JURA ENERGY CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2015 and 2014

November 12, 2015

Introduction

This Management's Discussion and Analysis ("MD&A") is a review of the results of the consolidated operations of Jura Energy Corporation ("JEC" or the "Company") and its subsidiaries Spud Energy Pty Limited ("SEPL"), Frontier Acquisition Company Limited ("FAC") and Frontier Holdings Limited ("FHL") for the three and nine months ended September 30, 2015 and 2014 and the Company's financial position as at September 30, 2015 and 2014. This MD&A is dated and approved by the Board of Directors (the "Board") on November 12, 2015 and should be read in conjunction with the condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2015 and 2014, the annual consolidated financial statements for the years ended December 31, 2014 and 2013 and the Company's annual MD&A for the years ended December 31, 2014 and 2013.

The condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2015, have been prepared in accordance with 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 audit financial statements of the Company for the year ended December 31, 2014 which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

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

Non IFRS Measures

This MD&A contains the terms net revenue per Barrel of Oil Equivalent ("Boe"), production cost per Boe and depletion per Boe to analyze financial and operating performance of producing properties. These benchmarks as presented do not have any standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities.

This MD&A contains the term operating netback to analyze financial and operating performance. This benchmark as presented does not have any standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. 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 net 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.

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, the Company's future outlook, expectations regarding the commencement and timing of anticipated commercial production from the Ayesha gas and condensate discovery, development well Badar-2 and Suri wells; expected gas pricing under the Pakistan Low Btu Gas Pricing Policy, 2012, Pakistan Petroleum (Exploration and Production) Policy, 2012 and other pricing policies; timing for and drilling results of development wells in the Sara lease and exploration wells in the Badin IV South and Badin IV North exploration licenses; expectations regarding the grant of extension in the term of Guddu and Badin IV South exploration licences and Suri lease and expected timing of the decision of arbitration proceedings. 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 and the continued participation of the Company's joint venture partners ("JV Partners") in exploration and development activities. In addition, budgets are based upon the Company's current exploration and development plans and anticipated costs thereof, both of which are subject to changes based on unexpected delays and changes in market conditions.

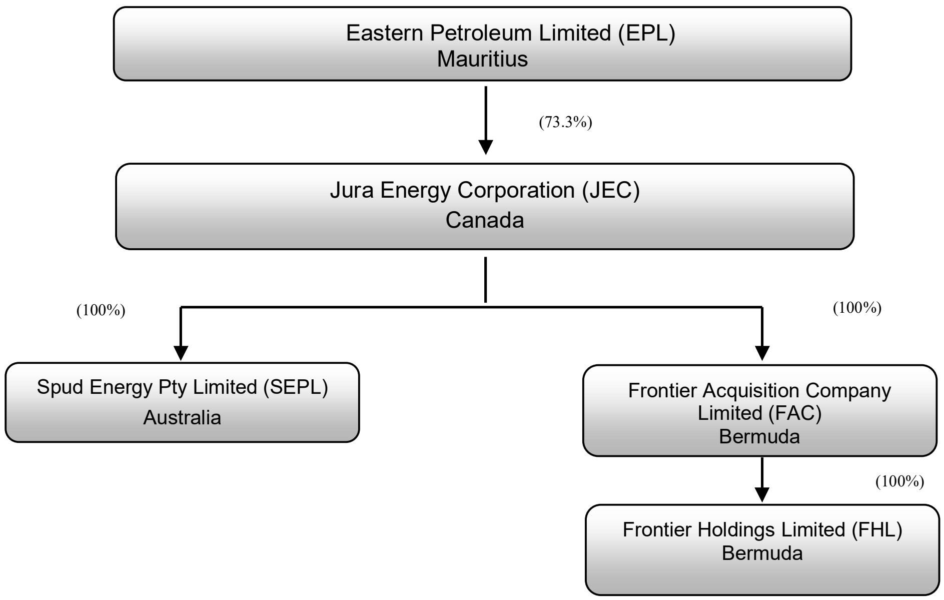
Although management of the Company believes that the expectations and assumptions reflected in such forward-looking statements are reasonable, the Company cautions readers and prospective investors in the Company's securities not to place undue reliance on forward-looking statements as, by their nature, 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 there from. 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 November 12, 2015 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.

Overview of the Company

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 certain operated and non-operated exploration, development and producing concessions, through its wholly-owned subsidiaries Spud Energy Pty Limited ("SEPL") and Frontier Holdings Limited ("FHL").

The group structure of the Company is as indicated below:



Background of Oil and Gas Properties

SEPL has one operated and six non-operated working interests in certain exploration licenses and leases in Pakistan which have been granted by the Government of Pakistan ("GoP"). The working interests range from 7.89% to 60%.

FHL has non-operated working interests in two exploration licenses and two leases (one of which also includes exploration rights in the lease area) in Pakistan. The working interests range from 27.5% to 37.5%.

There has been no significant change in the status of activities in the exploration licenses and development leases since the filling of the annual MD&A for the year ended December 31, 2014 except for the following:

Sara and Suri Leases - operated

The drilling plan of development well Sara-4 has been finalized. The drilling is now expected to commence in Q4 2015.

The Suri lease expired on June 29, 2015. SEPL on behalf of the JV Partners has applied for an extension in the term of the lease, which SEPL believes will be granted in due course.

