



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2021 and 2020**

**November 29, 2021**

## Introduction

This Management's Discussion and Analysis ("MD&A") is a review of the results of the consolidated operations of Jura Energy Corporation ("JEC", "Jura" or the "Company") and its subsidiaries Spud Energy Pty Limited ("SEPL"), PetExPro Ltd. ("PEPL"), Frontier Oil and Gas Holdings Limited ("FOGHL") and Frontier Holdings Limited ("FHL") for the three and nine months ended September 30, 2021 and 2020 and the Company's financial position as at September 30, 2021. This MD&A is approved by the Board of Directors (the "Board") on November 29, 2021 and should be read in conjunction with the condensed consolidated interim financial statements of the Company for three and nine months ended September 30, 2021 and 2020, Company's annual audited consolidated financial statements for the years ended December 31, 2020 and 2019 and the Company's annual MD&A for the years ended December 31, 2020 and 2019.

The condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2021 and 2020 have been prepared by management in accordance with the International Financial Reporting Standards ("IFRS") as applicable to the interim financial reports including IAS 34 - Interim Financial Reporting, and should be read in conjunction with the annual audited consolidated financial statements of the Company for the years ended December 31, 2020 and 2019 which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

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

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

## Non IFRS Financial Measures

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

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

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

## Boe conversions

The use of the Boe unit of measurement may be misleading, particularly if used in isolation. A Boe conversion ratio of 5.8 thousand cubic feet ("Mcf") equals to 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 Zainab-1 gas and condensate discovery in Badin IV North exploration license; expected pricing under Pakistan Petroleum (Exploration and Production) Policy, 2012 and other pricing policies; timing for and drilling results of exploration wells in the Badin IV South, Badin IV North and Guddu exploration licenses and expectations regarding the grant of or extension applied in terms of expired exploration licenses and leases by the Government of Pakistan ("GoP"). All statements other than statements of present or historical facts are forward-looking statements. Forward-looking statements typically, but not always, contain words such as "anticipate", "believe", "estimate", "expect", "potential", "could", "forecast", "guidance", "intend", "may", "plan", "predict", "project", "should", "target", "will" or other similar words suggesting future outcomes.

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

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

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

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

### **Highlights**

The key highlights for the three and nine months period ended September 30, 2021 and up to the date of this MD&A are as follows:

- The Company reported a net loss of \$2.78 million and a net profit of \$0.08 million for the three and nine months period ended September 30, 2021 respectively compared to a net profit of \$1.13 million and \$3.85 million in the comparative period. The net loss for the three months period ended September 30, 2021 and the significant reduction in net profit for the nine months period ended September 30, 2021 is mainly due to recognition of an impairment and a higher depletion charge as a result of reduction in recoverable reserves of the Zarghun South lease, partially offset by an unrealized exchange gain on retranslation of Pakistan Rupee ("PKR") denominated liabilities due to weakening of PKR against US\$ and a reversal of deferred tax liability due to reduction in carrying amount of Company's oil and gas properties;

- Gross profit for the three and nine months period ended September 30, 2021 was \$0.84 million and \$6.95 million compared to \$2.97 million and \$8.79 million in the comparative period. The reduction in gross profit during the three and nine months period ended September 30, 2021 is due to higher depletion charge as a result of reduction in recoverable reserves of Zarghun South lease;
- Net revenue increased by approximately 12% and 11% respectively during the three and nine months period ended September 30, 2021. The increase in net revenue is mainly due to increase in average realized price as a result of improvement in international crude oil prices, offset by reduction in production;
- Production during the three and nine months period ended September 30, 2021 decreased and increased by approximately 9.27% and 12.08% respectively compared to the three and nine months period ended September 30, 2020. The decrease in production during the three months period ended September 30, 2021 is mainly due to a significant decline in gas production from Zarghun South lease, mainly attributed a significant drop in wellhead flowing pressures and excessive formation water production caused by a water breakthrough in the Dunghan reservoir, offset by increase in production from the Ayesha, Aminah and Ayesha North leases after installation of an amine sweetening unit. The increase in production during the nine months period ended September 30, 2021 is due to the fact that comparative period includes eight months production from Ayesha, Aminah and Ayesha North leases and six months production from ZS-4 development well in Zarghun South lease; and
- On October 16, 2021, the Government of Pakistan awarded petroleum exploration rights in the Nareli Block (3068-9) to SEPL and its JV Partners, Mari Petroleum Company Limited ("MPCL") and Pakistan Oilfields Limited ("POL"). MPCL is the operator of the Nareli Block with a 39% working interest, whereas SEPL and POL have a 29% and 32% working interest.

### **COVID-19 global pandemic**

Beginning in early March 2020 and continuing into 2021, the market conditions precipitated by the COVID-19 global pandemic ("COVID-19"), and subsequent measures intended to limit the outbreak globally, contributed to an unprecedented impact on global commodity prices. With reduced crude oil demand and excess supply, the price of crude oil and other petroleum products deteriorated significantly during the first half of 2020, and although there has been an improvement in the stability of the global oil market in the later parts of 2020 and early 2021, there remains uncertainty regarding the ongoing impact of COVID-19 on global commodity prices.

The Company continues to proactively respond to the safety challenges associated with COVID-19 and remains committed to ensuring the health and safety of all its personnel and the safety and continuity of its operations. The screening procedures and protocols implemented by the Company's COVID-19 task force during the first quarter of 2020 continue to be enhanced to ensure continued safe and reliable operations. Flexibility and adaptability continue to be integral to the Company's response to the pandemic. The Company continues to monitor the developing COVID-19 situation to determine what, if any, additional measures might need to be taken to ensure that the health and safety of its people remain a top priority.

