**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**FOR THE YEARS ENDED**
**DECEMBER 31, 2023 and 2022**

**April 29, 2024**

## Introduction

This Management's Discussion and Analysis ("MD&A") is a review of the results of the consolidated operations of Jura Energy Corporation ("JEC" or the "Company") and its subsidiaries Spud Energy Pty Limited ("SEPL"), PetExPro Ltd. ("PEPL"), Frontier Oil and Gas Holdings Limited ("FOGHL") and Frontier Holdings Limited ("FHL") for the years ended December 31, 2023 and 2022 and the Company's consolidated financial position as at December 31, 2023. This MD&A is approved by the Board of Directors (the "Board") on April 28, 2024 and should be read in conjunction with the annual audited consolidated financial statements of the Company for the years ended December 31, 2023 and 2022.

The consolidated financial statements of the Company have been prepared by management in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The Company uses the United States Dollar as its measurement and reporting currency. All amounts reported in this MD&A are stated in United States Dollars unless otherwise indicated.

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

## Non-IFRS Financial Measures

This MD&A refers to certain financial measures that are not determined in accordance with IFRS. The terms net revenue per Barrel of Oil Equivalent ("Boe"), production cost per Boe, depletion per Boe and operating netback per Boe are not measures recognized under IFRS Accounting Standards and do not have standardized meanings prescribed by IFRS Accounting Standards. 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 consolidated annual financial statements of the Company, divided by production for the year.

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 indicator 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, Guddu and Nareli exploration licenses; expectations regarding resumption of production from Sara and Suri leases; expectations regarding the grant of waiver from compliance with the financial covenants under Askari Bank syndicated term finance facilities; expectations regarding the renewal of Al Baraka running musharaka facility and JS running finance facility for another term on maturity expectations regarding the outcome of arbitration proceedings initiated against PEL; expectations regarding the grant of or extension

applied in terms of expired exploration licenses and leases by the Government of Pakistan ("GoP") and the expectations regarding GoP's approval for the assignment of working interest applications submitted by the Company. 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, volatility of crude oil and other petroleum products, 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. With respect to forward-looking statements contained in this MD&A, the Company has made assumptions, regarding, among other things:

- the impact of increasing competition;
- the Company's ability to obtain additional financing on satisfactory terms;
- the Company's ability to attract and retain qualified personnel;
- the stability of global and national economic and political structures;
- the absence of significant project delays, whether as a result of economic, regulatory, environmental or weather conditions; and
- the ability of the Company to market oil and natural gas products to new and existing customers.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and assumptions set forth above and elsewhere in this MD&A:

- general economic conditions;
- volatility in global market prices for oil and natural gas;
- acts of violence, terrorism and civil unrest affecting the Company's assets and personnel;
- changes of laws in Pakistan affecting foreign ownership, interpretation or renegotiation of existing contracts, government participation, taxation policies, including royalty and tax increases and retroactive tax claims, investment restrictions, working conditions, exploration licensing and government control over domestic oil and gas pricing;
- competition;
- liabilities and risks, including environmental liability and risks, inherent in oil and gas operations;
- volatility in capital markets;
- the availability of capital;
- alternatives to and changing demand for Petroleum products;
- the risk that the GoP may revoke certain approvals;

- the risk that the Company's exploration licenses, or leases will expire and will not be renewed, or that Exploration Licenses or Leases that are currently past their term and are pending renewal will not be renewed, on terms acceptable to the Company, or at all; and

without limitation, and among other things, the other factors considered under "Risk Factors" herein. 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.

These factors should not be considered exhaustive. The reader is cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, readers are cautioned that the actual results achieved by the Company will vary from the information provided herein and the variations may be material. Consequently, there are no representations by the Company that actual results achieved will be the same in whole or in part as those set out in the forward-looking information.

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 year ended December 31, 2023, and up to the date of this MD&A are as follows:

- The Company reported a net loss of $4.64 million for the year ended December 31, 2023 compared to a net loss of $2.68 million in 2022. The net loss for the current year is mainly due to decrease in revenue on account of significant decline in production, recognition of additional depletion charge due to reduction in recoverable reserves, valuation loss of $1.60 million on assets in disposal group classified as held for sale and provision for expected credit losses, partially offset by an unrealized exchange gain on retranslation of Pakistan Rupee ("PKR") denominated liabilities due to weakening of PKR against US dollar;

- The Company reported a gross loss of $0.40 million for the year ended December 31, 2023 compared to a gross profit of $3.07 million in 2022. The gross loss in the current year is due to decrease in net revenue and recognition of additional depletion charge due to reduction in recoverable reserves;

- The net revenue for the year ended December 31, 2023 decreased by approximately 45% compared to 2022. The decrease in net revenue is mainly due to natural decline in production from the Company's producing properties offset by a minor increase in average realized price due to improvement in international crude oil prices;

- Production during the year ended December 31, 2023 decreased by 45% compared to the year ended December 31, 2022. The decrease is mainly due to natural decline in production from Guddu block, suspension of production from Aminah and Ayesha North wells in Badin IV South due to excessive water production and reduction in production from Zarghun South lease; and

- In January 2024, SEPL entered into farm out agreements with Mari Petroleum Company limited ("MPCL"), pursuant to which MPCL has agreed to acquire SEPL's 40% working interest in Zarghun South lease and 27.55% working interest in Nareli exploration license. In consideration for the assignment, MPCL has agreed to assume all present and future obligations related to these working interests and no consideration is payable to the Company upon completion;

- In January 2024, SEPL entered into a trust agreement with Al Haj Pakistan Exploration Limited ("APEL"), pursuant to which APEL agreed to hold SEPL's 24% working interest in Zamzama North exploration license for the sole benefit of SEPL; and

- On March 19, 2024, the GoP granted approval for the assignment of Nareli working interest to MPCL.

## Overview of the Company and its 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 Owner | (%) | Operator |
|---|---|---|---|
| ***Operated*** | | | |
| Sara lease | SEPL | 60.00% | Spud Energy Pty Limited |
| Suri lease | SEPL | 60.00% | Spud Energy Pty Limited |
| ***Non-operated*** | | | |
| 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 |
| Maru East gas field | SEPL | 10.66% | Oil and Gas Development Company Limited |
| Khamiso gas field | SEPL | 10.66% | Oil and Gas Development Company Limited |
| Umair gas field | SEPL | 10.66% | Oil and Gas Development Company Limited |
| Umair Southeast gas field | SEPL | 10.66% | Oil and Gas Development Company Limited |
| Guddu exploration license | SEPL | 13.50% | Oil and Gas Development Company Limited |
| Zamzama North exploration license | SEPL | 24.00% | Heritage Oil and Gas 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 |
| Zainab lease | FHL | 27.50% | Petroleum Exploration (Private) 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 |

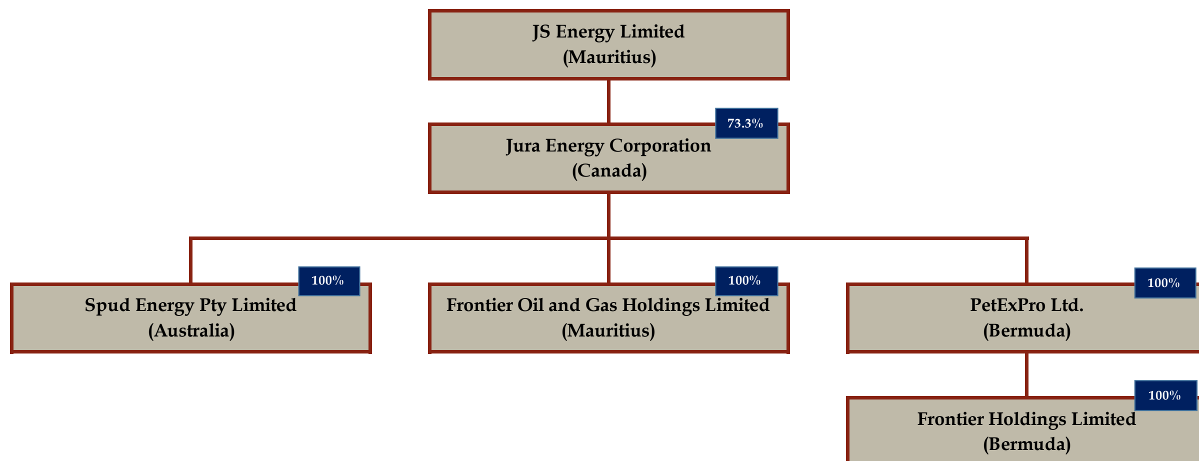
In addition to the above, SEPL also has 7.89% working interest in Badar lease, 40% working interest in Zarghun South lease and 27.55% working interest in Nareli exploration license and FHL has 37.5% working interest in Kandra lease.

Pursuant to the terms of a Settlement Agreement entered into between SEPL, FHL and Petroleum Exploration (Private) Limited ("PEL") dated August 12, 2016, SEPL's 7.89% working interest in Badar lease and FHL's 37.5% working interests in Kandra lease will be transferred to PEL. The applications for the assignment of these working interests have been submitted to GoP, the approval of which is expected in due course.

Moreover, in accordance with the terms of Farm-out Agreements dated January 30, 2024, and January 31, 2024, SEPL has agreed to assign its 40% working interest in Zarghun South lease and 27.55% working interest in Nareli exploration license to Mari Petroleum Company Limited. The applications for the assignment of these working interests have been submitted to GoP. On March 19, 2024, the GoP granted approval for the assignment of Nareli working interest to MPCL. The approval of assignment of 40% working interest in Zarghun South is expected due course.

In January 2024, SEPL entered into a Trust Agreement with APEL, pursuant to which APEL has agreed to hold SEPL's 24% working interest in Zamzama North exploration license for the sole benefit of SEPL. Upon GoP's approval for renewal of license term, SEPL can either continue the trust arrangement or require APEL to assign the 24% working interest held in trust to SEPL.

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 three leases (excluding Badar and Zarghun South leases), four gas fields 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%.

The following is a summary of the Company's operations in the most recently completed financial year and up to the date of this MD&A.

### Operated Concession

#### *Sara and Suri Leases*

SEPL holds a 60.0% working interest in the Sara and Suri leases.

Production from Sara and Suri leases under a third-party sale arrangement commenced on October 16, 2020. Pursuant to the terms of a Gas Sale and Purchase Agreement ("GSA") between SEPL and KGPL, the production from Sara and Suri leases is entitled to a gas price of US$ 2.15/MMBtu. The production from the Sara and Suri leases was suspended in July 2023, due to significant drop in pressure and flow rates. The management is evaluating various options for the possibility of resumption of production.

