

Jura Energy Corporation

Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended
September 30, 2021
(expressed in US dollars)
(Unaudited)

Notice of no auditor review of Condensed Consolidated Interim Financial Statements

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

The accompanying unaudited condensed consolidated interim financial statements of the Corporation as at and for the three and nine months period ended September 30, 2021 have been prepared by and are the responsibility of the Corporation's management.

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

Jura Energy Corporation
Condensed Consolidated Interim Statements of Financial Position
As at September 30, 2021 (Unaudited)

(expressed in US dollars)

	September 30, 2021 \$	December 31, 2020 \$
Assets		
Current assets		
Cash and cash equivalents	956,135	2,629,558
Restricted cash	2,574,291	512,325
Accounts and other receivables (note 4)	11,280,249	12,162,705
	14,810,675	15,304,588
Non-current assets		
Property, plant and equipment (note 5)	35,439,484	45,000,962
Exploration and evaluation assets (note 6)	3,636,183	3,317,483
Long-term receivables	367,476	284,048
Total assets	54,253,818	63,907,081
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	15,170,362	14,487,980
Borrowings (note 7)	2,866,886	2,195,077
Amounts due to related parties (note 8)	3,672,972	3,968,181
	21,710,220	20,651,238
Non-current liabilities		
Borrowings (note 7)	7,322,789	10,121,739
Amounts due to related parties (note 8)	295,776	7,489,109
Deferred tax liability - net	2,535,729	3,388,616
Asset retirement obligation (note 10)	4,393,542	4,358,575
Total liabilities	36,258,056	46,009,277
Shareholders' equity		
Share capital (note 11)	65,203,045	65,203,045
Contributed surplus (note 11)	428,588	412,264
Warrants	140,265	140,265
Accumulated deficit	(47,776,136)	(47,857,770)
Total shareholders' equity	17,995,762	17,897,804
Total equity and liabilities	54,253,818	63,907,081

Going concern (note 2)

Contingencies and commitments (note 12)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"Signed"

Nadeem Farooq
CEO and Director

"Signed"

Stephen C. Smith
Director

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

Jura Energy Corporation

Condensed Consolidated Interim Statements of Comprehensive Income/(Loss)

For the three and nine months ended September 30, 2021 (Unaudited)

(expressed in US dollars)

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Net revenue	5,561,455	4,960,653	15,962,467	14,347,265
Cost of production (note 13)	(4,717,609)	(1,992,986)	(9,007,655)	(5,559,899)
Gross profit	843,846	2,967,667	6,954,812	8,787,366
Expenses				
General and administrative expenses (note 14)	(389,509)	(615,985)	(1,418,105)	(1,488,200)
Impairment of oil and gas properties (note 5)	(5,953,709)	-	(5,953,709)	(750,000)
Other income	-	-	-	19,293
Operating profit/(loss)	(5,499,372)	2,351,682	(417,002)	6,568,459
Exchange gain/(loss) - net	1,652,213	(286,086)	1,264,576	1,024,357
Finance costs (note 15)	(440,742)	(795,533)	(1,618,827)	(2,529,938)
Profit/(loss) before income tax	(4,287,901)	1,270,063	(771,253)	5,062,878
Income tax (charge)/reversal	1,508,626	(135,583)	852,887	(1,216,384)
Total comprehensive income/(loss) for the period	(2,779,275)	1,134,480	81,634	3,846,494
Earnings/(loss) per share (note 16)				
Basic	(0.04)	0.02	0.00	0.06
Diluted	(0.04)	0.02	0.00	0.05
Going concern (note 2)				

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

Jura Energy Corporation

Condensed Consolidated Interim Statements of Cash Flows

For the nine months ended September 30, 2021 (Unaudited)

(expressed in US dollars)