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

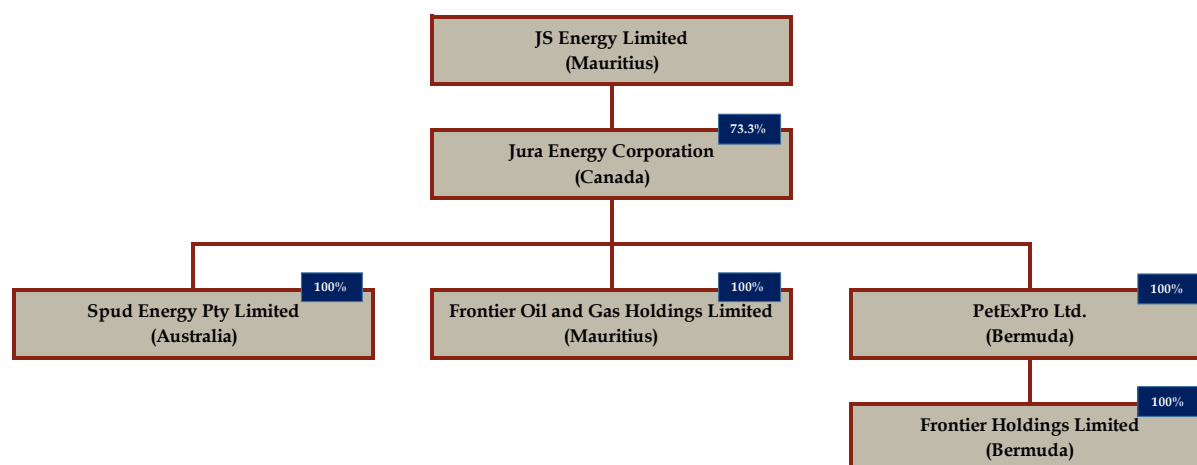
### **Overview of the Company and Operations**

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

Exploration licenses/leases	Working Interest		Operator
	Owner	(%)	
<b><u>Producing</u></b>			
Zarghun South lease	SEPL	40.00%	Mari Petroleum Company Limited
Reti lease	SEPL	10.66%	Oil and Gas Development Company Limited
Maru lease	SEPL	10.66%	Oil and Gas Development Company Limited
Maru South lease	SEPL	10.66%	Oil and Gas Development Company Limited
Sara lease	SEPL	60.00%	Spud Energy Pty Limited
Suri lease	SEPL	60.00%	Spud Energy Pty Limited
Badar lease*	SEPL	7.89%	Petroleum Exploration (Private) Limited
Ayesha lease	FHL	27.50%	Petroleum Exploration (Private) Limited
Aminah lease	FHL	27.50%	Petroleum Exploration (Private) Limited
Ayesha North lease	FHL	27.50%	Petroleum Exploration (Private) Limited
<b><u>Development</u></b>			
Zainab lease	FHL	27.50%	Petroleum Exploration (Private) Limited
Kandra lease*	FHL	37.50%	Petroleum Exploration (Private) Limited
<b><u>Exploration</u></b>			
Guddu exploration license	SEPL	13.50%	Oil and Gas Development Company Limited
Nareli exploration license	SEPL	29.00%	Mari Petroleum Company Limited
Zamzama North exploration license	SEPL	24.00%	Heritage Oil and Gas Limited
Badin IV South exploration license	FHL	27.50%	Petroleum Exploration (Private) Limited
Badin IV North exploration license	FHL	27.50%	Petroleum Exploration (Private) Limited
Kandra exploration rights	FHL	35.00%	Petroleum Exploration (Private) Limited

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

The group structure of the Company is as indicated below:



### Background of Oil and Gas Properties

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

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

There has been no significant change in the status of activities in the exploration licenses and development leases since the filing of annual MD&A for the year ended December 31, 2020.

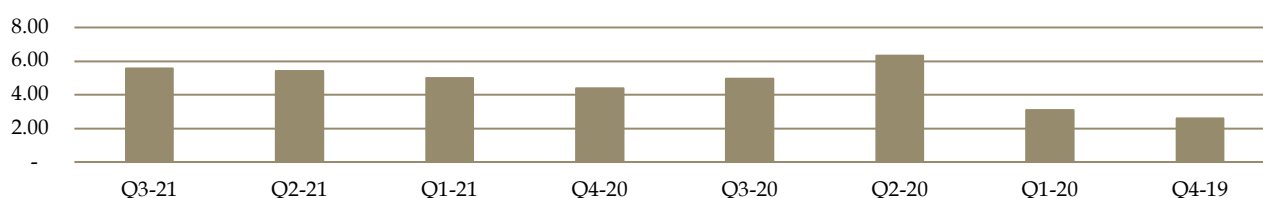
## Performance Overview and Financial Analysis

### Summary of Quarterly Results

Description	2021				2020			2019
	Q-3	Q-2	Q-1	Q-4	Q-3	Q-2	Q-1	Q-4
	-----\$-----							
Net revenue	5,561,455	5,426,516	4,974,496	4,394,233	4,960,653	6,313,015	3,073,597	2,582,578
Net profit / (loss)	(2,779,275)	2,213,495	647,414	6,825	1,134,480	2,936,657	(224,643)	(873,041)
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)	(0.04)	0.03	0.01	0.02	0.04	0.04	(0.00)	(0.01)
Capital expenditure	1,741,048	382,076	821,419	286,655	345,171	1,185,036	3,026,583	1,405,858
Assets	54,253,818	63,810,850	63,389,257	63,907,081	61,083,951	63,677,456	58,204,878	55,612,584
Long-term liabilities	14,547,836	19,391,183	21,822,199	25,358,039	25,743,683	28,942,746	28,007,726	20,501,622