During the year, the Directorate General of Petroleum Concessions, ("DGPC") issued a show cause notice under Rule 68 (a) of Petroleum Rules 1986 ("Rules 1986"), alleging that the Company is involved in unlawful sale of gas to an unlicensed entity; unlawful sale of unprocessed gas; unlawful sale of gas from expired leases which is an environmental hazard endangering public safety; failure to meet financial obligations and breach of good oilfield practices.

The Company in its response has submitted that it operates the Sara and Suri leases in accordance with the best industry practices and applicable laws and regulations in Pakistan. In respect of unlawful sale of gas, the Company submitted that the sale of gas from the Sara and Suri leases is strictly in compliance with the DGPC's letter dated March 9, 2018, whereunder it conveyed the decision of the Economic Coordination Committee approving sale of gas from Sara and Suri leases to a third party on mutually agreed terms and conditions. The Company followed a competitive bidding process to shortlist the buyer and after JV Partners' approval, copy of signed gas sale and purchase agreement ("GSPA") was submitted to DGPC on July 23, 2019.

In accordance with the terms of the GSPA, the custody of processed gas is transferred to the buyer at field gate, who is responsible to ensure compliance with the applicable environmental applicable to transportation of gas. SEPL has fully settled its outstanding obligations related to Sara and Suri leases and no further communication has been received from DGPC since the filing of Company's response in January 2024.

The Sara and Suri leases expired on February 29, 2020. On February 28, 2020, SEPL on behalf of JV Partner applied for extension in lease term for further period of four years effective March 1, 2020. On January 31, 2024, SEPL submitted another application for extension in lease term upto December 31, 2024. SEPL believes that the approval of extension in the term of Sara and Suri leases will be granted in due course.

**Non-operated Concessions**

***Badar Lease***

SEPL holds a 7.89% working interest in the Badar lease. Pursuant to the terms of the Settlement Agreement entered into between SEPL, FHL and PEL, effective August 12, 2016, SEPL has agreed to assign its 7.89% working interest in Badar lease to PEL. The application for the assignment of 7.89% working interest in Badar lease has been submitted to GoP, the approval of which is expected in due course.

***Zarghun South Lease***

SEPL holds a 40.0% working interest in the Zarghun South lease. Pursuant to the terms of the Farm-out Agreement January 30, 2024 (effective November 1, 2023), SEPL has agreed to assign its 40% working interest in Zarghun South lease to MPCL. The application for the assignment of 40% working interest in Zarghun South lease has been submitted to GoP, the approval of which is expected in due course.

***Kandra Lease***

FHL holds a 37.5% working interest in the Kandra lease**.** Pursuant to the terms of the Settlement Agreement entered into between SEPL, FHL and PEL, effective August 12, 2016, FHL has agreed to assign its 37.5% working interest in Kandra lease to PEL. The application for the assignment of 37.5% working interest in Kandra lease has been submitted to GoP, the approval of which is expected in due course.

***Ayesha, Aminah and Ayesha North Leases ("Badin IV South leases")***

FHL holds a 27.5% working interest in the Badin IV South leases**.**

Commercial production from Badin IV South leases commenced in February 2020. During 2023, average daily production from Badin IV South leases was approximately 5.13 MMcf/d.

The Ayesha lease expired in 2020. The operator on behalf of the JV Partners has submitted an application for a five-year extension in the lease term. FHL believes that the approval of extension will be granted in ordinary course of business. The management believes that, based on the related provisions of the Petroleum Concession Agreement, the Ayesha Lease has been and will remain valid until approval is granted by the DGPC.

The Aminah and Ayesha North leases will expire in 2024 and 2025 respectively.

In January 2023, PEL, the operator of Badin IV south leases, attempted to invoke the forfeiture of FHL's 27.5% working interest in such leases for alleged non-payment of cash calls, which FHL maintains were improper. Jura, Spud and FHL dispute PEL's actions, and Spud and FHL have commenced ICC arbitration against PEL in respect of this matter.

***Reti, Maru and Maru South Leases and Maru East, Khamiso, Umair and Umair Southeast Gas Fields ("Reti-Maru leases")***

SEPL holds a 10.66% working interest in the Reti-Maru leases. Commercial production from the Reti-Maru leases commenced in December 2013. During 2023, average production from the leases was approximately 7.90 MMcf/d. The current daily field production is approximately 7.48 MMcf/d.

The Reti, Maru and Maru South Leases will expire in 2031, 2029 and 2026 respectively.

*Guddu Exploration License*

SEPL holds a 13.5% working interest in the Guddu exploration license (subject to reduction to 10.66% upon declaration of commerciality).

In order to fully explore the hydrocarbon potential of the license, the Guddu JV Partners acquired 545 Sq. Km of 3D seismic data. The processing and interpretation of 3D seismic data is in progress.

The Guddu exploration license expired on December 31, 2021. The operator on behalf of the JV Partners has submitted an application for an extension in the license term up to June 30, 2025. SEPL believes that the approval of extension will be granted in ordinary course of business.

*Zamzama North Exploration Licenses*

Pricing for gas under the Zamzama North exploration license has been deemed converted to pricing under the Petroleum Policy, 2012. Accordingly, any gas sales from future discoveries will be entitled to a gas price under the Petroleum Policy, 2012.

The Zamzama North exploration license reached the end of its initial term on December 14, 2011. In February 2016, the DGPC issued a notice to the operator for the fulfillment of outstanding work obligations stipulated in the Zamzama North PCA within a period of 60 days. The JV Partners are pursuing the matter with the DGPC.

In January 2024, SEPL entered into a Trust Agreement with APEL, pursuant to which APEL has agreed to hold SEPL's 24% working interest in Zamzama North exploration license for the sole benefit of SEPL. Upon GoP's approval for renewal of license term, SEPL can either continue the trust arrangement or require APEL to assign the 24% working interest held in trust to SEPL.

*Nareli Exploration License*

SEPL holds a 27.5% working interest in the Nareli exploration license. Pursuant to the terms of the Farm-out Agreement January 31, 2024 (effective October 13, 2021), SEPL has agreed to assign its 27.55% working interest in Nareli exploration license to MPCL. The application for the assignment of 27.55% working interest in Nareli exploration license was submitted to GoP on February 15, 2024. On March 19, 2024, the GoP granted approval for the assignment of Nareli working interest to MPCL.

*Badin IV South Exploration License*

FHL holds a 27.5% working interest in the Badin IV South exploration license.

The Badin IV South exploration license expired on February 1, 2024.

In January 2023, PEL, the operator of Badin IV South exploration license, attempted to invoke the forfeiture of FHL's 27.5% working interest in such exploration license for alleged non-payment of cash calls, which FHL maintains were improper. Jura, Spud and FHL dispute PEL's actions, and Spud and FHL have commenced ICC arbitration against PEL in respect of this matter.

*Badin IV North Exploration License*

FHL holds a 27.5% working interest in the Badin IV North exploration license.

The Badin IV North exploration license is valid upto September 12, 2025.

In October 2022, PEL, the operator of Badin IV North exploration license, attempted to invoke the forfeiture of FHL's 27.5% working interest in such exploration license for alleged non-payment of cash calls, which FHL maintains were improper. Jura, Spud and FHL dispute PEL's actions, and Spud and FHL have commenced ICC arbitration against PEL in respect of this matter.

## Performance Overview and Financial Analysis

### Operational and Financial Results

| Description | December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| | ----------$---------- | | |
| Net revenue | 6,605,828 | 11,993,135 | 20,953,932 |
| Gross profit/(loss) | (397,997) | 3,067,193 | 7,918,638 |
| Net profit/(loss) for the year | (4,638,324) | (2,684,179) | (6,809,544) |
| Earnings/(loss) per share | (0.07) | (0.04) | (0.10) |
| Capital expenditure | 5,361,484 | 2,045,221 | 3,316,263 |
| Assets | 22,031,768 | 32,175,010 | 43,445,576 |
| Long term liabilities | 2,374,797 | 4,470,133 | 10,184,931 |
| Common shares | | | |
| - Basic and diluted | 69,076,328 | 69,076,328 | 69,076,328 |
| Cash dividend per share | - | - | - |

JEC's net revenue and gross profit decreased significantly during 2023 and 2022 compared to 2021. The decrease is mainly due to reduction in production from Zarghun South lease due to water breakthrough in the Dunghan reservoir, natural decline in production from Guddu block, suspension of production from Aminah and Ayesha North well due to excessive water production and additional depletion charge due to reduction in recoverable reserves.

JEC reported a net loss of $4,638,324 during 2023 compared to a net loss of $2,684,179 and $6,809,544 in 2022 and 2021. The net loss for the current year is mainly due to decrease in revenue on account of significant decline in production and recognition of additional depletion charge due to reduction in recoverable reserves, valuation loss of $1.60 million on assets in disposal group classified as held for sale, partially offset by an unrealized exchange gain on retranslation of PKR denominated liabilities due to weakening of PKR against US dollar.

The capital expenditure incurred during 2021, 2022 and 2023 mainly represents expenditure associated with the buyout cost of amine sweetening unit installed in Badin IV South block, exploration drilling in Guddu exploration license and 2D seismic acquisition in Nareli exploration license.

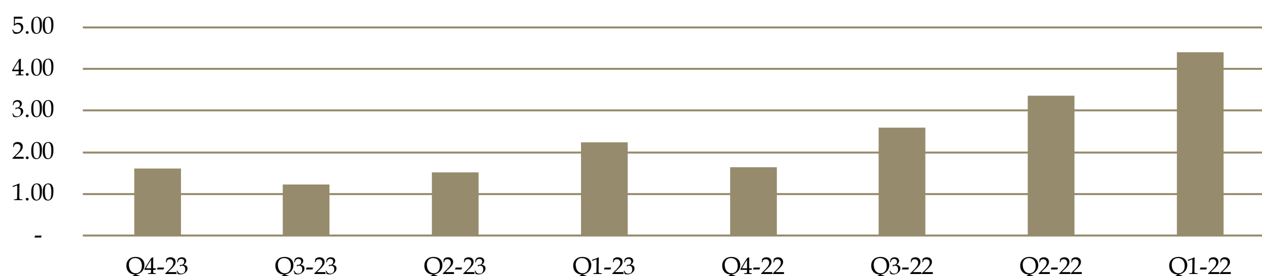
The reduction in long term liabilities during 2023 and 2022 is mainly due to repayment of shareholder loan and Askari Bank syndicated term finance facilities and a reduction in deferred tax liability due to reduction of carrying value of oil and gas properties as a result of impairment charged during 2021 and 2022. Further, at December 31, 2023 and 2022, the carrying amount of Askari Bank syndicated term finance facilities is classified as current liability due to non-compliance with the financial covenants.