	September 30, 2021 \$	September 30, 2020 \$
Cash provided by/(used in)		
Operating activities		
Profit/(loss) before tax for the period	(771,253)	5,062,878
Adjustments for:		
Impairment of oil and gas properties (note 5)	5,953,709	750,000
Depletion of oil and gas properties (note 13)	6,223,304	3,324,901
Depreciation of other operating assets (note 14)	10,308	26,687
Accrued finance costs on:		
- Amounts due to related parties (note 15)	583,918	1,070,119
- Borrowings (note 15)	999,942	1,355,077
- Accretion on asset retirement obligation (note 15)	34,967	56,073
Stock based compensation (note 11)	16,324	16,777
Other income	-	(19,293)
Net unrealized exchange gain on borrowings and amounts due to related parties	(836,352)	(758,887)
Funds flow	12,214,867	10,884,332
Changes in working capital		
Decrease/(increase) in accounts and other receivables	608,736	(5,086,065)
Increase/(decrease) in accounts payable and accrued liabilities	682,382	(682,411)
(Increase)/decrease in restricted cash	(2,061,966)	438,008
Net cash generated from operating activities	11,444,019	5,553,864
Investing activities		
Property, plant and equipment	(2,625,843)	(3,963,523)
Proceeds from disposal of property, plant and equipment	-	48,250
Exploration and evaluation assets	(318,700)	(593,267)
Changes in long-term receivables	(83,428)	(34,285)
Net cash used in investing activities	(3,027,971)	(4,542,825)
Financing activities		
Amounts due to related parties - proceeds	-	2,513,177
Amounts due to related parties - repayment	(6,965,348)	(2,933,480)
Borrowings - proceeds	-	12,245,982
Borrowings - repayment	(1,601,764)	(7,234,774)
Finance costs paid	(1,522,359)	(5,545,025)
Net cash used in financing activities	(10,089,471)	(954,120)
Net (decrease) / increase in cash and cash equivalents	(1,673,423)	56,919
Cash and cash equivalents at beginning of the period	2,629,558	581,686
Cash and cash equivalents at end of the period	956,135	638,605

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

Jura Energy Corporation

Condensed Consolidated Interim Statements of Changes in Equity

For the nine months ended September 30, 2021 (Unaudited)

(expressed in US Dollars)

	Number of shares	Share capital \$	Contributed surplus \$	Warrants \$	Accumulated Deficit \$	Total \$
Balance at January 1, 2020	69,076,328	65,203,045	390,107	140,265	(51,711,089)	14,022,328
Net profit for the period	-	-	-	-	3,846,494	3,846,494
Stock based compensation (note 11)	-	-	16,777	-	-	16,777
Balance at September 30, 2020	69,076,328	65,203,045	406,884	140,265	(47,864,595)	17,885,599
Balance at January 1, 2021	69,076,328	65,203,045	412,264	140,265	(47,857,770)	17,897,804
Net profit for the period	-	-	-	-	81,634	81,634
Stock based compensation (note 11)	-	-	16,324	-	-	16,324
Balance at September 30, 2021	69,076,328	65,203,045	428,588	140,265	(47,776,136)	17,995,762

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

Jura Energy Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2021 (Unaudited)

(expressed in US Dollars)

1 Company and its operations

Jura Energy Corporation ("JEC", "Jura" or the "Company") is listed on the TSX Venture Exchange ("TSX-V") and trades under the symbol "JEC". The registered office of Jura Energy Corporation is located at Suite 2100, 144 - 4th Avenue SW, Calgary, T2P 3N4, Alberta, Canada. These condensed consolidated interim financial statements include the financial statements of JEC, and its wholly owned subsidiaries Spud Energy Pty Limited ("SEPL"), PetExPro Ltd. ("PEPL"), Frontier Oil and Gas Holdings Limited ("FOGHL") and Frontier Holdings Limited ("FHL").

These condensed consolidated interim financial statements were approved and authorized for issue by the Company's board of directors on November 29, 2021.