Badar Lease - non operated

The incremental production from the development well, Badar-2 is delayed. The production will commence after gas price notification by the GoP under the Pakistan Petroleum (Exploration and Production) Policy, 2012 ("Petroleum Policy, 2012").

The production from Badar-2 is expected to be entitled to a gas price of approximately $ 5.11 per MMBtu (based on the cost and freight price of crude at $ 70 per barrel) under 2012 Petroleum Policy, conversion regime. The production from Badar-2 is now expected to commence in Q1 2016.

Zarghun South Lease - non operated

In May 2014, the GoP issued provisional gas price notification of tight and conventional gas production from the Zarghun South Lease. The notified prices for tight and conventional gas are $ 6.73 per MMBtu and $ 2.86 $ per MMBtu respectively.

Reti, Maru and Maru South Leases - non operated

The drilling of Reti-2 development well commenced in February 2015. After successful drilling Reti-2 was commenced as a gas producer in the Prikoh Limestone of Eocene age. After tie-in with the existing gas pipeline infrastructure, production from Reti-2 will be commenced in June 2015.

Guddu Exploration License - non operated

Commercial production from Maru East-1 commenced after allocation of gas from the well to Engro Fertilizers Limited, the existing buyer of gas from Reti, Maru and Maru South leases in the Guddu Block.

Maru East-1 is expected to be entitled to a gas price of approximately $ 5.11 per MMBtu (based on the cost and freight price of crude at $ 70 per barrel) under Petroleum Policy, 2012.

The drilling of exploration well, Ismail-1, commenced in May 2015. The total depth of the exploratory well was 825 meters. Based on the interpretation of logs and the results of Modular Dynamic Tester, the formation was found to be water bearing. Consequently, the well was plugged and abandoned without testing.

In April 2015, the operator on behalf of the JV Partners applied for a further one year extension in the third year license term of Guddu exploration license, which SEPL believes will be granted in the ordinary course of time.

Badin IV South Exploration License - non operated

Badin IV South exploration license has expired on July 5, 2015. The operator on behalf of the JV Partners has applied for a six month extension in the license term, which FHL believes will be granted in the ordinary course of time.

Due to monsoon weather, the drilling of exploration wells Aminah-1 and Ayesha North-1 has been delayed. The drilling campaign is now expected to commence in Q4 2015 or early Q1 2016.

Badin IV North Exploration License - non operated

The GoP has granted an extension of twelve months in the license term of Badin IV North exploration license. The license will now expire on December 7, 2015.

The drilling of exploration well, Zainab-1, will commence after the drilling of exploration wells in Badin IV South exploration license.

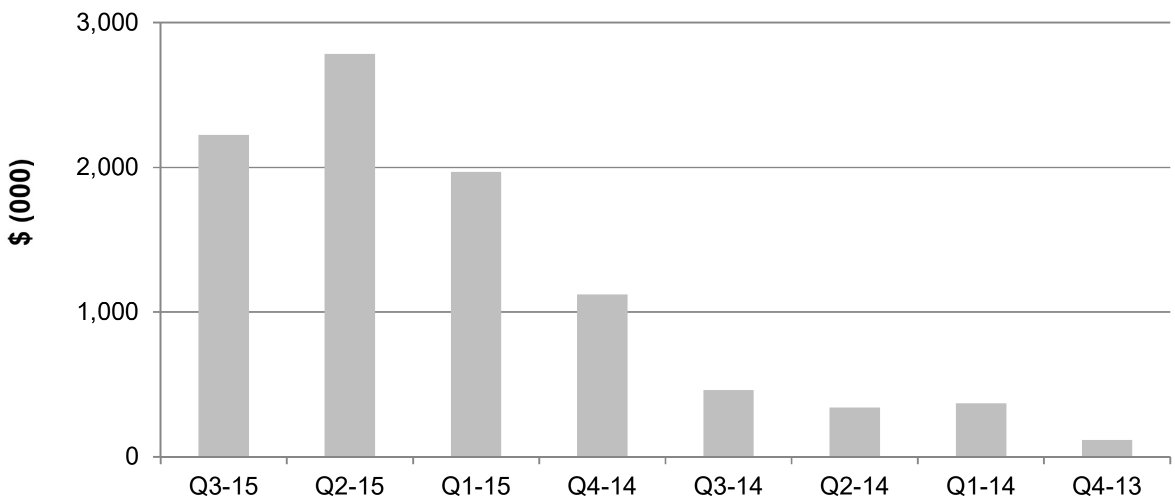
Performance Overview and Financial Analysis

Summary of Quarterly Results

Description	2015			2014				2013
	Q-3	Q-2	Q-1	Q-4	Q-3	Q-2	Q-1	Q-4
	--------------------$ (except share figures)--------------------							
Revenue	2,222,534	2,784,414	1,971,382	1,122,721	462,126	341,813	368,520	115,440
Net profit / (loss) from continuing operations	532,027	51,724	234,793	(1,609,670)	(264,412)	(1,104,457)	(473,122)	(2,879,959)
Weighted no. of outstanding share	69,076,328	69,076,328	69,076,328	69,076,328	69,076,328	69,076,328	69,076,328	69,076,328
EPS (basic and diluted)	0.01	0.00	0.00	(0.02)	(0.00)	(0.02)	(0.01)	(0.05)
Capital expenditure	267,304	754,441	698,323	1,807,397	3,915,362	2,380,828	3,898,530	3,273,054
Assets	65,547,825	63,702,738	60,612,271	58,577,647	56,916,592	54,293,031	51,716,003	48,803,211
Long term liabilities	6,655,207	6,770,358	7,090,367	7,208,475	5,667,879	5,531,920	5,575,720	5,314,827