## Summary of Quarterly Results

| Description | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Q-4 | Q-3 | Q-2 | Q-1 | Q-4 | Q-3 | Q-2 | Q-1 |
| | --------------------$-------------------- | | | | | | | |
| Net revenue | 1,615,665 | 1,228,313 | 1,520,410 | 2,241,440 | 1,636,406 | 2,588,746 | 3,358,496 | 4,409,487 |
| Net profit/(loss) | (3,835,244) | (973,424) | (1,001,098) | 1,171,442 | (6,365,514) | 1,112,592 | 994,246 | 1,574,497 |
| 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 |
| Earnings/(loss) per share (basic and diluted) | (0.06) | (0.01) | (0.01) | 0.02 | (0.09) | 0.02 | 0.01 | 0.02 |
| Capital expenditure | 2,060,276 | 1,680,179 | 1,368,912 | 252,117 | 1,235,433 | 292,109 | 404,622 | 113,057 |
| Assets | 22,031,768 | 31,671,200 | 29,674,136 | 27,997,854 | 32,175,010 | 39,114,216 | 41,515,592 | 46,380,467 |
| Long-term liabilities | 2,374,797 | 4,470,133 | 4,470,133 | 4,470,133 | 4,470,133 | 7,817,904 | 8,551,953 | 9,471,382 |

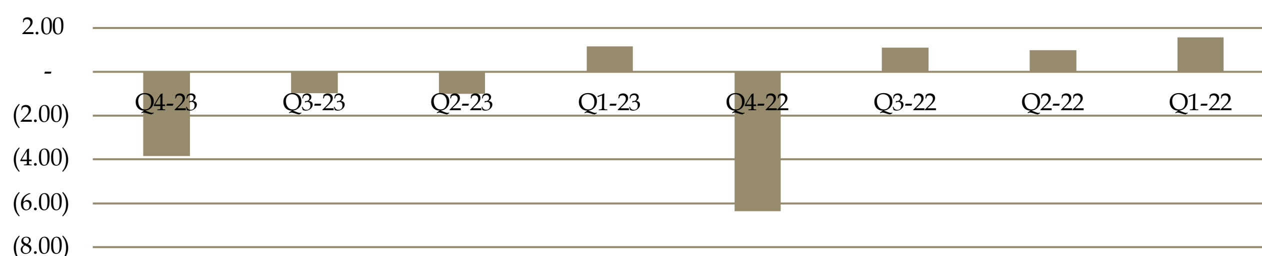
**Trend Analysis of Quarterly Results**

*Net Revenue ($ million)*



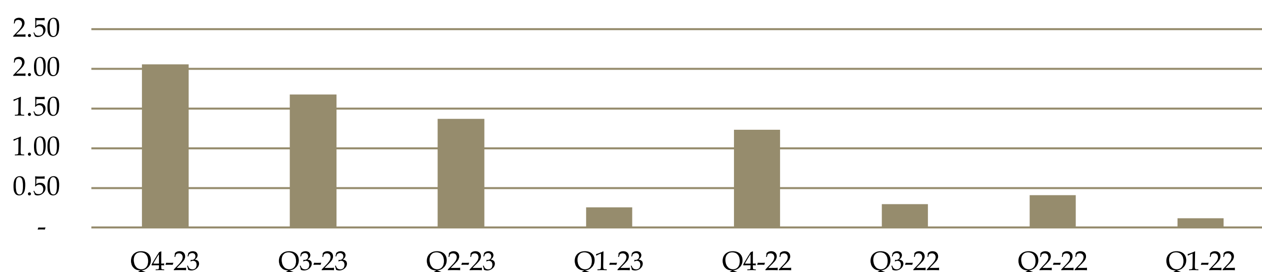

The consistent decline in net revenue since Q1 2022 is due to decline in production from Zarghun South lease caused by water breakthrough in the Dunghan reservoir, natural decline in production from Guddu block, suspension of production from Aminah and Ayesha North well in Badin IV South Block since Q2 2022 due to excessive water production. Further, during Q4 2022 the production from Zarghun South lease was suspended due to damage to sales gas pipeline. The minor increase in net revenue during Q1 and Q4 2023 is due to resumption of production from Zarghun South lease in fourth week of December 2022 and adjustment in estimation of Badin IV South based on publicly available production data.

*Net profit / (loss) ($ million)*



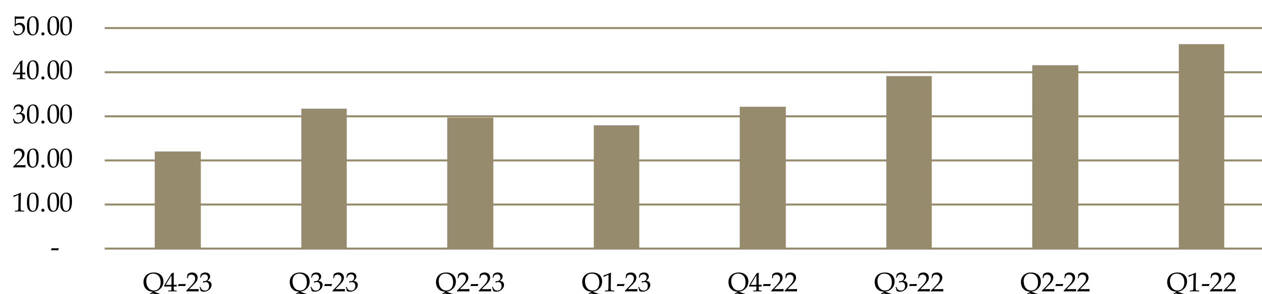

The net loss during Q4 2022 is due to decrease in net revenue as a result of decline in production and recognition of an impairment and a higher depletion charge due to reduction in recoverable reserves of Zarghun South lease partially offset by unrealized exchange gain on retranslation of PKR denominated liabilities due to weakening of PKR against US dollar and a reversal of deferred tax charge due to reduction in carrying amount of Company's oil and gas properties. The net loss during Q2 and Q3 2023 is due decrease in net revenue. The net loss during Q4 2023 mainly represents additional depletion charge due to reduction in recoverable reserves, valuation loss of $1.60 million on assets in disposal group classified as held for sale and recognition of an allowance for expected credit losses on amounts receivable in relation to Badin IV South block.

*Capital expenditure ($ million)*



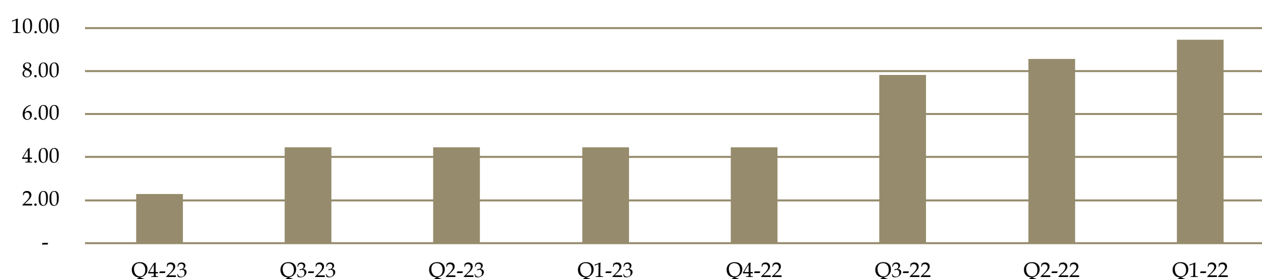

The Company continued to incur significant capital expenditure for the development of its oil and gas properties, and exploration and evaluation assets. The capital expenditure during Q2 2022 and Q4 2022 represents buyout cost of amine sweetening unit in Badin IV South Block, exploration drilling in Guddu exploration license and cost of Islamabad office. The capital expenditure incurred during Q2, Q3 and Q4 2023 represents 2D seismic acquisition in Nareli exploration license.

*Assets ($ million)*




The consistent decrease in total assets since Q1 2022 is due to recognition of impairment of Zarghun South lease and reduction in cash build up due to settlement of debt facilities. The significant reduction in Q4 2023 represents transfer of capitalized cost related to Zarghun South lease and Nareli exploration license to assets in disposal group classified as held for sale.

*Long term liabilities ($ million)*




The significant reduction in long term liabilities during 2022 and 2023 is mainly due to repayment of shareholder loan and Askari Bank syndicated term finance facilities. Further, at December 31, 2022 and throughout 2023 the carrying amount of Askari Bank syndicated term finance facilities is classified as current liability due to non-compliance with the financial covenants. The significant reduction in Q4 2023 represents transfer of asset retirement obligation related to Zarghun South lease to assets in disposal group classified as held for sale.

## Fourth Quarter Results and Analysis

| Description | Three months ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | Difference |
| | ----------$---------- | | |
| Net revenue | 1,615,665 | 1,636,406 | (20,741) |
| Net profit/(loss) | (3,835,244) | (6,365,514) | 2,530,270 |
| Weighted no. of outstanding share | 69,076,328 | 69,076,328 | - |
| Earnings/(loss) per share | (0.06) | (0.09) | 0.03 |
| Capital expenditure | 2,060,276 | 1,235,433 | 824,843 |
| Assets (**at December 31**) | 22,031,768 | 32,175,010 | (10,143,242) |
| Long term liabilities (**at December 31**) | 2,374,797 | 4,470,133 | (2,095,336) |

Net revenue: minor variance.

Net profit/(loss):

The reduction in net loss during Q4 2023 represents recognition of impairment due to reduction in recoverable amount of Zarghun South lease in the comparative period.

Capital expenditure:

The capital expenditure incurred during Q4 2023 represents expenditure incurred on 2D seismic acquisition in Nareli exploration license.

Assets:

The significant reduction in total assets as at December 31, 2023, is due to transfer of capitalized cost related to Zarghun South lease and Nareli exploration license to assets in disposal group classified as held for sale.

Long term liabilities:

The significant reduction in long term liabilities as at December 31, 2023, represents transfer of asset retirement obligation related to Zarghun South lease to assets in disposal group classified as held for sale.

## Financial and Overall Performance Review and Analysis

### Review of Financial Results

**1. Net loss**

| Description | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | Difference |
| | ----------$---------- | | |
| Net loss | (4,638,324) | (2,684,179) | (1,954,145) |

The Company reported a net loss of $4,638,324 for the year ended December 31, 2023, compared to a net loss of $2,684,179 in 2022.

