
Total comprehensive income / (loss) for the period	**(224,643)**	**588,892**
Earnings / (loss) per share (note 17)		
Basic and diluted	(0.00)	0.00
Going concern (note 2)		

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Jura Energy Corporation
Condensed Consolidated Interim Statements of Cash Flows
For the three months ended March 31, 2020 (Unaudited)

(Expressed in US Dollars)

	March 31, 2020 $	March 31, 2019 $
Cash provided by / (used in)		
Operating activities		
Profit before tax for the period	349,229	624,706
Adjustments for:		
Impairment of oil and gas properties (note 5)	750,000	-
Depletion of oil and gas properties (note 13)	677,144	583,963
Depreciation of other operating assets (note 14)	8,967	28,272
Accrued finance costs on:		
- Amounts due to related parties (note 15)	387,811	400,597
- Borrowings (note 15)	486,559	365,983
- Accretion on asset retirement obligation (note 15)	17,499	18,722
Stock-based compensation (note 11)	5,164	4,035
Other income	(6,402)	-
Net unrealized exchange gain on borrowings and amounts due to related parties	(696,750)	(90,490)
Funds flow	**1,979,221**	**1,935,788**
Changes in working capital		
(Increase) / decrease in accounts and other receivables	(931,600)	487,082
Decrease in accounts payable and accrued liabilities	(1,498,521)	(1,239,151)
Decrease in restricted cash	326,520	18,967
Net cash (used in) / generated from operating activities	**(124,380)**	**1,202,686**
Investing activities		
Property, plant and equipment	(2,909,471)	(89,713)
Proceeds from disposal of property, plant and equipment	48,250	-
Exploration and evaluation assets	(117,112)	(105,199)
Changes in long-term receivables	(20,303)	(10,826)
Net cash used in investing activities	**(2,998,636)**	**(205,738)**
Financing activities		
Amounts due to related parties – repayment	(2,636,261)	(619,826)
Borrowings – proceeds	9,826,138	-
Borrowings – repayment	(3,726,048)	(812,253)
Finance costs paid	(241,278)	(266,825)
Net cash generated from / (used in) financing activities	**3,222,551**	**(1,698,904)**
Net increase / (decrease) in cash and cash equivalents	**99,535**	**(701,956)**
Cash and cash equivalents at beginning of the period	581,686	1,388,243
Cash and cash equivalents at end of the period	**681,221**	**686,287**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Jura Energy Corporation

Condensed Consolidated Interim Statements of Changes in Equity

For the three months ended March 31, 2020 (Unaudited)

(Expressed in US Dollars)

	Number of shares	Share capital $	Contributed surplus $	Warrants $	Accumulated deficit $	Total $
Balance at January 1, 2019	**69,076,328**	**65,203,045**	**366,067**	**140,265**	**(51,494,694)**	**14,214,683**
Net profit for the period	-	-	-	-	588,892	588,892
Stock-based compensation (note 11)	-	-	4,035	-	-	4,035
Balance at March 31, 2019	**69,076,328**	**65,203,045**	**370,102**	**140,265**	**(50,905,802)**	**14,807,610**
Balance at January 1, 2020	**69,076,328**	**65,203,045**	**390,107**	**140,265**	**(51,711,089)**	**14,022,328**
Net loss for the period	-	-	-	-	(224,643)	(224,643)
Stock-based compensation (note 11)	-	-	5,164	-	-	5,164
Balance at March 31, 2020	**69,076,328**	**65,203,045**	**395,271**	**140,265**	**(51,935,732)**	**13,802,849**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1 Company and its operations

Jura Energy Corporation ("JEC", "Jura" or the "Company") is listed on the TSX Venture Exchange ("TSX-V") and trades under the symbol "JEC". The registered office of Jura Energy Corporation is located at Suite 5100, 150 – 6th Avenue SW, Calgary, T2P 3Y7, Alberta, Canada. These condensed consolidated interim financial statements include financial statements of Jura Energy Corporation ("JEC"), and its wholly-owned subsidiaries Spud Energy Pty Limited ("SEPL"), PetExPro Ltd. ("PEPL"), Frontier Oil and Gas Holdings Limited ("FOGHL") and Frontier Holdings Limited ("FHL").