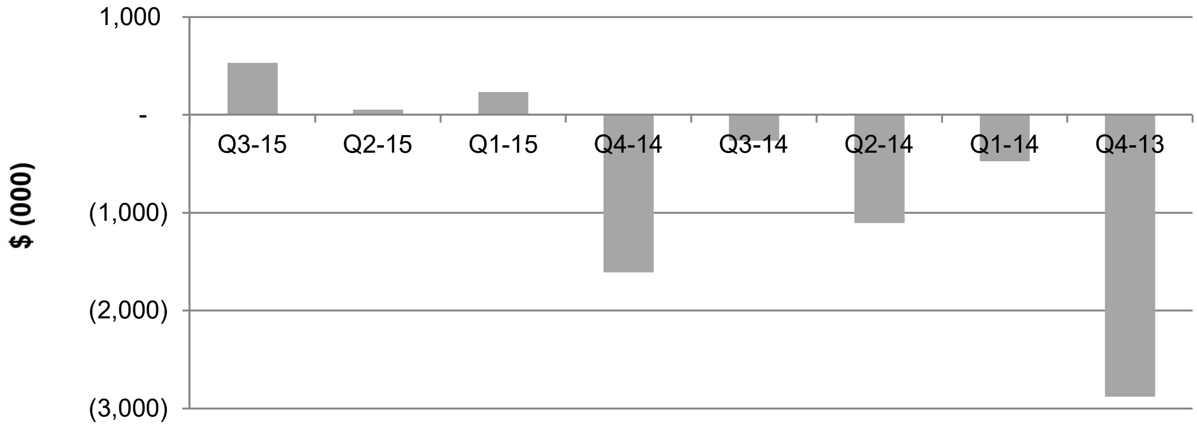
Fourth quarter and trend analysis of quarterly information

Net Revenue



Quarterly revenue figures indicate increasing trend in Q1 2014 and Q4 2014 due to the commencement of commercial production from Reti, Maru and Maru South leases in Guddu block and Zarghun South lease in December 2013 and August 2014 respectively. Revenue in Q1 2015 and Q2 2015 increased significantly compared to the previous quarter due to an increase in production from Zarghun South and commencement of production from Reti-2 and Maru East-1 wells in the Guddu Block in Q2 2015. Revenue in Q3 2015 decreased by 20% compared to Q2 2015. This is due to controlled production from Zarghun South for reservoir monitoring and a decrease in average realized price due to decline in international crude oil prices.

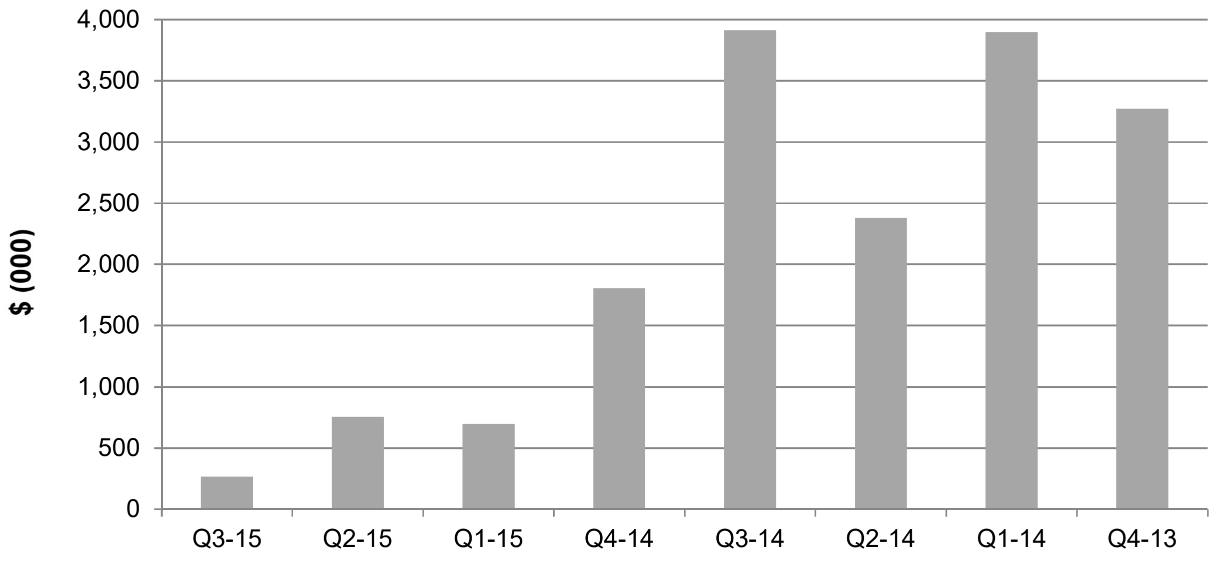
Net profit / (loss) from continuing operations



The Company continued to incur losses up to Q4 2014. In Q1 2015 the Company reported a profit for the first time due to an increase in production from Zarghun South and exchange gain arising on retranslation of foreign currency denominated borrowings at reporting date exchange rate. Quarterly loss figures indicate consistent losses over the quarters presented, adjusted for a few non-recurring transactions in Q4 2013 and Q3 2014.