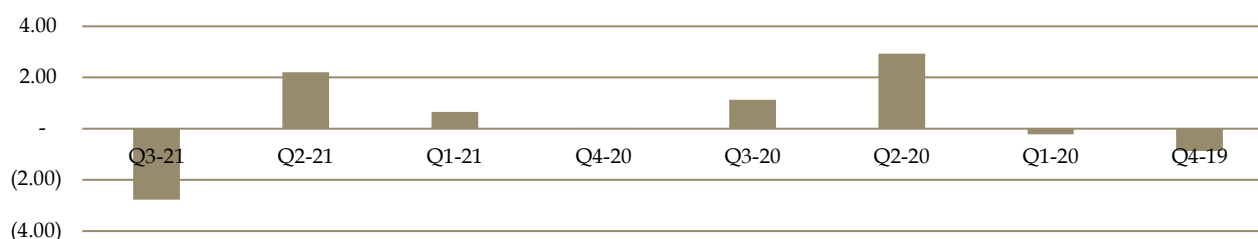
### Trend analysis of quarterly information

#### Net Revenue - (\$ million)



The increase in net revenue in Q1 and Q2 2020 is due to increase in production after commencement of commercial production from Ayesha, Aminah and Ayesha North leases in February 2020, and ZS-4 development well in Zarghun South lease in April 2020. The decline in net revenue during Q3 and Q4 2020 is due to controlled production from Ayesha, Aminah and Ayesha North leases in order to maintain CO<sub>2</sub> contents in the commingled stream within agreed threshold and application of a retrospective quality discount of 20% on production from Ayesha, Aminah and Ayesha North leases owing to expiry of waiver period for the installation of amine sweetening unit. The increase in net revenue during Q1 and Q2 2021 is due to increase in production from Ayesha, Aminah and Ayesha North leases after installation and commissioning of amine sweetening unit in February 2021. The increase in net revenue during Q3 2021 is due to increase in average realized price as a result of improvement in international crude oil prices offset by significant reduction in production from Zarghun South lease.

#### Net profit / (loss) - (\$ million)

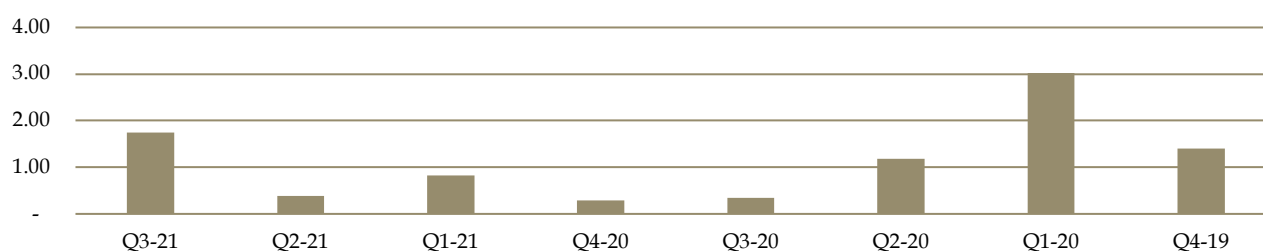


The net loss in Q4 2019 and Q1 2020 was mainly due to exchange loss on retranslation of PKR denominated liabilities on account of strengthening of PKR against US\$, recognition of impairment charge as a result of reduction in international crude oil price forecast owing to COVID-19 global pandemic and recognition of additional deferred tax liability due to reduction in value of PKR denominated tax losses and allowances. The net profit during Q2 and Q3 2020, and Q1 2021 is due to increase in revenue after commencement of commercial production from Ayesha, Aminah and Ayesha North leases, and ZS-4 development well in Zarghun South lease. The significant reduction in net profit during Q4 2020 is due to recognition of Zarghun South royalty adjustment, and accrual of management increments and performance incentive and exchange loss on retranslation of PKR



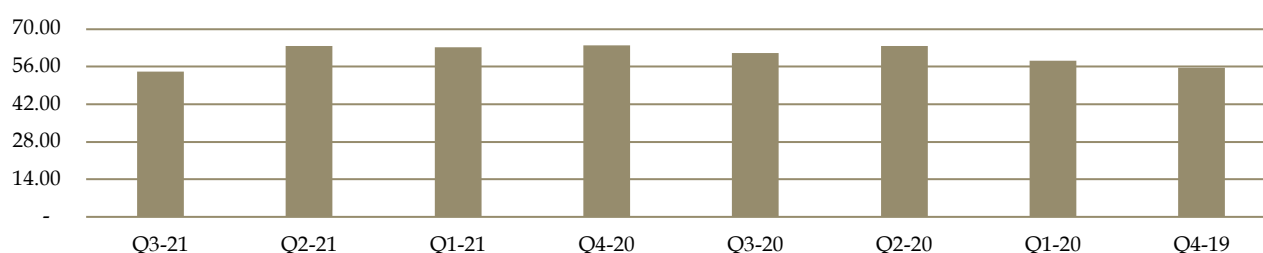
denominated liabilities due to strengthening of PKR exchange rate parity against US dollar. The increase in net profit during Q1 and Q2 2021 is due increase in production from Ayesha, Aminah and Ayesha North leases after installation of amine sweetening unit. The net loss during Q3 2021 is due to recognition of an impairment and a higher depletion charge as a result of reduction in recoverable reserves of Zarghun South lease partially offset by unrealized exchange gain on retranslation of PKR denominated liabilities due to weakening of PKR against US\$ and a reversal of deferred tax charge due to reduction in carrying amount of Company's oil and gas properties.