The net loss for the current year is mainly due to decrease in revenue on account of significant decline in production and recognition of additional depletion charge due to reduction in recoverable reserves, valuation loss of $1.60 million on assets in disposal group classified as held for sale, partially offset by an unrealized exchange gain on retranslation of Pakistan Rupee ("PKR") denominated liabilities due to weakening of PKR against US dollar. Segment breakdown of net loss for the year ended December 31, 2023, and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| Canada | (319,784) | (586,463) |
| Pakistan | (4,318,540) | (2,097,716) |

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

- Canada segment is non-revenue generative. The loss in Canada mainly represents general and administrative expenses.
- Net loss of the Pakistan segment represents revenue from sale of gas and condensate, offset by production costs, general and administrative expenses, valuation loss on assets in disposal group classified as held for sale, allowance for expected credit losses, finance costs and unrealized exchange gain on foreign currency denominated liabilities due to weakening of PKR exchange rate parity against US dollar.

**2. Net revenue**

| Description | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | Difference |
| | ----------$---------- | | |
| Gross revenue | 7,592,815 | 13,785,649 | (6,192,834) |
| Royalty | (986,987) | (1,792,514) | 805,527 |
| Net revenue | **6,605,828** | **11,993,135** | **(5,387,307)** |

Net revenue represents the sale of gaseous hydrocarbons from Reti, Maru, Maru South, Maru East, Khamiso, Umair and Umair Southeast (together "Reti-Maru leases"), Ayesha, Aminah and Ayesha North (together "Badin IV South leases"), Sara, Suri and Zarghun South leases net of royalty. The decrease in gross revenue is mainly due to consistent decline in production from Zarghun South lease due to water breakthrough in the Dunghan reservoir, natural decline in production from Guddu block, suspension of production from Aminah and Ayesha North well due to excessive water production offset by minor increase in average realized price as a result of improvement in international crude oil prices.

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

| Description | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | Difference |
| | ----------MMcf/d---------- | | |
| Reti-Maru Leases | 7.90 | 7.97 | (0.07) |
| Zarghun South Leases | 3.79 | 5.09 | (1.30) |
| Badin IV South Leases | 5.13 | 12.55 | (7.42) |
| Sara and Suri Leases | 0.05 | 0.27 | (0.22) |

A comparison of gross sale volume and average realized price per Boe for the years presented is as follows:

| Description | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | Difference |
| Production in Boe | 223,258 | 409,119 | (185,861) |
| Average annual realized price ($/Boe)[1] | 34.01 | 33.70 | 0.31 |

[1]*Refer to non-IFRS financial measures.*

The royalty is calculated at 12.5% of revenue. A comparison of royalty costs per Boe for the years presented is as follows:

| Description | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | Difference |
| Production in Boe | 223,258 | 409,119 | (185,861) |
| Royalty ($/Boe)[1] | (4.42) | (4.38) | (0.04) |

[1]*Refer to non-IFRS financial measures.*

### 3. Cost of production

| Description | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | Difference |
| | ----------$---------- | | |
| Production costs | 2,930,578 | 3,737,414 | (806,836) |
| Depletion of oil and gas properties | 4,073,247 | 5,188,528 | (1,115,281) |
| | **7,003,825** | **8,925,942** | **(1,922,117)** |

The decrease in cost of production is due to decrease in production during the current year.

A comparison of production cost per Boe for the years presented is as follows:

| Description | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | Difference |
| Production in Boe | 223,258 | 409,119 | (185,861) |
| Production costs ($/Boe)[1] | 13.13 | 9.14 | 3.99 |

[1]*Refer to non-IFRS financial measures.*

The increase in production cost per Boe is due to the fact that a large component of production costs is fixed in nature and decrease in production during the current year resulted in higher production cost per Boe.

A comparison of depletion of oil and gas properties per Boe for the years presented is as follows:

| Description | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | Difference |
| Production in Boe | 223,258 | 409,119 | (185,861) |
| Depletion of oil and gas properties ($/Boe)[1] | 18.24 | 12.68 | 5.56 |

[1]*Refer to non-IFRS financial measures.*

The increase in depletion per Boe is due to additional depletion charge as a result of reduction in recoverable reserves.

**4. General and administrative expenses**

| Description | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | Difference |
| | ----------$---------- | | |
| Employees' benefits | 1,044,040 | 1,301,268 | (257,228) |
| Directors' compensation | 88,625 | 198,560 | (109,935) |
| Depreciation of other operating assets | 111,754 | 77,587 | 34,167 |
| Depreciation of right-of-use assets | 3,917 | - | 3,917 |
| Legal and professional charges | 899,148 | 687,151 | 211,997 |
| Travelling expenses | 93,899 | 69,892 | 24,007 |
| Consultancy | 225,443 | 360,610 | (135,167) |
| Office rent and utilities | 134,196 | 137,171 | (2,975) |
| Provision for workers' profit participation fund | - | 129,929 | (129,929) |
| Other expenses | 198,946 | 178,019 | 20,927 |
| | **2,799,968** | **3,140,187** | (340,219) |

The employees' benefits, consultancy, and office rent and utilities are incurred in PKR. The devaluation of PKR against US dollar resulted in decrease in these costs during the year. The average PKR to US Dollar conversion rate during the year 2023 was 280.39 compared to 204.90 in 2022.

The reduction in directors' compensation is due to reorganisation of board of directors carried out in August 2022, whereby the number of directors were reduced from six to four and a revised directorship fee was agreed with the incoming directors.

The increase in legal and professional charges and travelling expenses is due to additional costs incurred in relation to arbitration proceedings initiated against PEL.

Provision for workers' profit participation is applicable on accounting profit of Pakistan Branches of SEPL and FHL. Due to loss during the year, no provision for workers' profit participation is required.

Segment-wise breakup of general and administrative expenses for the year ended December 31, 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| Canada | 301,383 | 569,098 |
| Pakistan | 2,498,585 | 2,571,089 |

**5. Exchange gain - net**

| Description | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | Difference |
| | ----------$---------- | | |
| Exchange gain - net | 2,490,419 | 3,344,133 | (853,714) |

The currency translation exchange gain is due to the strengthening of US dollar exchange rate parity against PKR. The devaluation of PKR against US dollar was approx. 24.5% compared to approximately 27.5% in 2022. The reduction in PKR denominated liabilities on account of payments during the year resulted in lower exchange gain compared to 2022.

### 6. Finance costs

| Description | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | Difference |
| | ----------$---------- | | |
| Interest on amounts due to related parties | 581,401 | 379,381 | 202,020 |
| Interest on borrowings | 1,170,396 | 1,395,590 | (225,194) |
| Finance cost - others | 2,569 | 171,922 | (169,353) |
| | **1,754,366** | **1,946,893** | **(192,527)** |

The increase in interest on amount due to related parties is due to draw down of additional running finance facility during the year and an increase in variable interest rate.

The decrease in interest on borrowings is due to reduction in carrying amount offset by an increase in variable interest rate.

### 7. Income tax

| Description | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | Difference |
| | ----------$---------- | | |
| Current tax | - | - | - |
| Deferred tax reversal | - | (106,755) | 106,755 |

The reversal of deferred tax in 2022 is due to a significant reduction in carrying value of oil and gas properties as a result of impairment.

### 8. Operating netback

| Description | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | Difference |
| | ----------$---------- | | |
| Net revenue | 6,605,828 | 11,993,135 | (5,387,307) |
| Production costs | (2,930,578) | (3,737,414) | 806,836 |
| Operating netback | 3,675,250 | 8,255,721 | (4,580,471) |
| Production in Boe | 223,258 | 409,119 | (185,861) |
| Operating Netback ($/Boe)[1] | 16.46 | 20.18 | (3.72) |

[1]*Refer to non-IFRS financial measures.*

The reduction in operating net back during 2023 is due higher operating cost per Boe during to reduction in production.

## Impairment of oil and gas properties

As at December 31, 2023, the management carried out an impairment test for its Cash Generating Units ("CGUs") in accordance with the accounting policy stated in note 3 (xvii-b) of the Company's annual audited consolidated financial statements. At December 31, 2023, the Company has two CGUs (December 31, 2022; three CGUs). CGU-I comprised of oil and gas properties falling within Zone-III of Pakistan petroleum exploration and production regime and held through its wholly owned subsidiary SEPL. This includes Reti, Maru, Maru South, Sara and Suri leases and Maru East, Khamiso, Umair and Umair Southeast gas fields. CGU-II comprised of oil and gas properties falling within Zone-III of Pakistan petroleum exploration and production regime and held through its wholly owned subsidiary FHL. This includes Ayesha, Aminah, Ayesha North and Zainab leases.

The tests were performed using a fair value less cost of disposal methodology using a discounted cash flow model. The fair value of each 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.

For CGU-I, 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. For CGU-II, the management used in-house expertise while determining the future production and cost estimates. The future net cash flows are calculated by applying forecasted prices of gas reserves to the 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 17.5%. The discount rate used reflects the specific risks relating to the underlying CGUs. As a result of the impairment tests, no impairment is required to be recognized as at December 31, 2023 (2022: $4.46 million).

The crude oil price forecast used to determine the recoverable amount at December 31, 2023, are $77/bbl in 2024, $78.03/bbl in 2025, $79.59/bbl in 2026, $81.18/bbl in 2027 and an annual escalation of approximately 2% after 2027 (December 31, 2022: $84/bbl in 2023, $80.58/bbl in 2024, $79.59/bbl in 2025, $78.53/bbl in 2026 and an annual escalation of approximately 2% after 2026).

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

| **2023** | Recoverable amount | Discount rate | | Crude oil price | |
|---|---|---|---|---|---|
| | | 1% increase | 1% decrease | 5% increase | 5% decrease |
| | $ | $ | $ | $ | $ |
| CGU-I | 1,896,000 | (61,000) | 64,000 | 58,000 | (59,000) |
| CGU-II | 6,067,000 | (194,000) | 202,000 | 318,000 | (319,000) |

| **2022** | Recoverable amount | Discount rate | | Crude oil price | |
|---|---|---|---|---|---|
| | | 1% increase | 1% decrease | 5% increase | 5% decrease |
| | $ | $ | $ | $ | $ |
| CGU-I | 3,605,000 | (60,000) | 62,000 | 123,000 | (123,000) |
| CGU-II | 3,158,000 | (78,000) | 82,000 | 77,000 | (77,000) |
| CGU-III | 12,872,000 | (282,000) | 293,000 | 444,000 | (444,000) |

As a result of applying the sensitivities to the discount rate and crude oil price, adequate cushion is available for both CGUs.