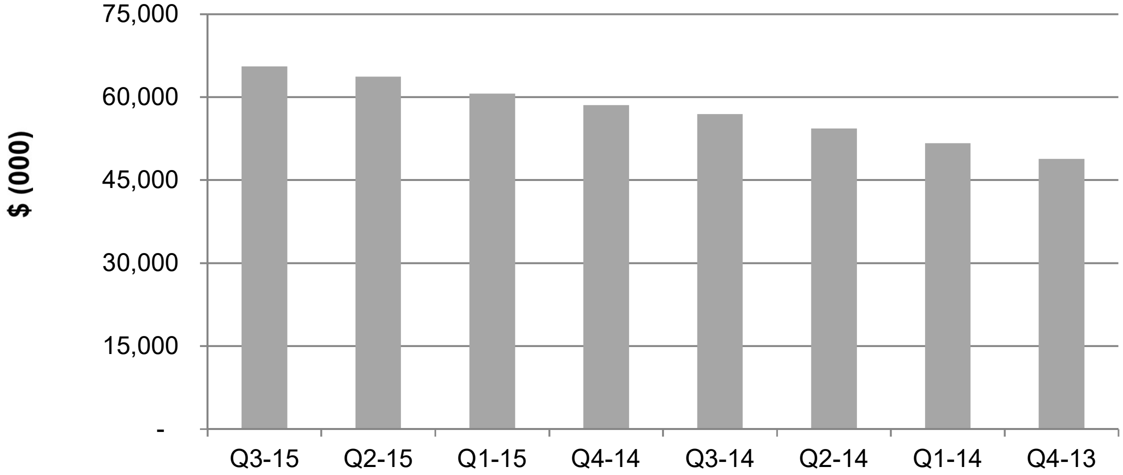
The Company's net profit from continuing operations in Q3 2015 was $532,027 compared to $51,724 in Q2 2015 and a loss of $264,412 in Q3 2014. The increase in profit compared to Q2 2015 is due to a significant unrealized exchange gain on retranslation of foreign currency denominated borrowings.

Capital expenditure



The Company continued to incur significant capital expenditure for the development of its oil and gas properties. Capital expenditure incurred during the quarters presented primarily relates to the development of Zarghun South lease, Reti, Maru and Maru South leases, Sara and Suri leases and drilling of development well in Badar lease, Reti Lease and exploration wells in Badin IV South exploration license and Guddu exploration license. Capital expenditure incurred in Q1 and Q2 2015 relates to the drilling of development well in Reti lease and exploration well in Guddu exploration license.

Assets



There is an increasing trend in total assets of the Company. This increase is due to expenditure incurred on the development of the Company's oil and gas properties and drilling of exploration and development wells and receivables accrued on account of gas sales from Zarghun South.

Total assets of the Company at Q3 2015 increased by approximately 3% and 15% in comparison to Q2 2015 and Q3 2014 respectively, due to capital expenditure incurred for the development of the Zarghun South lease and Sara and Suri leases, exploration drilling in the Badin IV South and Guddu licenses and development drilling in the Badar and Reti leases and significant receivables accrued on account of gas sales from Zarghun South.

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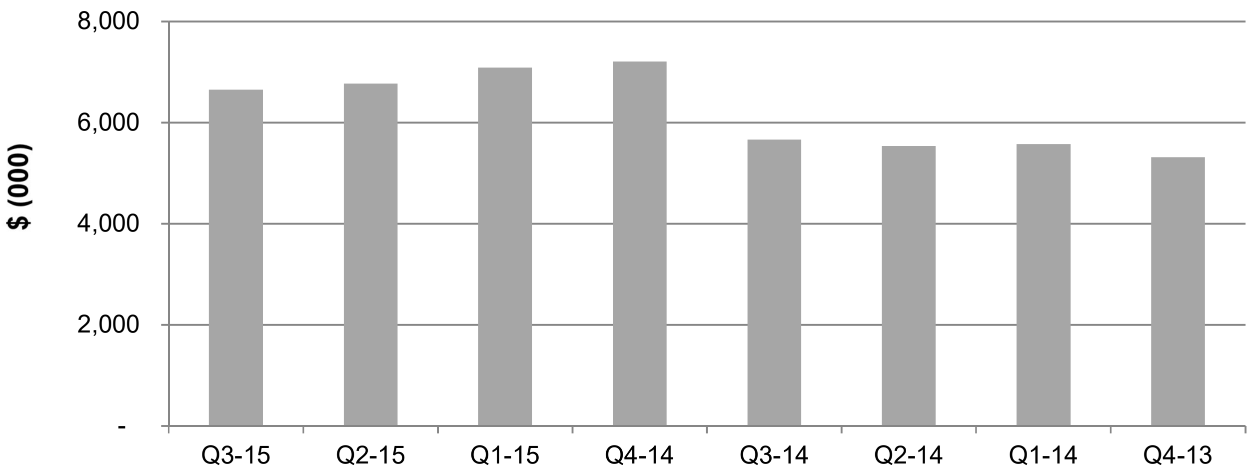
Long term liabilities



There has been no significant change in long term liabilities up to Q3 2014. During Q4 2014, the Company closed term finance facility with JS Bank Limited ("JS Bank") and accrued asset retirement obligation related to gas processing facilities in the Zarghun South lease, a development well in the Badar lease and exploration discoveries in the Guddu and Badin IV South exploration licenses, resulting in significant increase in long term liabilities. There is a slight decrease in long term liabilities in Q2 2015 and Q3 2015 due to repayment of installments of principal component of JS Bank term finance facility.