Capital expenditure - (\$ million)



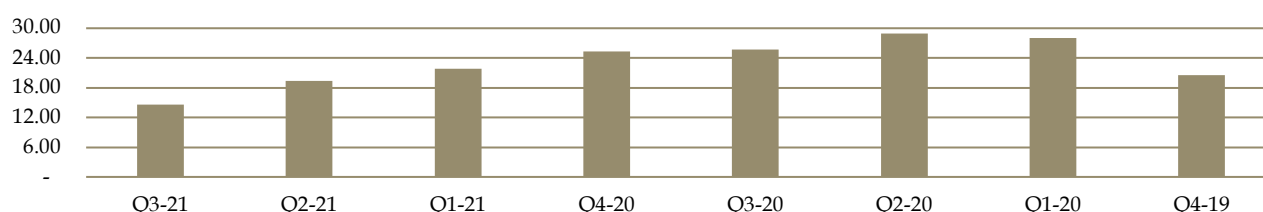
The Company continued to incur significant capital expenditure for the development of its oil and gas properties, and exploration and evaluation assets. Capital expenditure in 2019, 2020 and 2021 mainly relates to drilling of exploration wells in Guddu, 3D and 2D seismic acquisition in Guddu and Zarghun South respectively, development of gas and condensate discoveries in Badin IV South block, drilling of ZS-4 development well in Zarghun South lease and installation of amine sweetening unit in Badin IV South Block.

Assets - (\$ million)



The increase in total assets in Q2 and Q4 2020 is mainly due to increase in trade receivables after commencement of production from Ayesha, Aminah and Ayesha North leases, and ZS-4 development well in Zarghun South lease. The reduction in total assets during Q3 2021 is due recognition of impairment of Zarghun South lease due to reduction in recoverable reserves.

Long term liabilities - (\$ million)



The increase in long term liabilities during Q1 2020 is due to closing of Askari Bank syndicated term finance facilities. The decrease in long term liabilities since Q3 2020 represents partial repayment of shareholder loan.

## 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,		
	2021	2020	Difference	2021	2020	Difference
Net profit/(loss)	(2,779,275)	1,134,480	(3,913,755)	81,634	3,846,494	(3,764,860)

The Company reported a net loss of \$2,779,275 and a net profit of \$81,634 for the three and nine months period ended September 30, 2021, compared to a net profit of \$1,134,480 and \$3,846,494 in the comparative period.

The net loss for the three months period ended September 30, 2021 and significant reduction in net profit for the nine months period ended September 30, 2021 is mainly due to recognition of an impairment and a higher depletion charge as a result of reduction in recoverable reserves of Zarghun South lease partially offset by an unrealized exchange gain on retranslation of PKR denominated liabilities due to weakening of PKR against US\$ and a reversal of deferred tax charge due to reduction in carrying amount of Company's oil and gas properties.

Segment breakdown of net profit/(loss) for the three and nine months period ended September 30, 2021 is as follows:

	Three months ended September 30, 2021	Nine months ended September 30, 2021
	\$	\$
Canada	(31,142)	(166,047)
Pakistan	(2,748,133)	247,681

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

- Canada segment is non-revenue generative. The loss in Canada mainly represents corporate and regulatory expenses.
- Net profit/(loss) of the Pakistan segment represents revenue from sale of gas and condensate, offset by production costs, general and administrative expenses, impairment of oil and gas properties, finance costs and unrealized exchange gain/(loss) on foreign currency denominated liabilities due to strengthening/weakening of PKR exchange rate parity against US%.

#### 2. Net revenue

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2021	2020	Difference	2021	2020	Difference
Sales	6,383,909	5,860,654	523,255	18,265,497	16,396,875	1,868,622
Royalty	(822,454)	(900,001)	77,547	(2,303,030)	(2,049,610)	(253,420)
<b>Net revenue</b>	<b>5,561,455</b>	<b>4,960,653</b>	<b>600,802</b>	<b>15,962,467</b>	<b>14,347,265</b>	<b>1,615,202</b>

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

The increase in net revenue during three and nine months period ended September 30, 2021 is mainly due to increase in average realized price as a result of improvement in international crude oil prices offset by reduction in production from Zarghun South lease.



A comparison of weighted average daily sale gas volume for the periods presented is as follows:

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2021	2020	Difference	2021	2020	Difference
	-----\$-----					
Reti-Marun leases	9.63	9.86	(0.23)	10.26	10.40	(0.14)
Zarghun South lease	15.46	23.86	(8.40)	19.16	19.15	0.01
Badin IV South leases	20.64	13.11	7.53	17.85	14.35	3.50
Sara and Suri leases	-	-	-	0.25	-	0.25

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,		
	2021	2020	Difference	2021	2020	Difference
	-----\$-----					
Production in Boe	204,411	225,302	(20,891)	645,689	576,088	69,601
Price (\$ / Boe) <sup>1</sup>	31.23	26.01	5.22	28.29	28.46	(0.17)

<sup>1</sup>Refer to non IFRS financial measures.