2 Going concern

Management has prepared these condensed consolidated interim financial statements in accordance with the International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates that assets will be realized, and liabilities will be discharged in the normal course of business as they become due. The Company had a working capital deficiency of \$6.90 million at September 30, 2021 (December 31, 2020: \$5.35 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) and has operating cashflows of \$11.44 million (September 30, 2020: \$5.55 million). As at September 30, 2021, the Company had an accumulated deficit of \$47.78 million (December 31, 2020: \$47.86 million). In addition to its ongoing working capital requirements, the Company also had 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.

Therefore, the condensed consolidated interim 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.

3 Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IFRS, as applicable to the interim financial reports including IAS 34 - Interim Financial Reporting. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2020 which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board.

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

The preparation of these condensed consolidated interim financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience including the expectation of future events that are believed to be reasonable under the circumstances. Estimates and judgments made by the management in the preparation of these condensed consolidated interim financial statements are the

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For the three and nine months ended September 30, 2021 (Unaudited)

(expressed in US Dollars)

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.

4 Accounts and other receivables

	September 30, 2021	December 31, 2020
	\$	\$
Trade receivables (note 4 a)	10,857,638	10,961,234
Due from concession operator	-	579,323
Due from related parties (note 4 b)	830,743	1,104,463
Prepayments	22,838	50,424
Security deposits	42,061	42,062
Other receivables	345,187	243,417
	12,098,467	12,980,923
Provision for impairment (note 4 b)	(818,218)	(818,218)
	11,280,249	12,162,705

- a) The trade receivables are provided as a security by way of irrevocable assignment into the collection accounts maintained with Askari Bank Limited ("AKBL"), the lead arranger, acting on behalf of the participants, pursuant to the terms of the AKBL syndicated term finance facilities (*refer to note 7 (a) for further details*).
- b) This represents \$818,218 and \$12,525 (December 31, 2020: \$818,218 and \$286,245) receivable from Energy Exploration Limited ("EEL") and JS Energy Limited ("JSEL") respectively. The balances are receivable on demand and carry no interest.

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

5 Property, plant and equipment

	Oil and gas properties	Other operating assets			Motor vehicles	Total
		Computer equipment	Furniture and fixtures	Office equipment		
	\$	\$	\$	\$	\$	\$
Cost	70,737,070	114,603	24,011	48,949	220,304	71,144,937
Accumulated depletion, depreciation and impairment	(25,757,125)	(105,243)	(23,942)	(48,949)	(208,716)	(26,143,975)
Opening net book value	44,979,945	9,360	69	-	11,588	45,000,962
Period ended September 30, 2021						
Additions during the period	2,622,042	3,801	-	-	-	2,625,843
Depletion and depreciation for the period	(6,223,304)	(3,833)	(69)	-	(6,406)	(6,233,612)
Impairment for the period (note 5 b)	(5,953,709)	-	-	-	-	(5,953,709)
Carrying amount at September 30, 2021	35,424,974	9,328	-	-	5,182	35,439,484
Cost	73,359,112	118,404	24,011	48,949	220,304	73,770,780
Accumulated depletion, depreciation and impairment	(37,934,138)	(109,076)	(24,011)	(48,949)	(215,122)	(38,331,296)
Carrying amount at September 30, 2021	35,424,974	9,328	-	-	5,182	35,439,484

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2021 (Unaudited)

(expressed in US Dollars)