These condensed consolidated interim financial statements were approved and authorized for issue by the Company's board of directors on July 13, 2020.

2 Going concern

Management has prepared these condensed consolidated interim financial statements in accordance with the International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates that assets will be realized, and liabilities will be discharged in the normal course of business as they become due. The Company has a working capital deficiency of $8.20 million at March 31, 2020 (December 31, 2019: $13.60 million). During the three months 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 had financial commitments as at March 31, 2020, that amounted to $6.57 million (December 31, 2019: $8.65 million) *(see "Commitments – note 12").* 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 – note 21 (a)")*. 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 fund the operating expenses of SEPL *(see "Subsequent Events – note 21 (b)")*. 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 these condensed consolidated interim financial statements.

(Expressed in US Dollars)

These condensed consolidated interim financial statements 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.

3 Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IFRS, as applicable to the interim financial reports including IAS 34 - Interim Financial Reporting. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2019 which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board.

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

The preparation of these condensed consolidated interim financial statements 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 these 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.

4 Accounts and other receivables

	March 31, 2020	**December 31, 2019**
	$	**$**
Trade receivables (note 4 a)	6,369,200	5,534,608
Due from related parties (note 4 b)	830,743	830,743
Prepayments	47,858	58,735
Security deposits	42,061	42,061
Other receivables	419,688	311,803
	7,709,550	**6,777,950**
Provision for impairment (note 4 b)	(818,218)	(818,218)
	6,891,332	**5,959,732**

a) The trade receivables are provided as a security by way of irrevocable assignment into the collection accounts maintained with AKBL, the lead arranger, acting on behalf of the participants, pursuant to the terms of the syndicated term finance facility (*refer to note 7 (a) for further details*).

(Expressed in US Dollars)

b) This represents $818,218 and $12,525 (December 31, 2019: $818,218 and $12,525) receivable from Energy Exploration Limited ("EEL") and JSEL respectively. The balances are receivable on demand and carry no interest.

Amount due from EEL represents expenses recharged and payments made on behalf of EEL. EEL has an 11% and 12% working interest in the Sanjawi and Zamzama North exploration licenses respectively. However, owing to the expiry of the term of the Zamzama North exploration license and force majeure declaration in the Sanjawi exploration license, the Company has fully provided for the balance receivable from EEL.

5 Property, plant and equipment

		Other operating assets				
	Oil and gas properties $	**Computer equipment $**	**Furniture and fixtures $**	**Office equipment $**	**Motor vehicles $**	**Total $**
Cost	63,520,728	109,148	24,011	48,949	339,879	64,042,715
Accumulated depletion, depreciation and impairment	(20,351,937)	(101,988)	(22,423)	(48,949)	(264,530)	(20,789,827)
Opening net book value	**43,168,791**	**7,160**	**1,588**	**-**	**75,349**	**43,252,888**
Period ended March 31, 2020						
Additions during the period	2,908,396	1,075	-	-	-	2,909,471
Addition in asset retirement obligation	318,752	-	-	-	-	318,752
Disposal during the period						
Cost	-	-	-	-	(119,575)	(119,575)
Accumulated depreciation	-	-	-	-	77,727	77,727
	-	-	-	-	(41,848)	(41,848)
Depletion and depreciation for the period	(677,144)	(1,156)	(506)	-	(7,305)	(686,111)
Impairment for the period (note 5 b)	(750,000)	-	-	-	-	(750,000)
Carrying amount at March 31, 2020	**44,968,795**	**7,079**	**1,082**	**-**	**26,196**	**45,003,152**
Cost	66,747,876	110,223	24,011	48,949	220,304	67,151,363
Accumulated depletion, depreciation and impairment	(21,779,081)	(103,144)	(22,929)	(48,949)	(194,108)	(22,148,211)
Carrying amount at March 31, 2020	**44,968,795**	**7,079**	**1,082**	**-**	**26,196**	**45,003,152**
Cost	59,407,448	103,792	24,011	48,949	339,879	59,924,079
Accumulated depletion, depreciation and impairment	(17,986,655)	(97,773)	(20,445)	(48,910)	(211,398)	(18,365,181)
Opening net book value	**41,420,793**	**6,019**	**3,566**	**39**	**128,481**	**41,558,898**
Year ended December 31, 2019						
Additions during the year	3,451,623	5,356	-	-	-	3,456,979
Addition in asset retirement obligation	80,410	-	-	-	-	80,410
Revision in asset retirement obligation	201,546	-	-	-	-	201,546
Transferred from exploration and evaluation assets (note 6)	379,701	-	-	-	-	379,701
Depletion and depreciation for the year	(2,365,282)	(4,215)	(1,978)	(39)	(53,132)	(2,424,646)
Carrying amount at December 31, 2019	**43,168,791**	**7,160**	**1,588**	**-**	**75,349**	**43,252,888**
Cost	63,520,728	109,148	24,011	48,949	339,879	64,042,715
Accumulated depletion, depreciation and impairment	(20,351,937)	(101,988)	(22,423)	(48,949)	(264,530)	(20,789,827)
Carrying amount at December 31, 2019	**43,168,791**	**7,160**	**1,588**	**-**	**75,349**	**43,252,888**
Annual rate of depreciation (%)		33.33%	20.00%	33.33%	20.00%	