## Assets in disposal group classified as held for sale

In November 2023, the board of directors principally agreed to the sale of the SEPL's 40% working interest in Zarghun South lease and 27.55% working interest in Nareli exploration license. Accordingly, the capitalized cost and associated liabilities related to these blocks have been transferred to disposal group classified as held for sale at December 31, 2023. The net assets in disposal group classified as held for sale were measured at the lower of its carrying amount and fair value less cost to sell, which resulted in valuation loss of $1,598,947.

## Provisions, contingencies and commitments

### Contingencies and Commitments

### Litigation

From time to time, the Company may become involved in legal or administrative proceedings in the normal conduct of business. In 2022, PEL attempted to invoke the forfeiture of FHL's 27.5% working interest in the Badin IV North and South blocks (together "Badin Blocks") for alleged non-payment of cash calls, which FHL maintains was improper. Jura disputes PEL's actions and the cash call and has initiated two arbitration proceedings against PEL. The first arbitration is under the terms of a Settlement Agreement dated August 12, 2016 ("SA Arbitration") whereas the second arbitration is under the other Joint Operating Agreement ("JOA") of Badin Blocks ("JOA Arbitration"). Given the confidential nature of arbitration proceedings the parties are restricted as to what public disclosures they can make about the proceedings. However, Jura is able to confirm that the Request for Arbitrations have been filed in response to PEL's illegal attempt to cause forfeiture of FHL's 27.5% working interest in the Badin Blocks.

In respect of the SA Arbitration, an in-person hearing for witness testimony and cross examination was held in February 2024 and the parties submitted their final post hearing submissions in March 2024. Based on the review of the hearing proceedings and parties' post hearing submissions, the management and Company's legal counsel are of the view that the probability of an adverse award against the Company is low.

The request for JOA Arbitration was submitted in February 2023. PEL has challenged the jurisdiction of the ICC over the JOA dispute between the parties, and on March 21, 2024, the ICC vide its arbitral award declined jurisdiction over the JOA Aarbitration, thereby the JOA dispute between PEL and FHL would be decided under the Arbitration Act, 1940 of Pakistan. This jurisdictional determination is presently under appeal and does not affect the merits of the arbitration. After deliberation with its legal counsel in Singapore, the Company has submitted an appeal against the ICC award in the Singapore High Court. Given the preliminary stage of the appeal, the management is of the view that determining the probability of any particular outcome resulting from the JOA Arbitration cannot be undertaken at this time with any sufficient degree of reliability.

**Taxation**

The Company is involved in claims and actions arising in the course of the Company's operations and is subject to various legal actions and exposures, including tax positions taken by the Company. Although the outcome of these claims cannot be predicted with certainty, the Company does not expect these matters to have a material adverse effect on the Company's financial position, cash flows or results of operations. If an unfavorable outcome were to occur, there exists the possibility of a material adverse impact on the Company's consolidated net earnings or loss in the period in which the outcome is determined.

Accruals for litigation, claims and assessments are recognized if the Company determines that the loss is probable, and the amount can be reasonably estimated. The Company believes it has made adequate provision for such legal claims. While fully supportable in the Company's view, some of these positions, including uncertain tax positions, if challenged may not be fully sustained on review.

**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 December 31, 2023 and 2022. These financial commitments are expected to be funded through internal cash generation.

| Description | December 31, 2023 | December 31, 2022 |
|---|---|---|
| | -------$------- | |
| Minimum capital commitments related to exploration licenses | 2,628,336 | 6,594,114 |
| Commitment under share purchase agreement for the acquisition of EEL | - | 1,000 |
| **Total** | **2,628,336** | **6,595,114** |

Breakdown of minimum capital commitments related to exploration licenses per year:

| Description | 2024 | 2025 | 2026 | Total |
|---|---|---|---|---|
| | -------$------ | | | |
| Zamzama North | 1,224,000 | - | - | 1,224,000 |
| Guddu | 426,300 | - | - | 426,300 |
| Badin IV North | 978,036 | - | - | 978,036 |
| **Total** | **2,628,336** | **-** | **-** | **2,628,336** |

## Subsequent Events

Subsequent to year end, in January 2024, the SEPL entered into farm out agreements with MPCL, pursuant to which MPCL has agreed to acquire the SEPL's 40% working interest in Zarghun South lease and 27.55% working interest in Nareli exploration license. In consideration for the assignment, MPCL has agreed to assume all present and future obligations related to these working interests and no consideration is payable to the Company upon

completion. The Company has classified the capitalized costs and associated liabilities related to these working interests as assets in disposal group classified as held for sale as at December 31, 2023.

In January 2024, SEPL entered into a Trust Agreement with APEL, pursuant to which APEL has agreed to hold SEPL's 24% working interest in Zamzama North exploration license for the sole benefit of SEPL. Upon GoP's approval for renewal of license term, SEPL can either continue the trust arrangement or require APEL to assign the 24% working interest held in trust to SEPL. As a result of this Trust Agreement, SEPL has rescind the share purchase agreement for the acquisition of Energy Exploration Limited.

On March 19, 2024, the GoP granted approval for the assignment of Nareli working interest to MPCL.

## Going Concern, Liquidity and Capital Resources

| Description | Coupon rate | Maturity | As at December 31, 2023 | As at December 31, 2022 |
|---|---|---|---|---|
| | | | ----------$----------- | |
| **Secured:** | | | | |
| Askari Bank Syndicated Term Finance Facilities ("AKBL Facility") | 3 Months KIBOR* + 2.5% | January 2025 | 2,270,355 | 5,029,519 |
| Al Baraka Bank Running Musharaka Facility ("ABPL RM Facility") | 3 Months KIBOR + 2% | March 2024 | 1,923,100 | 2,432,388 |
| JS Bank Running Finance Facility ("JSBL RF Facility") | 3 Months KIBOR + 2% | January 2024 | 2,371,940 | 2,434,741 |
| **Current and long-term debt** | | | **6,565,395** | **9,896,648** |
| Cash and cash equivalents | | | (1,189,740) | (621,951) |
| Restricted cash | | | (965,993) | (1,299,937) |
| **Net debt** | | | **4,409,662** | **7,974,760** |

**Karachi Inter Bank Offered Rate*

**Covenants Compliance under AKBL Facility**

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

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

As at December 31, 2023, the Pakistan Branch of SEPL was compliant with the current ratio and debt to equity ratio. However, the SEPL Pakistan Branch was non-compliant with the Debt service coverage ratio, for which an application of waiver has been submitted to AKBL, which management believes will be granted in ordinary course of business. During the current period and as of the date of this MD&A, SEPL has not received any written or verbal intimation from the AKBL for an early payment of principal amount and accrued interest due under the AKBL Facility and the management believes that the AKBL Facility will be settled in the ordinary course of business in accordance with the repayment plan.

The ABPL RM Facility and the JS Bank RF Facility are short term facilities to fund the operating expenditure commitments of the Company. These facilities are renewable annually and the Company has submitted application for renewal of these facilities for another term. The management believes that these approvals will be granted in the ordinary course.

The following table summarizes the working capital of the Company as at December 31, 2023 and 2022:

| Description | As at December 31, 2023 | As at December 31, 2022 |
|---|---|---|
| | ----------$----------- | |
| Current assets | 8,482,473 | 11,280,909 |
| Current liabilities | (16,076,335) | (19,485,917) |
| **Working capital deficiency** | **(7,593,862)** | **(8,205,008)** |

The current assets at December 31, 2023, comprised of accounts and other receivables of $6.33 million, restricted cash of $0.96 million and cash and cash equivalents of $1.19 million. The current liabilities include accounts payable and accrued liabilities of $9.46 million and borrowings, amounts due to related parties and lease liabilities of $6.62 million. During the year ended December 31, 2023 the Company reported a net loss of $4.64 million (2022: $2.68 million). As at December 31, 2023, the Company has an accumulated deficit of $61.99 million (2022: $57.35 million). In addition to its ongoing working capital requirements, the Company also has financial commitments as at December 31, 2023, that amounted to $2.69 million.

In addition to the above-mentioned factors, there are a number of additional material uncertainties that raise significant doubt as to the Company's ability to continue as a going concern, and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The uncertainties include the outcome of arbitration proceedings against PEL, classification of long-term borrowings as current liability due to non-compliance with the financial covenants and the need for additional cash resources to fund its existing operations, economic dependence on joint venture partners and the current economic and political conditions in Pakistan. To date, all exploration, development and other operational activities of the Company have been funded by internal cash generation from its producing concessions, equity and debt issuances, funding by a shareholder, and by farm-out through which a third party reimbursed the Company for a portion of its historical costs and will pay a portion of the Company's future capital expenditures to earn a portion of the Company's working interest in its properties.

These events and conditions create material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern, and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue its operations and to realize assets at the carrying values is dependent upon obtaining additional debt or equity financing, maintaining continued support from its majority shareholder and generating positive cash flows from operations. However, there can be no assurance that the steps management is taking will be successful. The principal shareholder has confirmed its commitment to provide financial support to the Company as and when required for a minimum period of twelve months from the date of approval of these consolidated financial statements.

These consolidated 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.

## Contractual Obligations

The following table sets forth the contractual obligations of the Company as at December 31, 2023:

| Description | Payments due by period | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 year | 1-3 years | 4-5 years | After 5 years |
| | ----------$----------- | | | | |
| Minimum capital commitments related to exploration licenses [1] | 2,628,336 | 2,628,336 | - | - | - |
| Other obligations [2] | 18,451,132 | 16,076,335 | 87,533 | - | 2,287,264 |
| **Total contractual obligations** | **21,079,468** | **18,704,671** | **87,533** | **-** | **2,287,264** |

**Notes:**

(1) "Obligations related to exploration licenses" means the obligations which are legally binding on the Company pursuant to the terms of the relevant PCA.

(2) "Other obligations" means other financial liabilities reflected in the Company's statement of financial position.

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements at December 31, 2023.