Cost	63,520,728	109,148	24,011	48,949	339,879	64,042,715
Accumulated depletion, depreciation and impairment	(20,351,937)	(101,988)	(22,423)	(48,949)	(264,530)	(20,789,827)
Opening net book value	43,168,791	7,160	1,588	-	75,349	43,252,888
Year ended December 31, 2020						
Additions during the year	4,029,971	5,455	-	-	-	4,035,426
Addition in asset retirement obligation	319,031	-	-	-	-	319,031
Revision in asset retirement obligation	757,617	-	-	-	-	757,617
Transferred from exploration and evaluation assets (note 6)	2,109,723	-	-	-	-	2,109,723
Disposal during the year						
- Cost	-	-	-	-	(119,575)	(119,575)
- Accumulated depreciation	-	-	-	-	77,727	77,727
	-	-	-	-	(41,848)	(41,848)
Depletion and depreciation for the year	(4,655,188)	(3,255)	(1,519)	-	(21,913)	(4,681,875)
Impairment for the year	(750,000)	-	-	-	-	(750,000)
Carrying amount at December 31, 2020	44,979,945	9,360	69	-	11,588	45,000,962
Cost	70,737,070	114,603	24,011	48,949	220,304	71,144,937
Accumulated depletion, depreciation and impairment	(25,757,125)	(105,243)	(23,942)	(48,949)	(208,716)	(26,143,975)
Carrying amount at December 31, 2020	44,979,945	9,360	69	-	11,588	45,000,962
Annual rate of depreciation (%)		33.33%	20.00%	33.33%	20.00%	

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

	September 30, 2021	December 31, 2020
	\$	\$
Leasehold motor vehicles		
Cost	146,086	146,086
Accumulated depreciation	(140,904)	(134,498)
	5,182	11,588

- b) 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

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(expressed in US Dollars)

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.

6 Exploration and evaluation assets

	September 30, 2021	December 31, 2020
	\$	\$
Balance at beginning of the period	3,317,483	4,626,053
Additions during the period	318,700	808,019
Transferred to property, plant and equipment (note 5)	-	(2,109,723)
Exploration and evaluation assets written off	-	(6,866)
Carrying amount at end of the period	<u>3,636,183</u>	<u>3,317,483</u>

7 Borrowings

	September 30, 2021	December 31, 2020
Current	\$	\$
AKBL Syndicated term finance facilities (note 7 a)	2,866,229	2,188,881
Finance lease obligations (note 7 b)	657	6,196
	<u>2,866,886</u>	<u>2,195,077</u>
Non-current		
AKBL Syndicated term finance facilities (note 7 a)	7,322,789	10,121,455
Finance lease obligations (note 7 b)	-	284
	<u>7,322,789</u>	<u>10,121,739</u>
Total borrowings	<u>10,189,675</u>	<u>12,316,816</u>

- a) On January 31, 2020, SEPL entered into long term syndicated term finance facilities of PKR 2,000 million (approximately \$11.72 million) with AKBL, the lead arranger acting on behalf of the participants (the "AKBL Facility").

The syndicate is comprised of AKBL, JS Bank Limited ("JSBL"), a related party of Jura, and Al Baraka Bank Pakistan Limited ("ABPL") with participation of PKR 1,000 million (approximately \$5.86 million), PKR 550 million (approximately \$3.22 million) and PKR 450 million (approximately \$2.64 million) respectively. The AKBL Facility carries interest at the rate of 3-month Karachi Inter-Bank Offered Rate ("KIBOR") plus 2.50%. The interest is payable quarterly in arrears whereas the principal is repayable in sixteen equal quarterly installments commencing after a grace period of one year from the date of first disbursement.

The AKBL Facility is secured by corporate guarantees of Jura and FHL, a first hypothecation charge on the moveable fixed assets of SEPL with a 25% margin, an assignment of present and future receivables of SEPL and FHL with a 25% margin, a lien on collection accounts of SEPL and FHL maintained with AKBL and a lien on SEPL's debt service reserve account and debt payment account maintained with AKBL.

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

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(expressed in US Dollars)

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

As at December 31, 2020, the Pakistan Branch of SEPL was compliant with the above financial covenants.