a) Motor vehicles include the following amounts where the Company is a lessee under a finance lease (*refer to note 7 (c) for further details*):

Leasehold motor vehicles	**March 31, 2020 $**	**December 31, 2019 $**
Cost	146,086	265,661
Accumulated depreciation	(119,890)	(190,312)
Carrying amount at end of period	**26,196**	**75,349**

(Expressed in US Dollars)

b) 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)

6 Exploration and evaluation assets

	March 31, 2020	**December 31, 2019**
	$	**$**
Balance at beginning of the period	4,626,053	4,543,971
Additions during the period	117,112	458,727
Transferred to property, plant and equipment (note 5)	-	(379,701)
Revision in estimate of asset retirement obligation	-	10,169
Exploration and evaluation assets written off (note 6 d)	-	(7,113)
Carrying amount at end of the period	**4,743,165**	**4,626,053**

a) The initial term of Phase II of the Badin IV North exploration license expired on December 6, 2019. In accordance with the provisions of the Petroleum Concession Agreement ("PCA"), the operator on behalf of the JV partners submitted a renewal application to the Directorate General of Petroleum

Concessions ("DGPC") for approval on December 4, 2019. The approval of the application filed with the DGPC is pending as of the date of approval of these financial statements. The management believes that, based on the related provisions of the Badin IV North PCA, the exploration license has been and will remain valid until approval is granted by the DGPC. As a result, no derecognition or impairment of exploration and evaluation assets amounting to $2,201,103 (December 31, 2019: $2,146,103) related to the Badin IV North exploration license is required as at March 31, 2020.

b) The initial term of Phase II of the Badin IV South exploration license expired on July 4, 2018. In accordance with the provisions of the Badin IV South PCA, the operator on behalf of the JV partners submitted a renewal application to the DGPC for approval on July 2, 2018. On February 10, 2020, the DGPC granted approval of extension in the license term subject to the submission of bank guarantees by the JV partners. On February 13, 2020, Jura submitted its application to the DGPC for hypothecation of reserves in lieu of bank guarantee. The approval of the Company's application is pending as of the date of approval of these financial statements. The management believes that the possibility of rejection of Jura's application by the DGPC is remote, since a similar approval has been granted in respect of the Guddu exploration license. As a result, no derecognition or impairment of exploration and evaluation assets amounting to $336,920 (December 31, 2019: 292,232) related to the Badin IV South exploration license is required as at March 31, 2020.

c) Subsequent to the period end, the third year of the initial term of the Guddu exploration license expired on May 24, 2020. In accordance with the provisions of the Guddu PCA, the operator on behalf of the JV partners submitted a renewal application to the DGPC on March 16, 2020. The approval of the application filed with the DGPC is pending as of the date of approval of these financial statements. The management believes that, based on the related provisions of the Guddu PCA, the exploration license has been and will remain valid until approval is granted by the DGPC. As a result, no derecognition or impairment of exploration and evaluation assets amounting to $2,046,572 (December 31, 2019: $2,029,148) related to the Guddu exploration license is required as at March 31, 2020.