Financial and Overall Performance Review and Analysis

Review of Financial Results

1. Net profit / (loss)

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2015	2014	Difference	2015	2014	Difference
	----------$----------					
Net Profit / (loss)	532,027	(264,412)	769,439	818,544	(1,841,991)	2,660,535

The Company posted a net profit of $532,027 and $818,544 for the three and nine months ended September 30, 2015, compared to net losses of $264,412 and $1,841,991 in the comparative periods.

The profit for the current period is mainly due to an increase in daily production from Zarghun South resulting in a significant increase in net revenue and an unrealized exchange gain on foreign currency denominated borrowings upon retranslation at period end exchange rate.

Segment breakdown of profit / (loss) for the three and nine months ended September 30, 2015 is as follows:

	Three months	Nine months
	$	$
Canada	(229,993)	(696,368)
Pakistan	762,020	1,514,912

The profit / (loss) for the periods is mainly attributable to the following:

- Canada segment is non-revenue generative. Loss in Canada mainly represents corporate expenses and finance cost on the Company's subordinated debentures.

- Net profit of Pakistan segment mainly represents revenue from the Badar, Reti, Maru and Maru South and Zarghun South leases and gain on retranslation of foreign currency denominated borrowings at period end exchange rate netted of by production costs, depletion of producing properties, finance costs on shareholder loans and JS Bank financing facilities, salaries and other benefits and other administrative costs.

2. Net revenue

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2015	2014	Difference	2015	2014	Difference
	----------$----------					
Sales	2,537,127	527,824	2,009,303	7,962,787	1,323,612	6,639,175
Royalty	(314,593)	(65,698)	(248,895)	(984,457)	(151,153)	(833,304)
Net revenue	**2,222,534**	**462,126**	**1,760,408**	**6,978,330**	**1,172,459**	**5,805,871**

Net revenue represents sale of gaseous hydrocarbons from the Badar, Reti, Maru and Maru South and Zarghun South leases net of royalty.

The increase of $1,760,408 and $5,805,871 in net revenue compared to the comparative period is due to incremental revenue from Zarghun South leases that commenced production in August 2014.

During the nine months ended September 30, 2015 daily gas sales volumes from the Badar, Reti, Maru and Maru South and Zarghun South leases averaged approximately 11.41 MMcf/d, 12.67 MMcf/d and 12.97 MMcf/d respectively.

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

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2015	2014	Difference	2015	2014	Difference
Production in Boe	118,484	46,656	71,828	348,839	110,341	238,498
Price ($/Boe)[1]	21.41	11.31		22.83	12.00	

[1]*Refer to non IFRS measures.*

The significant increase in realized price per Boe is due to higher price for tight gas production from Zarghun South lease under the Tight Gas Petroleum Policy, compared the price obtained by the Company for the production from Badar and Reti, Maru and Maru South leases.

The royalty is calculated at 12.5% of revenue minus gathering, processing and transportation charges, in the case of the Badar lease, and 12.5% of value of petroleum for the Reti, Maru and Maru South and Zarghun South leases.

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

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2015	2014	2015	2014	2015	2014
Production in Boe	118,484	46,656	71,828	348,839	110,341	238,498
Royalty ($/Boe)[1]	2.66	1.41		2.82	1.37	

[1]*Refer to non IFRS measures.*

The historical effective rate of royalty for the Badar lease is approximately 9.5% of the value of petroleum compared to 12.5% of the value of petroleum for the Reti, Maru and Maru South and Zarghun South leases. During the nine months ended September 30, 2015, revenue from the Badar lease comprised 4.2% of Jura's revenue compared to 26% in the comparative period. This resulted in significant increase in royalty per Boe for the current period.

3. Cost of production

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2015	2014	Difference	2015	2014	Difference
	----------$----------					
Production costs	647,167	90,708	556,459	1,854,842	245,174	1,609,668
Depletion of oil and gas properties	841,973	262,022	579,951	2,604,845	723,430	1,881,415
	1,489,140	**352,730**		**4,459,687**	**968,604**	

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

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2015	2014	Difference	2015	2014	Difference
Production in Boe	118,484	46,656	71,828	348,839	110,341	238,498
Production cost ($/Boe)[1]	5.46	1.94		5.32	2.22	

[1]*Refer to non IFRS measures.*

Significant increase in production cost per Boe represents higher production costs associated with Zarghun South lease that commenced production in August 2014.