The royalty is calculated at 12.5% of revenue. A comparison of royalty cost 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,		
	2021	2020	Difference	2021	2020	Difference
	-----\$-----					
Production in Boe	204,411	225,302	(20,891)	645,689	576,088	69,601
Royalty (\$ / Boe) <sup>1</sup>	(4.02)	(3.99)	(0.03)	(3.57)	(3.56)	(0.01)

<sup>1</sup>Refer to non IFRS financial measures.

### 3. Cost of production

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2021	2020	Difference	2021	2020	Difference
	-----\$-----					
Production costs	1,145,060	684,858	460,202	2,784,351	2,234,998	549,353
Depletion of oil and gas properties	3,572,549	1,308,128	2,264,421	6,223,304	3,324,901	2,898,403
	<b>4,717,609</b>	<b>1,992,986</b>	<b>2,724,623</b>	<b>9,007,655</b>	<b>5,559,899</b>	<b>3,447,756</b>

The significant increase in cost of production during three and nine months period ended September 30, 2021 is due to additional depletion charge as a result of reduction in recoverable reserves of Zarghun South lease.

A comparison of production 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,		
	2021	2020	Difference	2021	2020	Difference
	-----\$-----					
Production in Boe	204,411	225,302	(20,891)	645,689	576,088	69,601
Production costs (\$ / Boe) <sup>1</sup>	5.60	3.04	2.56	4.31	3.88	0.43

<sup>1</sup>Refer to non IFRS financial measures.

The increase in production cost per Boe during the three months period ended September 30, 2021 is due to additional operating costs associated with the amine sweetening unit installed in the Badin IV South block.

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,		
	2021	2020	Difference	2021	2020	Difference
	-----\$-----					
Production in Boe	204,411	225,302	(20,891)	645,689	576,088	69,601
Depletion of oil and gas properties (\$ / Boe) <sup>1</sup>	17.48	5.81	11.67	9.64	5.77	3.87

<sup>1</sup>Refer to non IFRS financial measures.

The significant increase in depletion per Boe during the three and nine months period ended September 30, 2021 is due to additional depletion charge as a result of reduction in recoverable reserves of Zarghun South lease.

#### 4. General and administrative expenses

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2021	2020	Difference	2021	2020	Difference
	-----\$-----					
General and administrative expenses	389,509	615,985	(226,476)	1,418,105	1,488,200	(70,095)

The reduction in general and administrative expenses is due to adjustment of provision of workers' profit participation fund as a result of net loss of Pakistan Branch of SEPL.

Segment breakdown of general and administrative expenses for three and nine months ended September 30, 2021 are as follows:

	Three months ended September 30, 2021	Nine months ended September 30, 2021
	\$	\$
Canada	29,723	157,821
Pakistan	359,786	1,260,284

#### 5. Exchange gain/(loss) - net

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2021	2020	Difference	2021	2020	Difference
	-----\$-----					
Exchange gain/(loss) - net	1,652,213	(286,086)	1,938,299	1,264,576	1,024,357	240,219

The currency translation exchange (loss)/gain is due to (strengthening)/weakening of PKR exchange rate parity against US\$.

## 6. Finance costs

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2021	2020	Difference	2021	2020	Difference
	-----\$-----					
Interest on amount due to related parties	120,338	327,109	(206,771)	583,918	1,070,119	(486,201)
Interest on borrowings	308,748	418,801	(110,053)	999,942	1,355,077	(355,135)
Accretion on asset retirement obligation	11,656	19,287	(7,631)	34,967	56,073	(21,106)
Late payment surcharge on payments	-	30,336	(30,336)	-	48,669	(48,669)
	<b>440,742</b>	<b>795,533</b>	<b>(354,791)</b>	<b>1,618,827</b>	<b>2,529,938</b>	<b>(911,111)</b>

The reduction in interest on amounts due to related parties and borrowings is due to reduction in carrying amount of these financing facilities.

## 7. Operating netback

Description	For the three months period ended September 30,			For the nine months period ended September 30,		
	2021	2020	Difference	2021	2020	Difference
	-----\$-----					
Net revenue	5,561,455	4,960,653	600,802	15,962,467	14,347,265	1,615,202
Production costs	(1,145,060)	(684,858)	(460,202)	(2,784,351)	(2,234,998)	(549,353)
Operating netback	4,416,395	4,275,795	140,600	13,178,116	12,112,267	1,065,849
Production in Boe	204,411	225,302	(20,891)	645,689	576,088	69,601
Operating Netback (\$ / Boe) <sup>1</sup>	21.61	18.98	2.63	20.41	21.03	(0.62)

<sup>1</sup>Refer to non IFRS financial measures.

## Impairment of Oil and Gas Properties

During the current period, the gas production from Zarghun South lease was significantly lower than the forecast prepared by the independent reserves valuer in its report prepared as at December 31, 2020. The decline in gas production is attributed to a significant drop in wellhead flowing pressures and excessive formation water production caused by a water breakthrough in the naturally fractured Dunghan reservoir. As a result, the management carried out an impairment test for its Cash Generating Units in accordance with the accounting policy stated in note 3 (xv-b) of the Company's annual audited financial statements for the year ended December 31, 2020. 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. For CGU-I and CGU-III, the most recent report is prepared as at December 31, 2020, and therefore adjustments were made to reflect the updated crude oil price forecast as at October 1, 2021 as provided by the Company's independent reserves valuer. For CGU-II (which include Zarghun South lease), the Company engaged the independent reserves valuer to provide an updated reserves estimates as at September 30, 2021. Other adjustments to the reports were 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 \$5.95 million was

recorded for CGU-II. At September 30, 2021, the recoverable amount of CGU-II was \$20.89 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 \$72.50/bbl in 2022, \$68.85/bbl in 2023, \$66.07/bbl in 2024, \$67.39/bbl in 2025 and an annual escalation of approximately 2% after 2025.