## Transactions with Related Parties

The Company's related parties with transactions during the years ended December 31, 2023, and 2022 include its majority shareholder, JS Energy Limited ("JSEL"), associated entities, JS Bank Limited and JS North Asia

Investments Limited, and key management personnel. Details of transactions with these related parties are as follows:

***Transaction with Majority Shareholder – JS Energy Limited***

JS Energy Limited, the majority shareholder of JEC, provided financial support to SEPL in the form of an interest-bearing bridge loan. The loan was fully settled during 2022.

| Description | December 31, 2023 | December 31, 2022 |
|---|---|---|
| | ----------$---------- | |
| **Bridge loan** | | |
| Balance payable at beginning of the year | - | 143,184 |
| Interest accrued during the year | - | 2,635 |
| Principal repaid during the year | - | (102,998) |
| Interest paid during the year | - | (42,821) |
| **Balance payable at end of the year** | **-** | **-** |

***Transaction 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 $1.95 million). Further, JS Bank has also provided running finance facilities of PKR 625 million (equivalent $2.22 million). The changes in loan balances during the applicable periods and balances outstanding as at December 31, 2023 and 2022 are as follows:

| Description | December 31, 2023 | December 31, 2022 |
|---|---|---|
| | ----------$---------- | |
| **AKBL Syndicated term finance facilities** | | |
| Balance payable at beginning of the | 1,383,118 | 2,506,039 |
| Interest accrued during the year | 205,305 | 315,024 |
| Principal repaid during the year | (510,084) | (701,425) |
| Interest paid during the year | (208,361) | (288,832) |
| Exchange gain on retranslation | (245,629) | (447,688) |
| **Balance payable at end of the year** | **624,349** | **1,383,118** |
| **Running finance facility** | | |
| Balance payable at beginning of the year | 2,434,741 | 2,435,566 |
| Facility utilized/(settled) during the year | 365,894 | 451,470 |
| Interest accrued during the year | 581,401 | 376,746 |
| Interest paid during the year | (541,484) | (300,618) |
| Exchange loss on retranslation | (468,612) | (528,693) |
| **Balance payable at end of the year** | **2,371,940** | **2,434,741** |

***Transactions with associated entity – JS North Asia Investments Limited***

SEPL is a party to an amended and restated services agreement (the "Services Agreement") with JS North Asia Investments Limited (the "Consultant"), which is wholly owned by Stephen C. Smith, a director of the Company. Pursuant to the Services Agreement, the Consultant agreed to, among other things; provide the services of Mr. Smith to act as an advisor to the management. Jura also anticipates receiving the benefits of the Consultant's extensive network of contacts, offices and specialists in Pakistan and internationally. Under the Services Agreement, the Consultant receives quarterly fees of $20,000 in aggregate (equal to $80,000 per annum). The term of the Services Agreement will continue indefinitely unless terminated on at least ninety days' written notice by either party to the other party. During the year ended ended December 31, 2023, the Consultant has charged a fee of $80,000 (2022: $80,000).

*Key Management Personnel*

| Description | December 31, 2023 | December 31, 2022 |
|---|---|---|
| | ----------$---------- | |
| Management salaries and benefits | 530,354 | 524,245 |
| Directors' fees and compensation | 88,625 | 198,560 |
| | **618,979** | **722,805** |
| Balance receivable at end of the year | | |
| Management | 570,914 | 713,706 |
| Directors | 9,062 | 59,809 |
| | **579,976** | **773,515** |

## Future Outlook

The Company's capital expenditure program for 2024 includes:

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

This capital expenditure program is expected to be funded through available cash, internal cash generation and financial support from the parent company.

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 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, GoP. 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.

## Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a) Exploration and evaluation expenditure

The Company's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalized amount is written off to the statement of comprehensive income/(loss).

b) Estimated impairment of oil and gas properties

Oil and gas reserves are an important element in impairment testing for oil and gas properties. Estimates of oil and gas reserves are inherently imprecise and are subject to future revision. These reserves are estimated by an independent expert with reference to the available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs.

Oil and gas properties are reviewed for impairment, whenever events or change in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount exceeds its recoverable amount.

The recoverable amount of a cash-generating unit ("CGU") and an individual asset is determined based on the higher of the value-in-use calculations and fair value less costs of disposal. These calculations require the use of estimates and assumptions, including the discount rate. It is reasonably possible that the commodity price assumptions may change, which may impact the estimated life of the field and economically recoverable reserves and may require a material adjustment to the carrying value of oil and gas properties. The Company monitors internal and external indicators of impairment relating to its assets.

c) Estimated oil and gas reserves used for depletion of oil and gas properties

Proved and probable reserves, used for recording depletion of oil and gas properties, are estimated by an independent expert with reference to the available reservoir and well information. Proved and probable reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Changes to the estimates of proved and probable reserves affect the amount of depletion recorded in the financial statements for oil and gas properties related to hydrocarbon production activities.

d) Asset retirement obligation

Estimates of the amount of provision for asset retirement obligations are recognized based on current legal and constructive requirements, technology, and price levels. Provision is recorded based on the estimates received from the operator, where available, or the information provided by the technical department of the Company based on the best estimates. However, the actual outflows can differ from the estimated cash outflows due to changes in laws, regulations, public expectations, technology, prices, and conditions, and can take place many years in the future; the carrying amount of provision is reviewed and adjusted to take account of such changes.

e) Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

Significant items on which the Company has exercised accounting judgement include recognition of deferred tax assets in respect of tax losses in Pakistan.

f) Leases

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate, which is estimated at the inception of the lease. At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate. The Company's incremental borrowing rate is estimated using prevailing interest rates, market precedents and the Company's credit rating.

g) Expected renewal of expired exploration licenses and leases

The expiry of the term of an exploration license or lease is an important element in impairment testing for exploration and evaluation assets and oil and gas properties. While assessing the expected renewals of expired exploration licenses and leases, the management consider the related provisions of relevant petroleum concession agreements, history of previous renewals granted by the regulatory authorities and industry precedents.

<u>Critical judgements in applying the entity's accounting policies</u>

h) Determination of CGUs for impairment testing

For impairment testing, oil and gas properties are aggregated into CGUs, based on separately identifiable and largely independent cash flows. The determination of the Company's CGUs, however, is subject to judgement.

i) Asset retirement obligation

Provision is recognized for the future restoration cost of oil and gas wells, production facilities and pipelines at the end of their economic lives. The timing of recognition requires the application of judgment to existing facts and circumstances, which can be subject to change.

j) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

k) Determination of functional currency

The determination of the functional currency of the Company is critical and requires significant judgment, since the recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected.

l) Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset. Furthermore, the Company assesses and reassesses the likelihood of it exercising renewal options.

m) Assets classified as held for sale

The Company classifies assets and associated liabilities as held for sale, when the Board of directors principally agreed to the sale of assets. The Company applies judgment in distinguishing between the assets and liabilities pertaining to continuing operations and those pertaining to assets classified as held for sale.

## 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. The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the Pakistan Rupee (PKR) and Canadian Dollar (CAD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable/payable in foreign currency. The Company's exposure to currency risk is as follows:

| Description | December 31, 2023 | December 31, 2022 |
|---|---|---|
| | -------------$---------- | |
| **PKR** | | |
| Bank balances | 20,841 | 289,797 |
| Accounts and other receivables | 1,151,692 | 1,781,990 |
| Accounts payable and accrued liabilities | (3,418,522) | (7,309,569) |
| Amounts due to related parties | (2,371,940) | (2,434,741) |
| Borrowings | (4,193,455) | (7,461,907) |
| Net exposure | **(8,811,384)** | **(15,134,430)** |
| **CAD** | | |
| Bank balances | 4,340 | 7,740 |
| Accounts and other receivables | 1,270 | 49,208 |
| Accounts payable and accrued liabilities | (90,626) | (27,832) |
| Net exposure | **(85,016)** | **29,116** |

The following significant exchange rates were applied during the year:

| Description | 2023 | 2022 |
|---|---|---|
| **PKR per USD** | | |
| Average rate | 280.39 | 204.90 |
| Reporting date rate | 282.15 | 226.65 |
| **CAD per USD** | | |

| | | |
|---|---|---|
| Average rate | 1.35 | 1.30 |
| Reporting date rate | 1.32 | 1.35 |

If the functional currency, at the reporting date, had fluctuated by 5% against the PKR and CAD with all other variables held constant, the impact on comprehensive income/(loss) for the year would have been $444,820 (2022: $755,266) respectively lower/higher, mainly as a result of exchange gains/losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

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. At the date of the statement of financial position, the interest rate profile of the Company's interest-bearing financial instruments is:

| **Description** | **December 31, 2023** | **December 31, 2022** |
|---|---|---|
| | **-------------$----------** | |
| Fixed rate instruments | - | - |
| Floating rate instruments | | |
| - Borrowings | 4,193,455 | 7,461,907 |
| - Amounts due to related parties | 2,371,940 | 2,434,741 |

Fair value sensitivity analysis for fixed rate instruments

If the interest rate, at the reporting date, had fluctuated by 1% with all other variables held constant, the impact on comprehensive income/(loss) for the year would have been $65,654 (2022: $98,966) respectively lower/higher, mainly as a result of interest on floating rate financial instruments. Interest rate risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

iv) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge an obligation. The maximum exposure to credit risk at the reporting date is as follows:

| **Description** | **December 31, 2023** | **December 31, 2022** |
|---|---|---|
| | **-------------$---------** | |
| Cash at bank | 1,172,089 | 621,951 |
| Restricted cash | 965,993 | 2,228,662 |
| Accounts and other receivables | 6,326,740 | 8,430,296 |
| **Total** | **8,464,822** | **11,280,909** |

The credit risk on liquid funds is limited because the counterparties are banks with reasonably high credit ratings. In case of trade receivables, the Company believes that it is not exposed to major concentrations of credit risk, due to the high credit worthiness of corresponding parties. The credit quality of bank balances and restricted cash, that are neither past due nor impaired, can be assessed by reference to external credit ratings (if available) or to historical information about the counterparty default rate:

| Description | Rating agency | Credit rating | 2023 | 2022 |
|---|---|---|---|---|
| | | | -----------$------------ | |
| Bank of Montreal | Moody's[1] | Aa2 | 53,790 | 450,690 |
| Canadian Imperial Banking Corporation | Moody's | Aa2 | 26,219 | 100,197 |
| Meezan Bank Limited | VIS[2] | AA+ | 484 | 484 |
| Bank Alfalah Limited | VIS | AA+ | 563 | 563 |
| Askari Bank Limited | PACRA[3] | AA+ | 1,990,390 | 2,270,741 |
| JS Bank Limited | PACRA | AA- | 66,560 | 387 |
| Silk Bank Limited | VIS | A- | 5 | 5 |
| Al Baraka Bank (Pakistan) Limited | VIS | A+ | 71 | 27,546 |
| **Total** | | | **2,138,082** | **2,850,613** |

[1]Moody's Investors Service
[2]VIS Credit Rating Company
[3]The Pakistan Credit Rating Agency Limited