- b) In February 2016, SEPL entered into a diminishing musharaka facility with ABPL for the lease of vehicles for the Company's employees, in the amount of up to PKR 42 million (approximately \$0.25 million). Under the terms of the facility, the Company has the option to acquire the leased vehicles without any consideration upon expiry of the lease term. The lease term is five years. The commitments in relation to the finance lease payable are as follows:

	September 30, 2021	December 31, 2020
	\$	\$
Within one year	700	6,446
Later than one year but not later than five years	-	291
Later than five years	-	-
Minimum lease payments	<u>700</u>	<u>6,737</u>
Future interest payments	(43)	(257)
Recognized as liability	<u>657</u>	<u>6,480</u>

The present value of finance lease liabilities is as follows:

Within one year	657	6,196
Later than one year but not later than five years	-	284
Later than five years	-	-
Minimum lease payments	<u>657</u>	<u>6,480</u>

8 Amounts due to related parties

	September 30, 2021	December 31, 2020
Current	\$	\$
Running finance facilities (note 8 a)	3,672,972	3,968,181
	<u>3,672,972</u>	<u>3,968,181</u>
Non-current		
Shareholder loan (note 8 b)	295,776	7,489,109
	<u>295,776</u>	<u>7,489,109</u>
Total amounts due to related parties	<u>3,968,748</u>	<u>11,457,290</u>

- a) This represents short term running finance facilities of PKR 425 million (approx. \$2.49 million) and PKR 200 million (approx. \$1.17 million) provided by JSBL, a related party. The outstanding amount of the facilities carries interest at the rate of 1-month KIBOR plus 2% and 1-month KIBOR plus 2.25% respectively, payable quarterly in arrears. These facilities are secured by corporate guarantees of Jura and FHL, a first hypothecation charge on the moveable fixed assets of FHL with a 25% margin, a ranking hypothecation charge on the moveable fixed assets of SEPL with a 25% margin, a ranking assignment of present and future receivables of SEPL and FHL with a 25% margin and a lien on SEPL and FHL bank accounts maintained with JSBL.
- b) This represents unsecured bridge loan of \$295,776 (December 31, 2020: \$7,489,109) from the majority shareholder of the Company, JSEL. The principal amount bears interest at the rate of 11% per annum compounded quarterly. The principal and accrued interest outstanding as at September 30, 2021 are

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(expressed in US Dollars)

payable on demand, however, the shareholder has provided a written undertaking to the Company, pursuant to which the shareholder loan shall not be called for repayment for a minimum period of twelve months from the date of approval of these condensed consolidated interim financial statements.

Further, JSEL has the option to convert, in whole or in part, the principal and accrued interest under the bridge loan for a subscription of JEC shares, on the basis of one JEC share for each C\$1.00 so converted ("the Conversion Option") subject to the restriction that, during any six month period, the aggregate number of JEC shares issuable to JSEL under the Conversion Option may not exceed 10% of the number of JEC shares outstanding, on a non-diluted basis, prior to the date of the first conversion. As at September 30, 2021, a maximum of 374,778 shares are issuable under the Conversion Option.

At September 30, 2021, the bridge loan comprised two components: (i) the host agreement and (ii) the embedded derivative representing the Conversion Option. The host agreement has been accounted for using the amortized cost method and the embedded derivative has been accounted for at fair value determined using the Black-Scholes Option Pricing Model. The fair value of the embedded derivative at September 30, 2021, was \$nil (December 31, 2020: \$nil).

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

	Carrying value \$	Not later than one year \$	Later than one year and not later than five years \$	Later than five years \$
At September 30, 2021				
AKBL Syndicated term finance facilities	10,189,018	2,866,229	7,322,789	-
Finance lease obligations	657	657	-	-
Shareholder loan	295,776	-	295,776	-
Running finance facilities	3,672,972	3,672,972	-	-
	14,158,423	6,539,858	7,618,565	-
At December 31, 2020				
AKBL Syndicated term finance facilities	12,310,336	2,188,881	10,121,455	-
Finance lease obligations	6,480	6,196	284	-
Shareholder loan	7,489,109	-	7,489,109	-
Running finance facilities	3,968,181	3,968,181	-	-
	23,774,106	6,163,258	17,610,848	-

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

10 Asset retirement obligation

	September 30, 2021 \$	December 31, 2020 \$
Balance at beginning of the period	4,358,575	3,206,559
Additions during the period	-	319,031
Revisions due to change in estimates	-	757,617
Accretion on asset retirement obligation	34,967	75,368
Carrying amount at end of the period	4,393,542	4,358,575

Jura Energy Corporation

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2021 (Unaudited)

(expressed in US Dollars)

11 Share capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The preferred shares may be issued in one or more series, with rights and privileges for each series as determined by the Board. As at September 30, 2021, 69,076,328 (December 31, 2020: 69,076,328) common share of C\$ 1 were outstanding.