d) Owing to the expiry of the term of the Zamzama North exploration license and force majeure declaration in the Sanjawi exploration license, all the costs incurred have been written off.

e) In 2016, the DGPC issued a notice to Heritage Oil & Gas Limited, the operator of the Sanjawi and Zamzama North exploration licenses, to remedy the breach of failing to discharge the minimum work commitments and financial obligations in the Zamzama North Exploration License as stipulated in the PCA and applicable Pakistan Petroleum (Exploration and Production) Rules 2001 ("Rules"). Thereafter, the DGPC issued a show cause notice to the Operator to explain why the Zamzama North Exploration License / PCA should not be revoked. The Operator responded to the DGPC that the Joint Venture ("JV") partners do not intend to challenge the proposed revocation of the License and PCA, however, the JV partners do not accept that they have or should incur any further liability towards the Government or DGPC in relation to the license, PCA or under the Rules because the reasons which prevented the Operator from discharging its obligations under the License and PCA were outside the control of the Operator and the JV partners.

Further, DGPC issued a notice of termination to the Operator in respect of the Sanjawi Exploration License and required the Operator to, among other conditions, settle payment of all outstanding work obligations and other financial obligations, as stipulated in the PCA, arising prior to the date of declaration of *force majeure*. The Operator responded that the obligations have either already been fully discharged or are otherwise not applicable, given the historical facts leading up to the formal declaration of the *force majeure*. Therefore, the obligations set out in the notice of termination do not apply.

The management, along with the JV partners, is pursuing the matter with the DGPC and is confident that there will be no financial or other obligation in respect of the above notices because the reasons resulting in the breaches were not in the control of the JV partners. Further, the management, based on legal advice, is of the view that the Company is not liable to pay liquidated damages in respect of the undischarged work commitments until completion of assignment of the working interests in

(Expressed in US Dollars)

Zamzama North and Sanjawi exploration licenses to the Company, which is currently pending. Accordingly, the Company has no exposure to any obligation resulting from the DGPC notices.

7 Borrowings

	March 31, 2020 $	December 31, 2019 $
Current		
Syndicated term finance facility (note 7 a)	296,483	-
Syndicated credit facilities (note 7 b)	-	2,984,732
Finance lease obligations (note 7 c)	17,698	33,528
Subordinated debentures (note 7 d)	3,654,914	3,542,157
	3,969,095	**6,560,417**
Non-current		
Syndicated term finance facility (note 7 a)	9,135,827	-
Syndicated credit facilities (note 7 b)	-	787,795
Finance lease obligations (note 7 c)	1,716	18,806
	9,137,543	**806,601**
Total borrowings	**13,106,638**	**7,367,018**

a) On January 31, 2020, SEPL entered into long term syndicated term finance facility of PKR 2,000 million (approximately $12.00 million) with AKBL, the lead arranger acting on behalf of the participants (the “AKBL Facility”).

The syndicate is comprised of AKBL, JS Bank Limited (“JSBL”), a related party of Jura, and Al Baraka Bank Pakistan Limited (“ABPL”) with participation of PKR 1,000 million (approximately $6.00 million), PKR 550 million (approximately $3.30 million) and PKR 450 million (approximately $2.70 million) respectively. The AKBL Facility carries interest at the rate of 3-month KIBOR plus 2.50%. The interest is payable quarterly in arrears whereas the principal is repayable in sixteen equal quarterly instalments commencing after a grace period of one year from the date of first disbursement.

The AKBL Facility is secured by a corporate guarantee of Jura, a corporate guarantee of FHL, an initial ranking charge on the moveable fixed assets of SEPL with a 25% margin, to be upgraded to a first charge within 90 days of the first disbursement of funds, a ranking assignment of present and future receivables of SEPL and FHL with a 25% margin, to be upgraded to a first charge within 90 days of the first disbursement of funds, a lien on SEPL's debt service reserve account, debt payment account and collection accounts maintained with AKBL, and a lien on FHL's collection accounts to be maintained with AKBL.