Estimates of the recoverable amounts are sensitive to discount rate. A 1% increase/decrease in the discount rate would result in decrease/increase in the recoverable amount of CGU-II by \$0.63 million and \$0.67 million respectively.

## Provisions, Contingencies and Commitments

### Contingencies and Commitments

There has been no material change in contingencies as disclosed in the latest consolidated annual audited financial statements of the Company for the year ended December 31, 2020.

### Financial Commitments

The Company's financial commitments mainly consist of minimum work commitments related to its exploration licenses and approved authorities for expenditure. The following table summarizes the financial commitments of the Company as at September 30, 2021 and December 31, 2020. These financial commitments are expected to be funded through internal cash generation and debt and/or equity financing.

Description	September 30, 2021	December 31, 2020
	-----\$-----	
Minimum capital commitments related to exploration licenses	2,972,086	2,972,086
Commitments under approved authority for expenditures	266,500	558,550
Commitment under sale and purchase agreement for the acquisition of Energy Exploration Limited, a related party	1,000	1,000
<b>Total</b>	<b>3,239,586</b>	<b>3,531,636</b>

### Going Concern and Liquidity

At September 30, 2021, the Company had current assets of \$14.81 million comprising accounts and other receivables of \$11.28 million, restricted cash of \$2.57 million and cash and cash equivalents of \$0.96 million. Total current liabilities were \$21.71 million comprising accounts payable and accrued liabilities of \$15.17 million and current portion of borrowings and amounts due to related parties of \$6.54 million. During the nine months period ended September 30, 2021 the Company reported a net profit of \$0.08 million (September 30, 2020: \$3.85 million). As at September 30, 2021, the Company has an accumulated deficit of \$47.78 million (December 31, 2020: \$47.86 million). In addition to its ongoing working capital requirements, the Company also has financial commitments as at September 30, 2021 that amounted to \$3.24 million.

The Company's operating performance has improved significantly after commencement of production from Ayesha, Aminah and Ayesha North leases and a fourth well in the Zarghun South lease, however, until the Company shows a history of sustained earnings and reduction in financial liabilities there are material uncertainties that raise significant doubt as to the ability of the Company to continue as a going concern and, accordingly, the appropriateness of the use of the accounting principles applicable to a going concern.

The condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2021 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, 2021 as compared to December 31, 2020:

Description	As at September 30, 2021	As at December 31, 2020
	-----\$-----	
Current assets	14,810,675	15,304,588
Current liabilities	(21,710,220)	(20,651,238)
<b>Working capital deficiency</b>	<b>(6,899,545)</b>	<b>(5,346,650)</b>

## Contractual Obligations

The following table sets forth the contractual obligations of the Company as at September 30, 2021:

Description	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
	-----\$-----				
Minimum capital commitments related to exploration licenses <sup>(1)</sup>	2,972,086	2,972,086	-	-	-
Commitments under approved AFEs	266,500	266,500	-	-	-
Purchase obligations <sup>(2)</sup>	1,000	1,000	-	-	-
Other obligations <sup>(3)</sup>	36,258,056	21,710,220	7,618,565	-	6,929,271
<b>Total contractual obligations</b>	<b>39,497,642</b>	<b>24,949,806</b>	<b>7,618,565</b>	<b>-</b>	<b>6,929,271</b>

### Notes:

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

## Off-Balance Sheet Arrangements

JEC did not have any off-balance sheet arrangements as at September 30, 2021.

## Transactions with Related Parties

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

### Transactions with majority shareholder

JS Energy Limited, which is the majority shareholder of JEC, has provided financial support to SEPL in the form of an interest-bearing bridge loan and a short-term loan. The loans carry interest at the rate of 11% per annum compounded quarterly. The changes in loan balances during the applicable periods and balances outstanding as at September 30, 2021 and December 31, 2020 are as follows:

Description	September 30, 2021	December 31, 2020
	-----\$-----	
<b>Bridge loan</b>		
Balance payable at beginning of the period	7,202,864	11,933,431
Interest accrued during the period	306,667	1,170,610
Principal repaid during the period	(7,161,698)	(932,796)

Description	September 30, 2021	December 31, 2020
	-----	\$-----
Interest paid during the period	(338,302)	(4,694,661)
Payments (made)/ received on behalf of JSEL	273,720	(273,720)
<b>Balance payable at end of the period</b>	<b>283,251</b>	<b>7,202,864</b>
<b>Short-term loan</b>		
Balance payable at beginning of the period	-	822,739
Interest accrued during the period	-	9,804
Principal repaid during the period	-	(820,607)
Interest paid during the period	-	(11,936)
<b>Balance payable at end of the period</b>	<b>-</b>	<b>-</b>

*Transactions with associated entity - JS Bank Limited*

JS Bank is a participant in Askari Bank syndicated term finance facilities with a participation of PKR 550 million (equivalent \$3.22 million). Further, JS Bank has also provided running finance facilities of PKR 625 million (equivalent \$3.66 million).