Stock options

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

Restricted Share Units

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

As at September 30, 2021, 1,604,926 restricted share units were outstanding.

Stock-based compensation and contributed surplus

During the three and nine months ended September 30, 2021, stock based compensation of \$6,200 and \$16,324 (three and nine months ended September 30, 2020: \$5,380 and \$16,777) was charged to the condensed consolidated interim statement of comprehensive income/(loss).

12 Contingencies and commitments

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

Commitments

	September 30, 2021	December 31, 2020
	\$	\$
Minimum capital commitments related to exploration licenses	2,972,086	2,972,086
Commitments under approved AFEs	266,500	558,550
Commitment under share purchase agreement for the acquisition of EEL	1,000	1,000
	<u>3,239,586</u>	<u>3,531,636</u>

13 Cost of production

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Production costs	1,145,060	684,858	2,784,351	2,234,998
Depletion of oil and gas properties	3,572,549	1,308,128	6,223,304	3,324,901
	<u>4,717,609</u>	<u>1,992,986</u>	<u>9,007,655</u>	<u>5,559,899</u>

Jura Energy Corporation

Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2021 (Unaudited)

(expressed in US Dollars)

14 General and administrative expenses

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Employees' benefits	279,341	223,691	698,543	680,837
Directors' compensation	23,021	22,189	116,318	66,362
Depreciation of other operating assets	1,591	8,868	10,308	26,687
Legal and professional charges	49,006	5,500	104,509	32,275
Travelling expenses	7,440	453	15,992	20,007
Consultancy (note 14 a)	39,840	42,685	168,274	188,086
Office rent and utilities	45,336	51,459	149,380	131,542
Provision for workers' profit participation fund	(56,066)	261,140	154,781	342,404
	389,509	615,985	1,418,105	1,488,200

- a) Consultancy includes an amount of \$20,000 and \$60,000, charged by JS North Asia Investments Limited, a related party, for the three and nine months ended September 30, 2021 (three and nine months ended September 30, 2020: \$20,000 and \$60,000).

15 Finance costs

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Interest on amounts due to related parties	120,338	327,109	583,918	1,070,119
Interest on borrowings	308,748	418,801	999,942	1,355,077
Accretion on asset retirement obligation	11,656	19,287	34,967	56,073
Late payment surcharge on payments	-	30,336	-	48,669
	440,742	795,533	1,618,827	2,529,938

16 Earnings/(loss) per share

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Net profit / (loss) for the period	(2,779,275)	1,134,480	81,634	3,846,494
Weighted average number of outstanding shares				
- Basic	69,076,328	69,076,328	69,076,328	69,076,328
- Diluted	70,681,254	70,681,254	70,681,254	70,681,254
Earnings/(loss) per share				
- Basic	(0.04)	0.02	0.00	0.06
- Diluted	(0.04)	0.02	0.00	0.05

For the three and nine months ended September 30, 2021 and 2020, 374,778 stock options under shareholder loans were excluded from the calculation of diluted shares as they would be anti-dilutive.

17 Financial risk management

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.

Jura Energy Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2021 (Unaudited)

(expressed in US Dollars)

These condensed consolidated interim financial statements do not include all financial risk management information and disclosure required in the annual financial statements; they should be read in conjunction with the Company's consolidated annual audited financial statements for the year ended December 31, 2020. There has been no change in the risk management policies since December 31, 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.