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

The majority of the Company's trade receivables relate to the sale of natural gas to Sui Southern Gas Company Limited ("SSGCL"), a Pakistan state-owned gas transmission company. At December 31, 2023, 90.51% (2022: 85.23%) of the Company's trade receivables were for gas sales to SSGCL. While determining whether amounts that are past due are collectible, the management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. Jura considers all amounts greater than 90 days to be past due, at which point significant increase in credit risk exists. The lifetime expected credit loss allowances related to the Company's accounts and other receivables was $571,761 as at and for the years ended December 31, 2023 (2022: nil). As of December 31, 2023, trade receivables of $903,546 (2022: $3,496,207) were past due but not impaired. The aging analysis of these trade receivables is as follows:

| Description | December 31, 2023 | December 31, 2022 |
|---|---|---|
| | ----------$------------ | |
| Up to 3 months | 4,929,612 | 3,594,365 |
| 3 to 6 months | 903,547 | 2,485,780 |
| Above 6 months | - | 1,010,427 |
| **Total** | **5,833,159** | **7,090,572** |

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 process to ensure availability of funds and to take appropriate measures for new requirements. The following are contractual maturities of financial liabilities as at December 31, 2023 and 2022:

| | Less than 6 months | 6-12 months | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total contractual cash flows | Carrying amount |
|---|---|---|---|---|---|---|---|
| **At December 31, 2023** | $ | $ | $ | $ | $ | $ | $ |
| Accounts payable and accrued liabilities | 9,458,003 | - | - | - | - | 9,458,003 | 9,458,003 |
| Amounts due to related parties | 313,620 | 2,528,750 | - | - | - | 2,842,370 | 2,371,940 |
| Borrowings | 1,560,839 | 1,128,976 | 2,350,091 | - | - | 5,039,906 | 4,193,455 |
| Lease liabilities | 30,022 | 30,022 | 132,095 | - | - | 192,139 | 140,470 |
| | **11,362,484** | **3,687,748** | **2,482,186** | **-** | **-** | **17,532,418** | **16,163,868** |
| **At December 31, 2022** | | | | | | | |
| Accounts payable and accrued liabilities | 9,589,269 | - | - | - | - | 9,589,269 | 9,589,269 |
| Amounts due to related parties | 243,906 | 2,556,694 | - | - | - | 2,800,600 | 2,434,741 |
| Borrowings | 4,290,705 | 2,558,515 | 1,679,710 | - | - | 8,528,930 | 7,461,907 |
| | **14,123,880** | **5,115,209** | **1,679,710** | **-** | **-** | **20,918,799** | **19,485,917** |

**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 the borrowings and amount and amounts due to related parties approximates their carrying value as the interest rates charged on these balances are comparable to current market rates.

**Financial instruments by category**

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| | Amortized Cost | |
| | ----------$---------- | |
| **Financial assets** | | |
| Cash and cash equivalents | 1,189,740 | 621,951 |
| Restricted cash | 965,993 | 2,228,662 |
| Accounts and other receivables | 6,326,740 | 8,430,296 |
| | **8,482,473** | **11,280,909** |
| **Financial liabilities** | | |
| Accounts payable and accrued liabilities | 9,458,00 | 9,589,269 |
| Amounts due to related parties | 2,371,940 | 2,434,741 |
| Borrowings | 4,193,455 | 7,461,907 |
| Lease liabilities | 140,470 | - |
| | **16,163,868** | **19,485,917** |

**Capital risk management**

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence, and sustain the future development of the Company's business. The Board monitors the return on capital employed, which the Company defines as operating income divided by total capital employed.

The Company's objectives when managing capital are:

i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt obligations.

For working capital and capital expenditure requirements, the Company primarily relies on internal cash generation, financial support of its lenders and the parent company.

## 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. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A and in the Company's Form 51-101 F1 - *Statement of Reserves Data and Other Oil and Gas Information* dated as of December

31, 2023. If any event arising from the risk factors set forth below occurs, the Company's business, prospects, financial condition, results of operation or cash flows and in some cases its reputation could be materially adversely affected.

The Company's business is subject to the risks normally encountered in the oil and natural gas industry such as the marketability of oil and natural gas, competition with companies having greater resources, acquisition, exploration and production risks, need for capital, fluctuations in the market price and demand for oil and natural gas and the regulation of the oil and natural gas industry by various levels of government. The oil and natural gas reserves and recovery information contained in the Company's Form 51-101 F1 - *Statement of Reserves Data and Other Oil and Gas Information* dated as of December 31, 2023, are estimates only and the actual production and ultimate reserves recovered from the Company's properties and acquisitions may be greater or less than the estimates contained in the said Statement. The success of acquisitions and further exploration or development projects cannot be assured. Such risks and any such risks described below may not be the only risks facing the Company. Additional risks not currently known may also negatively impact the Company's business operations and results of operation.

***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, worldwide military, political, economic and other events, medical epidemics or pandemics, the conflict in Ukraine or a conflict in the Middle East, expectations for global economic growth, inflation, political sanctions, trade disputes, or initiatives by OPEC+, can affect supply and demand for oil and natural gas. Weather conditions, governmental regulation (in Canada and U.S.), levels of consumer demand, the availability and pricing of alternate sources of energy (including renewable energy initiatives), the availability of pipeline capacity and other transportation for oil and natural gas, global oil and natural gas storage levels, and other factors beyond our control can also affect the supply of and demand for oil and natural gas and lead to future price volatility.

Recently, commodity prices have been negatively affected by a combination of factors, including increased production, the decisions of OPEC+, concerns in respect of a recession and a strengthening in the U.S. dollar relative to most other currencies. Oil and natural gas prices are expected to continue to be volatile as a result of near-term production instability, medical epidemics or pandemics, conflict in Ukraine and actions of Russia, changes in oil and natural gas inventories, sanctions on Russian oil and natural gas exports and prices, industry demand, global and national economic performance, the actions of OPEC+, and any coordinated releases of oil from strategic reserves by the U.S. (or any other country). Certain of these events and conditions may contribute to decreased exploration and drilling activities and a decrease in confidence in the oil and natural gas industry generally. 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.

***Obtaining Financing and Funding Requirements***

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.

The Company's current cash and cash flow from any reserves subsequently acquired will not be sufficient to fund its ongoing activities at all times. The Company will require additional funding in order to satisfy its capital expenditure requirements and carry out its oil and gas acquisition, exploration and development activities. There

can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Failure to obtain such funding on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Company's revenues from any reserves subsequently acquired decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Company's ability to spend the necessary capital to replace its reserves or to maintain its production.

***Exploration License Expiry***

With respect to certain of the Company's working interest in any license, lease or petroleum concession agreement, it is not anticipated that committed work programs will be completed prior to expiry dates set forth in the relevant petroleum concession agreements with the GoP. While the relevant operators have advised that they anticipate that extensions will be granted for the completion of committed work, there is no guarantee that extensions will be granted. In the event that extensions are not granted, the Company may be liable to the GoP for its share of the minimum expenditure of undischarged work obligations upon the expiry of the exploration licenses.

***Governmental Approvals***

The Company's operations are subject to a range of licenses, regulations, and approvals of governmental authorities, including those relating to the exploration, development, operation, production, marketing, pricing, transportation and storage of gas. The Company has no control over whether or not necessary government approvals or licenses (or renewals thereof) are granted, the timing of obtaining (or renewing) such approvals or licenses, the terms on which they are granted or the lease or exploration license areas in which the Company has interests. As a result, the Company may have limited or no control over the nature and timing of lease or exploration license areas in which the Company has or seeks interests or the manner in which operations are conducted on such license areas.

***Availability of Drilling Equipment and Access***

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities. As the Company is not the operator of many of its oil and gas properties, the Company will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

***Title to Assets***

It is the practice of the Company in acquiring significant oil and gas exploration licenses and leases or interests in oil and gas exploration licenses and leases to fully examine the title to the interest thereunder. Nevertheless, there may be title defects which affect lands comprising a portion of the Company's properties which may adversely affect the Company.

***Seasonal Impact on Industry***

Some of the Company's assets in the Middle Indus Basin in Pakistan are located on the flood plain near the Indus River. Traditionally, during the rainy season (generally from April through to November), there can be difficulty accessing those assets. In 2010 and 2022, heavier than normal monsoon rains in the Sindh, Punjab, Khyber and Baluchistan regions of Pakistan resulted in extensive flooding in areas adjacent to the Indus River. The flooding impacted Pakistan's infrastructure and also negatively affected access to the Company's assets. The recovery from the flooding is ongoing and may affect the operator's ability to implement the work programs.

***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, medical epidemics or pandemics 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 natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and laws and regulations in Pakistan. 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 the GoP and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that application of environmental laws to the Company's business will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

***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 medical epidemics or pandemics and other difficulties, complications and delays, as well as those risks that are specific to the oil and gas industry.

***Reserve Replacement***

The Company's future oil and natural gas reserves, production, and cash flows to be derived therefrom, are highly dependent on the Company successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves the Company may have at any particular time and the production therefrom, will decline over time as such existing reserves are exploited. A future increase in the Company's reserves will depend not only on the Company's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the Company's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

***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.

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and natural gas liquids (or similar substances) reserves and cash flows to be derived therefrom, including many factors beyond the Company's control. The information concerning reserves and associated cash flow set forth in the Company's Form 51-101 F1 - *Statement of Reserves Data and Other Oil and Gas Information* dated as of December 31, 2023, represents estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom, are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, prepared by different engineers, or by the same engineers at different times, may vary. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material. Further, the evaluations are based, in part, on the assumed success of the exploitation activities intended to be undertaken in future years. The reserves and estimated cash flows to be derived therefrom, contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluation.

Estimates of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material. Many of the Company's producing wells have a limited production history and thus there is less historical production on which to base the reserves estimates. In addition, a significant portion of the Company's reserves may be attributable to a limited number of wells and, therefore, a variation in production results or reservoir characteristics in respect of such wells may have a significant impact upon the Company's reserves.

***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.

***Expiration of Permits, Exploration Licenses and Leases***

The Company's properties are held in the form of permits, exploration licenses and leases and working interests in permits, exploration licenses and leases. If the Company or the holder of the exploration license or lease fails to meet the specific requirement of an exploration license or lease, the exploration license or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each exploration license or lease will be met. In management's experience, it is not uncommon in Pakistan for oil and natural gas permits, exploration licenses and leases to expire without prompt renewal. In these circumstances, the Company relies on the continued involvement of government authorities on its operating properties as an indication that such permits, exploration licenses and leases are not being treated as terminated by the GoP. However, there can be no assurance that delays in obtaining government permits and approvals will not result in the termination of an exploration license or lease. The termination or expiration of the Company's exploration licenses or leases or the working interests relating to an exploration license or lease without renewal may have a material adverse effect on the Company's results of operations and business.