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

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2015	2014	Difference	2015	2014	Difference
Production in Boe	118,484	46,656	71,828	348,839	110,341	238,498
Depletion ($/Boe)[1]	7.11	5.62		7.47	6.56	

[1]*Refer to non IFRS measures.*

4. Administrative expenses

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2015	2014	Difference	2015	2014	Difference
Administrative expenses	667,006	527,270	139,736	1,999,674	1,785,327	214,347

Administrative expenses comprise of employees' benefits, directors' compensation, consultancy, travelling, legal and professional and other office operational costs in Pakistan and Canada. Segment breakdown of administrative expenses for the three and nine months ended September 30, 2015 is as follows:

	Three months $	Nine months $
Canada	117,775	349,177
Pakistan	555,231	1,650,497

5. Finance income

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2015	2014	Difference	2015	2014	Difference
Finance income	770,902	399,980	370,922	1,394,084	289,422	1,104,662

Finance income represents unrealized exchange gain on retranslation of borrowings denominated in foreign currencies at the period end exchange rate due to the strengthening of US$ to C$ and PKR exchange rate parity.

6. Finance costs

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2015	2014	Difference	2015	2014	Difference
	---------$---------					
Interest on borrowings	292,569	216,996	75,573	899,016	478,155	420,861
Accretion on asset retirement obligation	12,694	16,961	(4,267)	38,078	50,885	(12,807)
Net exchange loss	-	-	-	-	4,040	(4,040)
Finance costs others	-	-	-	157,415	-	157,415
	305,263	**233,957**		**1,094,509**	**533,080**	

Finance costs increased significantly during the three and nine months ended September 30, 2015 compared to comparative period. This is mainly due to an increase in the amortised cost of the shareholder's loan from EPL (as defined below) and mark up on the JS Bank financing completed in November 2014. Finance costs others mainly represents the accrual for additional sum payable to the operator of the Zarghun South lease due to a delay in payment of cash calls.

7. Operating netback

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2015	2014	Difference	2015	2014	Difference
	---------$---------					
Net revenue	2,222,534	462,126	1,760,408	6,978,330	1,172,459	5,805,871
Production costs	(647,167)	(90,708)	(556,459)	(1,854,842)	(245,174)	(1,609,668)
Operating netback	**1,575,367**	**371,418**	**1,203,949**	**5,123,488**	**927,285**	**4,196,203**
Production in Boe	118,484	46,656	71,828	348,839	110,341	238,498
Operating Netback ($ / Boe)[1]	13.30	7.96	5.34	14.69	8.40	6.28

[1]*Refer to non IFRS measures.*

Operating netback per Boe for the three and nine months ended September 30, 2015 increased by $5.34 and $6.28 per Boe compared to the comparative period. The increase in operating netback is due to higher average realized price for production from Zarghun South leases under the Tight Gas Policy.

Provisions, contingencies and commitments

Provision for pricing matter – Reti, Maru and Maru South Leases

In January 2013, the GoP approved the sale of gas from the Reti, Maru and Maru South leases to a consortium of four fertilizer companies ("the Consortium" or the "buyer"). On March 15, 2013, the JV Partners executed a Gas Sales Agreement ("GSA") with the Consortium. Pursuant to the GSA, the buyer laid down a 26 km gas pipeline for supply of gas to Engro Fertilizers Limited.

Further to the execution of the GSA for the supply of untreated gas, the GoP communicated a provisional price of $6.00 per MMBtu, subject to a quality discount of 10%, in accordance with Petroleum Policy 2012. However, the GoP issued a clarification in March 2013 that the applicability of Petroleum Policy 2012 price will be subject to execution of a supplemental Petroleum Concession Agreement.

On September 16, 2013, the operator submitted a draft Gas Pricing Agreement ("GPA") for the Reti, Maru and Maru South leases to the Director General (Gas) for approval. However, pursuant to the amendments in the Petroleum Policy 2012, Director General (Gas) intimated that Reti, Maru and Maru South gas discoveries qualify for the conversion price of $3.45 per MMBtu under Pakistan Petroleum (Exploration and Production) Policy, 2009.

Commercial production from Reti, Maru and Maru South leases commenced on December 26, 2013. Under the terms of the GSA and pending gas price determination by the GoP, the provisional gas price will be $6.00 per MMBtu subject to a quality discount of 10%.

The JV Partners have taken up the matter with the Ministry of Petroleum and Natural Resources; however, until the resolution of the pricing matter, revenue from the Reti, Maru and Maru South gas fields has been recorded by the management based on a price of $3.45 per MMBtu and the excess receipts have been recorded as deferred revenue. As at September 30, 2015, the Company has received an excess amount of $1,218,596 from the buyer.

Contingencies

There has been no material change in contingencies as disclosed in the latest consolidated annual audited financial statements of the Company except for the following:

Contingency for litigation

From time to time, the Company may become involved in legal or administrative proceedings in the normal conduct of business. In May 2015, FHL, a wholly owned subsidiary of JEC, became a party to arbitration proceedings brought by Petroleum Exploration (Private) Limited ("PEL") under the International Chamber of Commerce Rules for Arbitration and governed by English law. Under English law, arbitration proceedings are by their nature confidential and therefore the parties are restricted as to what public disclosures they can make about the proceedings. However, FHL is able to confirm that the proceedings relate to the scope of an area of mutual interest ("AMI") provision contained in the Kandra Farm-In Agreement made between PEL and FHL in April 2006. PEL asserts that it is entitled to participate (up to a 50% share) in working interests held by SEPL at the time of the reverse takeover completed on July 11, 2012 pursuant to the acquisition agreement, as amended, between the Company and Eastern Petroleum Limited entered into and announced by news release on November 23, 2011, and any other working interests acquired after that date. The price PEL would have to pay to participate in those interests has not yet been pleaded in detail. FHL disputes PEL's claims and will vigorously defend the arbitration. It could be approximately 18 months before a final decision is given (but may happen sooner or later).