The changes in loan balances during the applicable periods and balances outstanding as at September 30, 2021 and December 31, 2020 are as follows:

Description	September 30, 2021	December 31, 2020
	-----	\$-----
<b>AKBL Syndicated term finance facilities</b>		
Balance payable at beginning of the period	3,385,343	-
Loan received during the period	-	3,367,645
Interest accrued during the period	272,845	361,134
Principal repaid during the period	(438,904)	-
Interest paid during the period	(251,192)	(274,328)
Exchange loss/(gain) on retranslation	(166,112)	(69,108)
<b>Balance payable at end of the period</b>	<b>2,801,980</b>	<b>3,385,343</b>

Description	September 30, 2021	December 31, 2020
	-----	\$-----
<b>Running finance facilities</b>		
Balance payable at beginning of the period	3,968,181	-
Facility (settled) / utilized during the period	(77,370)	3,815,722
Interest accrued during the period	277,251	185,773
Interest paid during the period	(262,825)	(66,595)
Exchange loss on retranslation	(232,265)	33,281
<b>Balance payable at end of the period</b>	<b>3,672,972</b>	<b>3,968,181</b>
<b>ABPL Syndicated credit facilities</b>		
Balance payable at beginning of the period	-	1,578,859
Interest accrued during the period	-	38,810
Principal repaid during the period	-	(1,552,046)
Interest paid during the period	-	(64,702)
Exchange gain on retranslation	-	(921)
<b>Balance payable at end of the period</b>	<b>-</b>	<b>-</b>
<b>Term finance facilities</b>		
Balance payable at beginning of the period	-	1,852,383



Description	September 30, 2021	December 31, 2020
	-----\$-----	
Interest accrued during the period	-	49,877
Principal repaid during the period	-	(1,822,783)
Interest paid during the period	-	(78,970)
Exchange gain on retranslation	-	(507)
<b>Balance payable at end of the period</b>		-

#### Key management personnel

Description	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	-----\$-----			
Management salaries and benefits	140,962	71,100	370,875	208,400
Directors' fees and compensation	23,021	22,189	116,318	66,362
<b>Total</b>	<b>163,983</b>	<b>93,289</b>	<b>487,193</b>	<b>274,762</b>

#### Future Outlook

The Company's capital expenditure program for 2021 includes:

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

This capital expenditure program is expected to be funded through available cash and internal cash generation. In the near future, the Company expects the commencement of commercial production from Zainab gas and condensate discovery in Badin IV North block. The Company's future outlook is also dependent on the expected extension in the terms of expired licenses and leases. The management believes that these extensions will be granted in the ordinary course of business.

#### Impact of change in International oil prices on wellhead gas prices in Pakistan

In early March 2020 and upto February 2021, the global crude oil prices experienced multi-decade lows coupled with extreme levels of volatility driven primarily by the unprecedented demand shock due to COVID-19. The crude oil prices have recovered significantly since March 2021.

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

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

As a result of the formula used for calculating the price for gas purchased by the GoP, decreases in international oil prices do not proportionately reduce the price for gas purchased by the GoP. For example, a 40% reduction in international crude oil pricing from \$50/Bbl to \$30/Bbl will result in a 5 - 25% decrease in the price for gas

purchased by the GoP under various applicable petroleum policies. Petroleum Policy, 2012 has the highest ceiling price and, accordingly, gas prices under this policy are the most impacted by a reduction in international oil prices. The applicability of particular petroleum policy to wellhead gas pricing for a discovery depends upon timing of drilling and commencement of production from the discovery area.

### **Significant Accounting Policies**

The accounting policies adopted in the preparation of Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2021 are consistent with those followed in the preparation of the Company's consolidated annual audited financial statements for the year ended December 31, 2020.

### **Critical Accounting Estimates and Judgments**

The preparation of Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2021 in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience including the expectation of future events that are believed to be reasonable under the circumstances. Estimates and judgements made by the management in the preparation of Company's condensed consolidated interim financial statements are the same as those used in the preparation of Company's consolidated annual audited financial statements for the year ended December 31, 2020.

In March 2020, the World Health Organization declared a global pandemic following the emergence and rapid spread of a novel strain of coronavirus ("COVID-19"). COVID-19 continues to impact worldwide demand for crude oil and therefore global commodity markets. Price volatility remains largely due to market sensitivity to COVID-19 related news including vaccine breakthroughs and rollouts, and the resurgence of COVID-19 cases and developing variants of concern. The continued impact on capital and financial markets on a macro-scale present uncertainty and risk with respect to the Company's performance, and estimates and assumptions used in the preparation of its financial results.

### **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. The Board provides risk management guidance covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

#### Market risk

(i) Currency risk

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

(ii) Other price risk

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

(iii) Interest rate risk

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

(iv) Credit risk

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

(v) Liquidity risk

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

This interim MD&A does not include all financial risk management information and disclosures required in the annual MD&A and should be read in conjunction with the Company's consolidated annual audited financial statements and annual MD&A for the years ended December 31, 2021 and 2020.

#### **Fair value of financial assets and liabilities**

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

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

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

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

#### **Risk Factors**

The business of exploring for, developing and producing oil and gas reserves is inherently risky. The Company will face numerous and varied risks which may prevent it from achieving its goals. The Company's actual exploration and operating results may be very different from those expected as at the date of this MD&A. Also, see "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2020 for a further description of the risks and uncertainties associated with the Company's business and recovery of its oil and gas reserves and resources.