Up to March 31, 2020, the Company has drawn down PKR 1,600 million (approximately $9.60 million) under the AKBL Facility, which was utilized to fully settle the outstanding amount of Al Baraka syndicated credit facilities and JS Bank term finance facilities and fund the capital expenditure commitments of SEPL.

Under the terms of the AKBL Facility, the Pakistan Branch of SEPL must comply at each year-end (i.e. December 31) with the following financial covenants:

i) Debt service coverage ratio of at least 1.20 times;
ii) Current ratio of 1:1; and
iii) Debt to equity ratio of not more than 60:40.

The first compliance under the AKBL Facility will be carried out at December 31, 2020.

b) On January 31, 2020, the outstanding amount of syndicated credit facilities was fully settled from the proceeds of AKBL Facility.

c) In February 2016, SEPL entered into a diminishing musharaka facility with ABPL for the lease of vehicles for the Company’s employees, in the amount of up to PKR 42 million (approximately $0.25

(Expressed in US Dollars)

million). Under the terms of the facility, the Company has the option to acquire the leased vehicles without any consideration upon expiry of the lease term. The lease term is five years. The commitments in relation to the finance lease payable are as follows:

	March 31, 2020 $	December 31, 2019 $
Within one year	18,649	36,964
Later than one year but not later than five years	1,392	19,563
Later than five years	-	-
Minimum lease payments	**20,041**	**56,527**
Future interest payments	(627)	(4,193)
Recognized as liability	**19,414**	**52,334**

The present value of finance lease liabilities is as follows:

Within one year	17,698	33,528
Later than one year but not later than five years	1,716	18,806
Later than five years	-	-
Minimum lease payments	**19,414**	**52,334**

d) On May 18, 2018, the Company completed the private placement of 3,500 subscription units of subordinated debentures. Each unit comprised of a debenture of $1,000 carrying interest at the rate of 11% per annum and 200 warrants exercisable at a price of C$0.15 per common share of the Company. As a consideration for the successful placement of subscription units, the Company's advisor was granted 50,000 warrants and paid a cash success fee. Interest is payable in arrears in equal semi-annual payments on April 30 and on October 31 each year.

Subsequent to period end, on April 30, 2020, the Company entered into a second supplemental debentures indenture pursuant to which the maturity date of debentures was extended from April 30, 2020 to October 31, 2020 or an earlier date at the option of the Company *(see "Subsequent Events – note 21 (a)")*.

The financing comprises two components: (i) subordinated debentures and (ii) warrants of $22,593 representing the right of debenture holders to acquire the Company's shares. The subordinated debentures have been accounted for using the amortized cost method and share purchase warrants have been accounted for at fair value on May 18, 2018, the closing date, determined using the Black-Scholes Option Pricing Model. The share purchase warrants will now expire on October 31, 2020. The assumptions used in the calculation of fair value of C$0.04 per share purchase warrants are:

Risk-free interest rate (%)	1.99
Expected life (years)	1.95
Estimated volatility of underlying common shares (%)	168.00

8 Amounts due to related parties

	March 31, 2020 $	December 31, 2019 $
Current		
Term finance facilities (note 11 a)	-	604,488
	-	**604,488**
Non-current		
Term finance facilities (note 11 a)	-	1,247,895
Shareholder loans (note 11 b)	12,281,629	12,768,695
	12,281,629	**14,016,590**
Total amounts due to related parties	**12,281,629**	**14,621,078**

a) These represents term finance facilities availed from JSBL, a related party. On January 31, 2020, the outstanding amount of term finance facilities was fully settled from the proceeds of AKBL Facility.

(Expressed in US Dollars)

b) These represent unsecured (i) short term loan of $7,159 (December 31, 2019: $822,739) and (ii) bridge loan of $12,274,470 (December 31, 2019: $11,945,956) from the majority shareholder of the Company, JSEL. The principal and accrued interest outstanding on these loans bear interest at the rate of 11% per annum compounded quarterly. The principal and accrued interest outstanding as at March 31, 2020 are payable on demand, however, the shareholder has provided a written undertaking to the Company, pursuant to which the shareholder loans shall not be called for repayment for a minimum period of twelve months from the date of approval of these condensed consolidated interim financial statements.