Financial Commitments

The Company's financial commitments mainly consist of minimum work commitments related to its exploration licenses, approved authority for expenditures and commitments under non-cancellable operating leases for employee vehicles.

The following table summarizes the financial commitments of the Company as at September 30, 2015 and December 31, 2014. These financial commitments are expected to be funded through internal cash generation and debt and/or equity financing.

Description	September 30, 2015	December 31, 2014
	-------$-------	
Minimum capital commitments related to exploration licenses	4,099,250	4,419,050
Commitments under approved AFEs	4,896,996	1,767,285

Description	September 30, 2015	December 31, 2014
	-------$-------	
Commitment under sale purchase agreement for the acquisition of EEL	1,000	1,000
Commitment under operating leases		
- Not later than one year	81,725	103,521
- Later than one year and less than five years	99,501	92,258
Total	**9,178,472**	**6,383,114**

Going Concern and Liquidity

At September 30, 2015, the Company had current assets of $10.1 million comprising trade and other receivables of $9.82 million and cash and cash equivalents of $0.28 million. Total current liabilities were $26.51 million comprising account payable and accrued liabilities of $13.09 million and borrowings of $13.41 million. In addition to its ongoing working capital requirements, the Company also had financial commitments as at September 30, 2015 that amounted to $9.17 million. Additional cash resources will be required to exploit the Company's petroleum and natural gas properties. Further, FHL is a defendant in an arbitration proceedings lodged against it by Petroleum Exploration (Private) Limited see "Provisions, contingencies *and commitments"* above. These material uncertainties 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 uncertainty includes the outcome of pending litigation, the need for additional cash resources to fund its existing operations and for the development of its properties, economic dependence on its JV Partners and the current economic and political conditions in Pakistan.

To date, all exploration, development and other operational activities of the Company have been funded by the internal cash generation from its producing concession, 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.

On February 20, 2013, SEPL entered into an unsecured bridge loan financing arrangement of C$11 million with its majority shareholder, Eastern Petroleum Limited ("EPL"). The loan carries interest at the rate of 3 months US$ LIBOR + 4% compounded quarterly. Further, EPL also has a right to convert each C$ 1 of outstanding principal and accrued interest thereon into one common share of the Company. As at September 30, 2015, the Company had completely utilized this financing arrangement. The loan was due for repayment on demand after February 20, 2015 ("the maturity date"). However, EPL has provided an undertaking to the Company, pursuant to which, EPL shall not demand repayment of the principal amount and accrued interest thereon after the maturity date, unless the Company has sufficient funds to repay, in EPL's reasonable judgment, or the Company closes a qualifying financing.

Management is currently evaluating and pursuing other funding alternatives, including debt financing and new equity issuances to fund the Company's ongoing operations. 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.

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

Results of Operations

The following table summarizes the working capital of the Company as at September 30, 2015 as compared to December 31, 2014:

Description	As at September 30, 2015	As at December 31, 2014
	----------$-----------	
Current assets	10,100,252	2,222,274
Current liabilities	(26,509,038)	(19,819,007)
Working capital deficiency	(16,408,786)	(17,596,733)

The working capital deficiency reflects amounts due to EPL on demand following maturity of a shareholder loan on February, 20, 2015 amounting to $10,495,512. However, EPL has undertaken not to demand repayment of the loan until closing of a debt or equity financing by the Company or the Company having sufficient liquidity to repay, see *"Going Concern and Liquidity"* above. All other liabilities are expected to be settled through internal cash generation from the Badar, Reti, Maru, Maru South and Zarghun South leases and new debt and/or equity financing.

Contractual Obligations

The following table sets forth the contractual obligations of the Company as at September 30, 2015:

Description	Payments due by period			
	Total	Less than 1 year	1-5 years	After 5 years
	----------$-----------			
Minimum capital commitments related to exploration licenses[1]	4,099,250	2,249,750	1,849,500	-
Commitments under outstanding AFEs	4,896,996	4,896,996	-	-
Operating leases	181,226	81,725	99,501	-
Purchase obligations[2]	1,000	1,000	-	-
Other obligations[3]	33,164,245	26,509,038	4,242,159	2,413,048
Total contractual obligations	**42,342,717**	**33,738,509**	**6,191,160**	**2,413,048**

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 Energy Exploration Limited 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 September 30, 2015.