18 Transactions with related parties

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

Majority Shareholder

- JS Energy Limited

Wholly owned subsidiaries

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

Associated entity

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

Key management personnel

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (whether executive

Jura Energy Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2021 (Unaudited)

(expressed in US Dollars)

or otherwise) of the Company. The Company's key management includes its Chief Executive Officer, Chief Financial Officer and its directors.

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

	September 30, 2021	December 31, 2020
	\$	\$
JSEL - majority shareholder		
Bridge loan		
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)
Interest paid during the period	(338,302)	(4,694,661)
Payments (made)/received on behalf of JSEL	273,720	(273,720)
Balance payable at end of the period	<u>283,251</u>	<u>7,202,864</u>
Short term loan		
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)
Balance payable at end of the period	<u>-</u>	<u>-</u>
JSBL - associated company		
AKBL syndicated term finance facilities		
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 gain on retranslation	(166,112)	(69,108)
Balance payable at end of the period	<u>2,801,980</u>	<u>3,385,343</u>
Running finance facilities		
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
Balance payable at end of the period	<u>3,672,972</u>	<u>3,968,181</u>
ABPL syndicated credit facilities		
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)
Balance payable at end of the period	<u>-</u>	<u>-</u>
Term finance facilities		
Balance payable at beginning of the period	-	1,852,383
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)
Balance payable at end of the period	<u>-</u>	<u>-</u>

Jura Energy Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2021 (Unaudited)

(expressed in US Dollars)

Net loss for the period	(31,142)	(4,256,759)	(4,287,901)	(166,047)	(605,206)	(771,253)
Income tax reversal	-	1,508,626	1,508,626	-	852,887	852,887
	(31,142)	(2,748,133)	(2,779,275)	(166,047)	247,681	81,634
Additions during the period						
Property, plant and equipment	-	1,637,247	1,637,247	-	2,625,843	2,625,843
Exploration and evaluation assets	-	103,801	103,801	-	318,700	318,700

	As at September 30, 2021		
	Canada	Pakistan	Consolidated
	-----\$-----		
Segment assets	48,656	54,205,162	54,253,818
Segment liabilities	115,370	36,142,686	36,258,056

	For the three months ended September 30, 2020			For the nine months ended September 30, 2020		
	Canada	Pakistan	Consolidated	Canada	Pakistan	Consolidated
	-----\$-----					
Net revenue	-	4,960,653	4,960,653	-	14,347,265	14,347,265
Cost of production	-	(1,992,986)	(1,992,986)	-	(5,559,899)	(5,559,899)
Gross profit	-	2,967,667	2,967,667	-	8,787,366	8,787,366
General and administrative expenses	(97,783)	(518,202)	(615,985)	(256,460)	(1,231,740)	(1,488,200)
Impairment of oil and gas properties	-	-	-	-	(750,000)	(750,000)
Other income	-	-	-	12,891	6,402	19,293
Operating profit / (loss)	(97,783)	2,449,465	2,351,682	(243,569)	6,812,028	6,568,459
Exchange gain / (loss) - net	(14,894)	(271,192)	(286,086)	(10,064)	1,034,421	1,024,357
Finance costs	(98,427)	(697,106)	(795,533)	(317,234)	(2,212,704)	(2,529,938)
Net profit / (loss) for the period	(211,104)	1,481,167	1,270,063	(570,867)	5,633,745	5,062,878
Income tax charge	-	(135,583)	(135,583)	-	(1,216,384)	(1,216,384)
	(211,104)	1,345,584	1,134,480	(570,867)	4,417,361	3,846,494
Additions during the period						
Property, plant and equipment	-	46,043	46,043	-	3,963,523	3,963,523
Exploration and evaluation assets	-	299,128	299,128	-	593,267	593,267

	As at September 30, 2020		
	Canada	Pakistan	Consolidated
	-----\$-----		
Segment assets	39,369	61,044,582	61,083,951
Segment liabilities	118,361	43,079,991	43,198,352