Further, JSEL has the option to convert, in whole or in part, the principal and accrued interest under the bridge loan for a subscription of JEC shares, on the basis of one JEC share for each C$1.00 so converted ("the Conversion Option") subject to the restriction that, during any six month period, the aggregate number of JEC shares issuable to JSEL under the Conversion Option may not exceed 10% of the number of JEC shares outstanding, on a non-diluted basis, prior to the date of the first conversion.

At March 31, 2020, the bridge loan comprised two components: (i) the host agreement and (ii) the embedded derivative representing the Conversion Option. The host agreement has been accounted for using the amortized cost method and the embedded derivative has been accounted for at fair value determined using the Black-Scholes Option Pricing Model. The fair value of the embedded derivative at March 31, 2020, was $nil (December 31, 2019: $nil).

9 The contractual maturities of borrowing and amounts due to related parties are as follows:

	Carrying value $	Not later than one year $	Later than one year and not later than five years $	Later than five years $
At March 31, 2020				
Borrowings				
Syndicated term finance facility	9,432,310	296,483	9,135,827	-
Finance lease obligations	19,414	17,698	1,716	-
Subordinated debentures	3,654,914	3,654,914	-	-
Amounts due to related parties				
Shareholder loans	12,281,629	-	12,281,629	-
	25,388,267	**3,969,095**	**21,419,172**	**-**
At December 31, 2019				
Borrowings				
Syndicated credit facilities	3,772,527	2,984,732	787,795	-
Finance lease obligations	52,334	33,528	18,806	-
Subordinated debentures	3,542,157	3,542,157	-	-
Amounts due to related parties				
Shareholder loans	12,768,695	-	12,768,695	-
Term finance facilities	1,852,383	604,488	1,247,895	-
	21,988,096	**7,164,905**	**14,823,191**	**-**

The fair value of borrowings and amounts due to related parties is not materially different to their carrying amount since the interest payable is close to the current market rate. The fair values are determined based on discounted cash flows using the Company's weighted average current cost of borrowing.

10 Asset retirement obligation

	March 31, 2020 $	December 31, 2019 $
Balance at beginning of the period	3,206,559	2,839,544
Additions during the period	318,752	80,410
Revisions due to change in estimates	-	211,715
Accretion on asset retirement obligation	17,499	74,890
Carrying amount at end of the period	**3,542,810**	**3,206,559**

(Expressed in US Dollars)

11 Share capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The preferred shares may be issued in one or more series, with rights and privileges for each series as determined by the Board. As at March 31, 2020 69,076,328 (December 31, 2019: 69,076,328) common share of C$ 1 were outstanding.

Stock options

The Company has a share option plan pursuant to which options may be granted to directors, officers, and employees of the Company. The options vest over a period of up to three years and expire no more than five years from the date of grant.

	Period ended March 31, 2020			Year ended December 31, 2019		
	Number of options	Weighted average exercise price		Number of options	Weighted average exercise price	
		$	C$		$	C$
Options outstanding, beginning of period	50,000	0.77	1.00	50,000	0.73	1.00
Granted	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Options outstanding, end of period	**50,000**	**0.70**	**1.00**	**50,000**	**0.77**	**1.00**
Options exercisable, end of period	**50,000**	**0.70**	**1.00**	**50,000**	**0.77**	**1.00**

Price		Number outstanding	Weighted average remaining contractual life (years)	Exercisable
$	C$			
0.70	1.00	50,000	0.09	50,000
0.70	**1.00**	**50,000**	**0.09**	**50,000**

Restricted Share Units

The Company has a restricted share unit plan pursuant to which restricted share units ("RSU") may be granted to directors and officers of the Company. The RSU vest over a period of up to three years and expire no more than five years from the date of grant.

As at March 31, 2020, 1,221,753 restricted share units were outstanding.

Stock-based compensation and contributed surplus

During the three months ended March 31, 2020, stock-based compensation of $5,164 (March 31, 2019: $4,035) was charged to the condensed consolidated interim statement of comprehensive income / (loss).