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:

Transaction with majority shareholder

EPL, which is a majority shareholder of JEC, provided financial support to SEPL in the form of a non-interest bearing loan payable on demand and an interest bearing bridge loan financing to meet its financial commitments. The interest bearing bridge loan carries interest at the rate of US dollar LIBOR + 4% compounded quarterly. The changes in loan balance during the applicable periods and balances outstanding as at September 30, 2015 and December 31, 2014 are as follows:

Description	September 30, 2015	December 31, 2014
	----------$-----------	
Balance payable at beginning of the period / year	10,284,720	7,952,646
Loan received during the period / year net of embedded derivative	1,200,000	3,057,514
Loan repaid during the period / year	-	(500,000)
Interest accrued on loan from shareholder	258,324	390,935
Exchange gain on retranslation of shareholder loan	(1,247,532)	(608,869)
Amount paid on behalf of EPL during the period / year	-	(7,506)
Balance payable at end of the period / year	**10,495,512**	**10,284,720**

Transaction with associated entity – JS Bank

On November 7, 2014, SEPL entered into two financing facilities totalling PKR 400 million (equivalent $3.9 million) with JS Bank, a related party controlled by Mr. Jahangir Siddiqui (who also controls EPL). These facilities carry interest at the rate of 3 months Karachi Inter Bank Offered Rate plus 2% payable quarterly in arrears.

Description	September 30, 2015	December 31, 2014
	----------$----------	
Balance payable at beginning of the period / year	3,833,505	-
Loan received during the period / year	114,378	3,717,218
Loan repaid during the period / year	(745,464)	-
Interest accrued during the period / year	287,152	50,223
Interest paid during the period / year	(264,727)	-
Exchange (gain) / loss on retranslation of loan	(61,789)	66,064
Balance payable at end of the period / year	**3,163,055**	**3,833,505**

Key management personnel

Description	September 30, 2015	September 30, 2014
	----------$----------	
Management salaries and benefits	302,349	314,483
Management stock based compensation	1,597	18,476
Directors' fees and compensation	89,710	164,011
Total	**393,656**	**496,970**

Future Outlook

The Company's capital expenditure program for 2015 includes:

- development of Ayesha gas and condensate discovery involving installation of production facility;
- installation of front end compression facility at Suri shut-in wells;
- drilling of development well in Sara lease;
- drilling of two exploration wells in Badin IV South license; and
- drilling of one exploration well in Badin IV North license.

This capital expenditure program is expected to be funded through internal cash generation and new debt and/or equity financing.

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

- Development well Badar-2 in Badar lease;
- Sara and Suri leases; and
- Ayesha gas and condensate discovery

Critical Accounting Estimates and Judgments

The preparation of condensed consolidated interim financial statements of the Company 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 historic experience including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and judgements made by the management in the preparation of the condensed consolidated interim financial statements are the same as those used in the preparation of the Company's consolidated annual audited financial statements for the year ended December 31, 2014.

Financial risk management

Financial risk factors

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

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the board of directors (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 represents the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge an obligation. The credit risk on liquid funds is limited, because the counter parties are banks with reasonably high credit ratings. In case of trade receivables, the Company believes that it is not exposed to major concentrations of credit risk, due to high credit worthiness of corresponding parties.

Due to the Company's long standing business relationships with the counterparties, and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(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 to ensure availability of funds, and to take appropriate measures for new requirements.

This interim MD&A does not include all financial risk management information and disclosure required in the annual MD&A and should be read in conjunction with the Company's annual MD&A for the year ended December 31, 2014. There has been no change in the risk management policies since December 31, 2014.

Fair value estimation

The analysis of financial instruments carried at fair value, by valuation method is described below. The different levels have been 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 carrying values of all other financial assets and liabilities approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. Fair value of embedded derivative on shareholder loan has been calculated using Level 2 valuation method.

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, 2014 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.

Obtaining financing

The Company is in the growth phase of its oil and gas operations with revenues from three properties and a majority of its properties are in exploration and development phase. There can be no assurance of its ability to develop and operate its projects profitably. The Company has been historically depended 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 there from. 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 involves a high degree of risk. These risks are more acute in the early stages of exploration. The Company's exploration expenditures may not result in new discoveries of oil or gas in commercially viable quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions, such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. If exploration costs exceed estimates, or if exploration efforts do not produce results that meet expectations, exploration efforts may not be commercially successful, which could adversely impact the ability to generate revenues from operations.

Operational Risk

If the Company's operations are disrupted and/or the economic integrity of its projects is threatened for unexpected reasons, business may experience a setback. These unexpected events may be due to technical difficulties, operational difficulties including floods which impact the production, transport or sale of products, geographic and weather conditions, 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 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 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 production of oil and gas reserves. Abandonment and reclamation of these facilities and the costs associated therewith is 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.

Local Legal, Political and Economic Factors

Currently the Company is operating its oil and gas activities 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.

Litigation Risk

The Company is currently involved in arbitration proceedings and may in the future become involved in other disputes, litigation or arbitration proceedings. The results of these proceedings cannot be predicted with certainty. Further, the Company may be required to incur significant expenses or devote significant resources in defence against such proceedings. If the Company is unable to resolve these disputes favourably, it may have a material adverse impact on the Company's assets, business, financial condition and results of operations.

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 judgments 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 raised 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, foreign owned companies, which, in particular, 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 financial statements are translated to Canadian dollars, which may have a significant effect on profitability and/or comparability of revenues and expenses 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, judgment, 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, 2,418,294 stock options and 850,000 share purchase warrants outstanding as at November 12, 2015.

Disclosure Controls and Procedures, and Internal Controls over Financial Reporting

The Company is required to comply with National Instrument 52-109 "Certification of Disclosure in Issuer's Annual and Interim Filings". This instrument requires that the Company disclose in the interim MD&A any changes in the Company's internal control over financial reporting that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company confirms that no such changes occurred during the nine months ended September 30, 2015.

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.