***Reliance on Operators, Working Interest Owners and Key Personnel***

As the Company is not the operator of many of its oil and gas properties, the Company will be dependent on such operators for the timing of activities related to such properties and will largely be unable to direct or control the activities of the operators. Additionally, the Company's success depends in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company. The Company does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of the Company are of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

***Public Health Crises***

Local, regional, national or international public health crises, pandemics and epidemics could have an adverse effect on local economies and potentially the global economy, which may adversely impact the price of and demand for oil and natural gas (and correspondingly, decrease the demand for our services, which could have a material adverse effect on our business, financial condition, results of operations and cash flows). Such public

health crises, pandemics, epidemics and disease outbreaks are continuously evolving and the extent to which our business operations and financial results continue to be affected depends on various factors, such as the duration, severity and geographic resurgence of the virus; the impact and effectiveness of governmental action to reduce the spread and treat such outbreak, including government policies and restriction; vaccine hesitancy and voluntary or mandatory quarantines; and the global response surrounding any such uncertainty. The economic climate resulting from the impact of public health crises, pandemics and epidemics and any corresponding emergency measures that may be implemented from time to time by various governments may have significant adverse impacts on the Company including, but not exclusively:

(i) potential interruptions of our business or operations;
(ii) material declines in revenue and cash flows;
(iii) future impairment charges to our property, plant and equipment and intangible assets
(iv) risk of non-payment of accounts receivable and customer defaults; and
(v) additional restructuring charges as we align our structure and personnel to the dynamic environment.

Additionally, such public health crises, if uncontrolled, may result in temporary shortages of staff to the extent our workforce is impacted and may result in temporary interruptions to our business or operations, which may have an adverse effect on our financial condition, results of operations and cash flow.

***Risks of Interruption and Casualty Losses***

The Company's operations face many hazards inherent in the oil and gas industry, including blowouts, cratering, explosions, fires, loss of well control, loss of hole, reservoir damage and damage or loss from inclement weather or natural disasters. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage, damage to the property of others, and damage to producing or potentially productive oil and natural gas formations, which could have a material adverse effect on our business, financial condition, results of operations and cash flow. Additionally, unexpected events such as unplanned power outages, natural disasters, supply disruptions, pandemic illness or other unforeseeable circumstances could have a material adverse effect on our business, financial condition, results of operations and cash flow. Our operations could be disrupted by terrorism, acts of war, political sanctions, earthquakes, telecommunications failures, power or water shortages, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions (whether as a result of climate change or otherwise), medical epidemics or pandemics and other natural or manmade disasters or catastrophic events. The occurrence of any of these business disruptions could result in difficulties in hiring or managing personnel as well as other significant losses, that may adversely affect our business, financial conditions, results of operations and cash flow, and require substantial expenditures and recovery time in order to fully resume operations.

***Foreign Operations***

The oil and gas industry in Pakistan is not as efficient or developed as the oil and gas industry in North America. As a result, exploration and development activities may take longer to complete and may be more expensive than similar operations in North America. 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 North American operations.

The Company currently has and will continue to have operations in Pakistan. As such, the Company's operations, financial condition and operating results could be significantly affected by risks over which it has no control. These risks may include risks related to economic, social or political instability or change, terrorism, hyperinflation, the extent of medical epidemics or pandemics in Pakistan and related responses by governmental authorities, currency non-convertibility or instability and changes of laws affecting foreign ownership, interpretation or renegotiation of existing contracts, government participation, taxation policies, including royalty and tax increases and retroactive tax claims, and investment restrictions, working conditions, rates of exchange, exchange control, exploration licensing, petroleum and export licensing and export duties, government control over domestic oil and gas pricing, currency fluctuations, devaluation or other activities that limit or disrupt markets and restrict payments or the movement of funds; the possibility of being subject to exclusive jurisdiction of foreign courts in connection with legal disputes relating to licenses to operate and concession rights in countries where the Company currently operates; and difficulties in enforcing the Company's rights against a governmental agency because of the doctrine of sovereign immunity and foreign sovereignty over international operations. Problems may also arise due to the quality or failure of locally

obtained equipment or technical support, which could result in failure to achieve expected target dates for exploration operations or result in a requirement for greater expenditure. The Company's operations may also be adversely affected by applicable laws and policies of Pakistan, the effect of which could have a negative impact on the Company.

The Company operates in such a manner as to minimize and mitigate its exposure to these risks. However, there can be no assurance that the Company will be successful in protecting itself from the impact of all of these risks and the related financial consequences.

***Acts of Violence, Terrorist Attacks or Civil Unrest in Pakistan***

All of the Company's operations are in Pakistan. Historically, Pakistan has experienced political, social and economic problems, terrorist attacks, insurgencies and civil unrest. The Company's Zarghun South Lease is located in the province of Baluchistan, which has experienced significant instability and unrest. In this location, the owners of the applicable working interest may incur substantial costs to maintain the safety of personnel and operations. Despite these precautions, the safety of the operator's personnel or of the Company's personnel and operations in these locations may continue to be at risk, and the Company may in the future suffer loss of personnel and disruption of operations, any of which could have a material adverse effect on the Company's business and results of operations.

***Competition***

Oil and gas exploration activities are intensely competitive in all its phases and involves a high degree of risk. The Company competes with numerous other participants in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. The Company's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Company. The Company's ability to increase reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price, methods and reliability of delivery. Competition may also be presented by alternate fuel sources.

***Regulatory***

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. The Company's operations may require licenses from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development with respect to its projects and the obtaining of such licenses and permits may delay operations of the Company. It is not expected that any of these controls or regulations will affect the operations of the Company in a manner materially different than they would affect other oil and gas companies of similar size and operating in similar jurisdictions.

***Prices, Markets and Marketing***

The marketability and price of oil and natural gas that may be acquired or discovered by the Company will be affected by numerous factors beyond its control. The Company's ability to market oil and natural gas may depend upon its ability to acquire space within pipelines that deliver oil and natural gas to commercial markets. The Company may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities, and related to operational problems with such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. The Company's revenues, profitability and future growth, and the carrying value of its oil and gas properties are substantially dependent on prevailing prices of oil and gas. The Company's ability to borrow and to obtain additional capital on attractive terms is also substantially dependent upon oil and gas prices. The price of oil and natural gas in Pakistan is determined by government regulation and is below the international market price. There is no certainty that this will change in the future. In addition, international market prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of the Company. These factors include impacts of medical epidemics or pandemics on the production of and demand for oil and gas products, economic

conditions in various countries, the actions of the OPEC+, governmental regulation, political stability in the Middle East and elsewhere, the foreign supply of oil and gas, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and gas would have an adverse effect on the Company's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations.

Exchange rate fluctuations between Pakistan and US dollars and other foreign currencies also affect the profitability of the Company. World oil prices are quoted in United States dollars as are any revenues received by the Company and are therefore affected by the Pakistan/US exchange rate that may fluctuate over time. The Company may reduce the impact of foreign exchange fluctuations by using risk management tools related to foreign exchange rates and commodity prices. The Company has not entered into any foreign exchange contracts that are open as at the date of this management's discussion and analysis.

Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

***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.

***Income Taxes***

The Company believes that it is in full compliance with all applicable tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Company, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have a significant impact on current and future taxes payable by the Company, which in turn could materially and adversely affect its financial condition.

***Alternatives to and Changing Demand for Petroleum Products***

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. The Company cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

***Third-Party Credit Risk and Delays***

The Company is or may be exposed to third-party credit risk through its contractual arrangements with its current or future working interest owners, marketers of its petroleum and natural gas production and other parties. In the event, such entities fail to meet their contractual obligations to the Company, such failures could have a material adverse effect on the Company and its operations. In addition, poor credit conditions in the industry and of working interest owners may impact a working interest owner's willingness to participate in the Company's ongoing capital program, potentially delaying the program and the result of such program until the Company finds a suitable alternative partner.

In addition to the usual delays in payments by purchasers of oil and natural gas to the Company or to the operators, and the delays by operators in remitting payment to the Company, payments between these parties may be delayed due to restrictions imposed by lenders, accounting delays, delays in the sale of delivery of products, delays in the connection of wells to a gathering system, adjustment for prior periods, or recovery by the operator of expenses incurred in the operation of the properties. Any of these delays could reduce the amount of cash flow available for the business of the Company in a given period and expose the Company to additional third-party credits risks.

***Accounting Policies***

The Company's audited consolidated financial statements for the year ended December 31, 2023, filed on SEDAR+, were prepared using accounting policies and methods prescribed by IFRS as issued by the International Accounting Standards Board. Significant accounting policies under IFRS are described in more detail in the notes to the audited consolidated financial statements.

The Company has internal controls over financial reporting. These controls are designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. These controls cannot provide absolute assurance with respect to the reliability of financial reporting and financial statement preparation.

***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.

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

The Company may be negatively affected by cybersecurity incidents or other information technology 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 expend 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.

***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.

***The Company will be Subject to Significant Capital Requirements and may Issue Additional Equity Securities or Incur Significant Borrowings***

The Company must be able to utilize available financing sources to finance its growth and sustain capital requirements. The Company could be required to raise significant additional capital through equity financings in the capital markets or to incur significant borrowings through debt financings to meet its capital requirements. If these financings are required, the Company's cost of raising capital in the future may be adversely affected. In addition, if the Company is required to make significant interest and principal payments resulting from a debt or similar financing, the Company's financial condition and ability to raise additional funds may be adversely impacted. If the Company were to issue common shares, an existing holder of common shares may experience dilution in the Company's cash flow or earnings per share. Moreover, as the Company's intention to issue additional equity securities becomes publicly known, the common share price may be materially adversely affected.

Any significant delay in completing its development projects or the incurring of capital costs that are significantly higher than estimated, could have a significant adverse effect on the Company's results of operations and financial condition.

***Current Global Financial Conditions***

Current global financial conditions have been subject to significant and sustained volatility. Access to public financing has been negatively impacted due to lower confidence in the global credit and financial markets due to this volatility, and resulting from factors that include the current sovereign debt crisis, among others. The foregoing may impact the ability of the Company to obtain equity, debt or similar financing in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted.

***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***

As part of its strategy, the Company will continue existing efforts and initiate new efforts to develop new projects. A number of risks and uncertainties are associated with the development of these types of projects, including

political, regulatory, design, construction, labour, operating, technical, and technological risks, uncertainties relating to capital and other costs, and financing risks. The failure to develop one or more of these initiatives successfully could have an adverse effect on the Company's financial position and results of operations. 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:

(vi) Expand systems effectively or efficiently or in a timely manner;
(vii) Allocate human resources optimally;
(viii) Identify and hire qualified employees or retain valued employees; or
(ix) 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 outstanding as of the date of this MD&A.

## Approval

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