Warrants

As at March 31, 2020, 750,000 (December 31, 2019: 750,000) share purchase warrants were outstanding. These warrants were issued to the investors and the Company's advisor for successful placement of subordinated debentures amounting to $3.5 million during the current period. Each warrant is convertible into one ordinary share of the Company at an exercise price of C$0.15 ($0.11) per share and will expire on October 31, 2020. The fair value was determined using the Black-Scholes Option Pricing Model with the assumptions referred to in note 7 (d).

(Expressed in US Dollars)

12 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.

Commitments

	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 share purchase agreement for the acquisition of Energy Exploration Limited, a related party	1,000	1,000
	6,568,836	**8,651,303**

13 Cost of production

	March 31, 2020 $	March 31, 2019 $
Production costs	730,392	426,091
Depletion of oil and gas properties (note 5)	677,144	583,963
	1,407,536	**1,010,054**

14 General and administrative expenses

	March 31, 2020 $	March 31, 2019 $
Employees' benefits	211,451	187,563
Directors' compensation	21,414	20,938
Depreciation of other operating assets	8,967	28,272
Legal and professional charges	24,356	14,687
Travelling expenses	18,823	24,490
Consultancy (note 14 a)	102,801	64,502
Office rent and utilities	22,066	15,207
Other expenses	17,414	40,080
	427,292	**395,739**

a) Consultancy includes an amount of $20,000 (2019: $20,000) charged by JS North Asia Investments Limited, a related party.

15 Finance costs

	March 31, 2020 $	March 31, 2019 $
Interest on the amounts due to related parties	387,811	400,597
Interest on borrowings	486,559	365,983
Accretion on asset retirement obligation (note 10)	17,499	18,722
Late payment surcharge on payment of cash calls to operators	18,333	-
	910,202	**785,302**

16 Income tax

	March 31, 2020 $	March 31, 2019 $
Current tax (note 16 a)	-	-
Deferred tax (note 16 b)	573,872	35,814
	573,872	**35,814**

a) The Company does not owe any current tax for the three months period ended March 31, 2020 and 2019.

(Expressed in US Dollars)

b) The deferred tax charge for the three months period ended March 31, 2020 primarily arises from the significant reduction in Pak Rupee ("PKR") denominated tax losses and allowances, available for deduction against future taxable income, owing to devaluation of the PKR against the United States Dollar ("USD").

The exchange rates used to translate PKR denominated tax losses and allowances at March 31, 2020 and December 31, 2019 was USD 1 = PKR 166.75 and USD 1 = PKR 155.35 respectively.

17 Earnings / (loss) per share

	March 31, 2020 $	March 31, 2019 $
Net profit / (loss) for the period	(224,643)	588,892
Weighted average number of outstanding shares		
- Basic	69,076,328	69,076,328
- Diluted	70,298,081	70,298,081
Basic and diluted earnings / (loss) per share	(0.00)	0.00

For the three months ended March 31, 2020 and 2019, 50,000 employee stock options, 6,907,632 stock options under shareholder loans and 750,000 share purchase warrants were excluded from the calculation of diluted shares as they would be anti-dilutive.

18 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.

These condensed consolidated interim financial statements do not include all financial risk management information and disclosure required in the annual financial statements; they should be read in conjunction with the Company's consolidated annual audited financial statements for the year ended December 31, 2019. There has been no change in the risk management policies since December 31, 2019.

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.

19 Transactions with related parties

The Company's related parties include its majority shareholder, JSEL. Amounts due from / (to) related parties have been disclosed under respective receivable and payable balances. Related parties and their relationship with the Company are as follows:

(Expressed in US Dollars)

Majority Shareholder
- JS Energy Limited

Wholly owned subsidiaries
- Spud Energy Pty Limited
- PetExPro Ltd.
- Frontier Oil and Gas Holdings Limited
- Frontier Holdings Limited
- 4515226 Canada Inc.
- 1428112 Alberta Ltd.
- Onni Wilson Avenue Development Limited Partnership
- Onni Elmbridge Development Limited Partnership
- Onni The Point Development Limited Partnership
- Onni IOCO Road One Development Limited

Associated entity
- JS Bank Limited
- Energy Exploration Limited
- JS Investment Consultancy FZE
- JS North Asia Investments Limited
- Konnect Gas (Private) Limited

Key management personnel

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company. The Company's key management includes its Chief Executive Officer, Chief Financial Officer and its directors.