#### ***Volatility of Crude oil prices***

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

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

### ***COVID-19 Global Pandemic***

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

The COVID-19 outbreak and corresponding responses from governmental authorities have resulted and may continue to result in, among other things: increased volatility in financial markets and foreign currency exchange rates; disruptions to global supply chains; adverse effects on the health and safety of the Company's workforce, or guidelines or restrictions to protect health and safety of such workforces, rendering employees unable to work or travel; temporary operational restrictions; and an overall slowdown in the global economy. In particular, the COVID-19 pandemic has resulted in, and may continue to result in, a reduction in the demand for, and prices of, crude oil and natural gas. A prolonged period of decreased demand for, and prices of, these commodities could also result in the Company voluntarily curtailing or shutting in production, which could adversely impact the Company's business, financial condition and results of operations. The full extent of the risks surrounding the severity and timing of the COVID-19 pandemic is continually evolving and is not fully known at this time; therefore, there is significant risk and uncertainty which may have a material and adverse effect on Jura's operations. The risks disclosed elsewhere in this MD&A may be exacerbated as a result of the COVID-19 pandemic.

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

### ***Obtaining financing***

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

### ***Commercial Risk***

In order to assign recoverable resources of oil and gas, the Company must establish a development plan consisting of one or more projects. In-place quantities for which a feasible project cannot be defined using established technology or technology under development are classified as unrecoverable. In this context, "technology under development" refers to technology that has been developed and verified by testing as feasible

for future commercial applications to the subject reservoir. In the early stage of exploration or development, as is the case for the Company, project definition will not be of the detail expected in the later stages of maturity. In most cases, recovery efficiency will be largely based on analogous projects.

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

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

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

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

### ***Exploration Risk***

Oil and gas exploration 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, the extent of the outbreak of COVID-19 in Pakistan and related responses by governmental authorities, business reasons or otherwise. Because the Company is in its early stages of development, it is particularly vulnerable to these events. Prolonged problems may threaten the commercial viability of operations.

### ***Development Risk***

To the extent that the Company succeeds in discovering oil and/or gas, reserves may not be capable of production levels projected or in sufficient quantities to be commercially viable. On a long-term basis, the Company's viability depends on the ability to find or acquire, develop and commercially produce additional oil and gas reserves. Without the addition of reserves through exploration, acquisition or development activities, reserves and production will decline over time as reserves are produced. Future reserves will depend not only on the ability to develop then-existing properties, but also on the ability to identify and acquire additional suitable producing properties or prospects, to find markets for the oil and natural gas developed and to effectively distribute production into markets. Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return



a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-downs of connected wells resulting from extreme weather conditions, problems in storage and distribution and adverse geological and mechanical conditions. While the Company will endeavor to effectively manage these conditions, it may not be able to do so optimally, and will not be able to eliminate them completely in any case. Therefore, these conditions could diminish revenue and cash flow levels and result in the impairment of oil and gas interests.

### *Drilling Risks*

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

### *Environmental Risks*

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

### *Operations*

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

### *Reserve Estimates*

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



vary substantially from those estimated. If actual production results vary substantially from reserve estimates, this could materially reduce revenues and result in the impairment of oil and gas interests.

### *Facilities*

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

### *Operating Expenses*

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

### *Fluctuations in Operating Results can cause Share Price Decline*

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

### *Decommissioning Costs*

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

### *Foreign Operations*

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

### *Risk to Information Technologies Systems and Cyber Security*

The Company may be negatively affected by cybersecurity incidents or other IT systems disruption. The Company relies heavily on its information technology systems including, without limitation, its networks, equipment, hardware, software, telecommunications, and other information technology (collectively "IT systems"), and the IT systems of its vendors and third-party service providers, to operate its business as a whole. Although the Company has not experienced any material losses to date relating to cybersecurity, or other IT systems disruptions, there can be no assurance that the Company will not incur such losses in the future. Despite the Company's efforts to mitigate IT systems security risks, the risk and exposure to these threats cannot be fully

mitigated because of, among other things, the evolving nature of cybersecurity threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect IT systems from cybersecurity threats remain a priority. As these threats continue to evolve, the Company may be required to spend additional resources to continue to modify or enhance protective measures or to investigate and remediate any cybersecurity vulnerabilities. Any cybersecurity incidents or other IT systems disruption could result in operational delays, destruction or corruption of data, security breaches, financial losses from remedial actions, the theft or other compromising of confidential or otherwise protected information, fines and lawsuits, or damage to the Company's reputation. Any such occurrence could have an adverse impact on the Company's financial condition and operations.

#### ***Local Legal, Political and Economic Factors***

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

#### ***Enforcement of Civil Liabilities***

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

#### ***Penalties***

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

#### ***Competition for Exploration and Development Rights***

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

### *Technology*

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

### *Foreign Currency Exchange Rate Fluctuation*

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

### *Exchange Controls*

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

### *Insurance*

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

### *Attracting and Retaining Talented Personnel*

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

### ***Growth Management***

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

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

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

### **Outstanding Share Capital**

The Company has 69,076,328 common shares and 1,661,158 restricted share units outstanding as of the date of this MD&A.

### **Disclosure Controls and Procedures, and Internal Controls over Financial Reporting**

Based on the evaluation of the design and operating effectiveness of the Company's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), the Chief Executive Officer and the Chief Financial Officer concluded that the Company's DC&P and ICFR were effective as at September 30, 2021.

During the three months ended September 30, 2021, there have been no changes made to the Company's ICFR that materially affected or are reasonably likely to materially affect, its ICFR.

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

### **Approval**

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