Transactions with related parties other than those which have been disclosed elsewhere in the financial statements are:

	March 31, 2020	December 31, 2019
JSEL – majority shareholder	**$**	**$**
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**
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**
JSBL – associated company		
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**

(Expressed in US Dollars)

	March 31, 2020 $	December 31, 2019 $
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**	**-**

	March 31, 2020 $	March 31, 2019 $
Key Management Compensation		
Management salaries and benefits	69,300	63,600
Directors' fees and compensation	21,414	20,938
	90,714	**84,538**

20 Operating segment information

Management has determined the operating segments based on the information that is presented to the Company's board of directors for allocation of resources and assessment of performance. The Company is organized into two operating segments based on geography, namely oil and gas operations in Pakistan ("Pakistan") and corporate activities in Canada ("Canada").

The Pakistan segment derives its revenue primarily from the sale of petroleum products in Pakistan. During the three months ended March 31, 2020, the Pakistan segment had two main customers, Sui Southern Gas Company Limited ("SSGCL") and Engro Fertilizers Limited ("EFL") to whom all the gas from (i) Zarghun South, Ayesha, Aminah and Ayesha North and (ii) Reti, Maru and Maru South is sold respectively. SSGCL is a state-owned entity and EFL is a large publicly-listed company. Percentage breakup of customer wise sales for the three months ended March 31, 2020 and 2019 and trade receivables at March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	March 31, 2019
Net sales		
SSGCL	88%	90%
EFL	10%	10%
Others	2%	0%

	March 31, 2020	December 31, 2019
Trade receivables		
SSGCL	95%	94%
EFL	4%	5%
Others	1%	1%

The Canada segment does not have any revenue generating operations. The Company's board of directors monitors the results of the above-mentioned segments for the purpose of making decisions about the resources to be allocated and for assessing performance based on historical results and the purpose of their existence. The segment information for the reportable segments is as follows:

(Expressed in US Dollars)

	For the three months ended March 31, 2020			For the three months ended March 31, 2019		
	Canada	Pakistan	Consolidated	Canada	Pakistan	Consolidated
			------$------			
Net revenue	-	3,073,597	3,073,597	-	2,722,080	2,722,080
Cost of production	-	(1,407,536)	(1,407,536)	-	(1,010,054)	(1,010,054)
Gross profit	**-**	**1,666,061**	**1,666,061**	**-**	**1,712,026**	**1,712,026**
General and administrative expenses	(56,312)	(370,980)	(427,292)	(33,260)	(362,479)	(395,739)
Impairment of oil and gas properties	-	(750,000)	(750,000)	-	-	-
Other income	-	6,402	6,402	-	-	-
Operating profit / (loss)	**(56,312)**	**551,483**	**495,171**	**(33,260)**	**1,349,547**	**1,316,287**
Exchange gain / (loss) - net	1,263	762,997	764,260	(1,419)	95,140	93,721
Finance costs	(112,757)	(797,445)	(910,202)	(110,802)	(674,500)	(785,302)
Net profit / (loss) for the period	**(167,806)**	**517,035**	**349,229**	**(145,481)**	**770,187**	**624,706**
Income tax	-	(573,872)	(573,872)	-	(35,814)	(35,814)
	(167,806)	**(56,837)**	**(224,643)**	**(145,481)**	**734,373**	**588,892**
Additions during the period						
Property, plant and equipment	-	2,909,471	2,909,471	-	89,713	89,713
Exploration and evaluation assets	-	117,112	117,112	-	105,199	105,199

	As at March 31, 2020			As at March 31, 2019		
	Canada	Pakistan	Consolidated	Canada	Pakistan	Consolidated
			------$------			
Segment assets	53,028	58,151,850	58,204,878	134,237	52,223,096	52,357,333
Segment liabilities	3,848,340	40,553,689	44,402,029	3,869,530	33,680,193	37,549,723

21 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.