JURA ENERGY CORPORATION

Consolidated Financial Statements
For the Years Ended
December 31, 2023 and 2022
(expressed in US dollars)

JURA ENERGY CORPORATION

MANAGEMENTS' REPORT

The Consolidated Financial Statements of Jura Energy Corporation and related financial information were prepared by, and are the responsibility of Management. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards issued by International Accounting Standard Board. The Consolidated Financial Statements and related financial information include amounts which are based on estimates and judgments of Management with appropriate consideration to materiality. The Company has developed and maintains systems of controls, policies and procedures in order to provide reasonable assurance that assets are properly safeguarded, and that the financial records and systems are appropriately designed and maintained, and provide relevant, timely and reliable financial information to Management.

PKF Antares Professional Corporation are the external auditors appointed by the Board of Directors, and they have conducted an independent examination of the corporate and accounting records in order to express an Auditors' Opinion on these Consolidated Financial Statements.

The Board of Directors has established an Audit Committee. The Audit Committee reviews with Management and the external auditors any significant financial reporting issues, the Consolidated Financial Statements, and any other matters of relevance to the parties. The Audit Committee meets quarterly to review and approve the interim financial statements prior to their release, as well as annually to review the Company's annual Consolidated Financial Statements, and Management's Discussion and Analysis, and to recommend their approval to the Board of Directors. The external auditors have unrestricted access to the Company, the Audit Committee and the Board of Directors.

"Signed"
Muhammad Nadeem Farooq
Chief Executive Officer

"Signed"
Muhammad Arif Siddiq
Chief Financial Officer

April 29, 2024

Independent Auditor's Report

To the Shareholders of Jura Energy Corporation:

Opinion

We have audited the consolidated financial statements of Jura Energy Corporation and its subsidiaries (together the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, the consolidated statements of comprehensive income/(loss), the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(ii) in the consolidated financial statements which indicates that the Group incurred a loss of $4,638,324 (2022: $2,684,179) and reported a net cash generated from operating activities of $4,073,626 (2022: net cash used $146,261) during the year ended December 31, 2023. The Group also had a working capital deficiency of $7,593,862 (2022: $8,205,008) and financial commitments of $2,629,336 (2022: $6,595,114) at December 31, 2023. As stated in note 2(ii), these events or conditions indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
Impairment of Long-lived assets (Property, Plant and Equipment and Exploration and Evaluation Assets) We identified the impairment of long lived assets (Property, Plant and Equipment, and Exploration and Evaluation Assets)	The primary procedures performed in relation to the impairment assessment of Property, Plant & Equipment, and Exploration and Evaluation Assets included: • Assessment of impairment indicators as determined by management;

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as a key audit matter due to the significance of these balances in the Group's consolidated statement of financial position and the estimation of recoverable amount of each cash generating unit ("CGU") involves complex and subjective management estimates based on management's judgement of key variables and market conditions such as future commodity prices, future exchange rates, future operating performance, the timing and approval of future capital and operating expenditure, and the discount rate. As at December 31, 2023 and 2022, the Group has Property, Plant and Equipment ("PP&E") of US$ 6,518,840 (2022: $15,796,539) and Exploration and Evaluation Assets ("E&E") of US$ 6,386,992 (2022: 4,606,179), accounting for approximately 29.05% (2022:49.09%) and 28.98% (2022: 14.31%) of the Group's total assets as at December 31, 2023 and 2022 respectively, contained within its CGUs as disclosed in notes 7 and 9 to the consolidated financial statements. The Group is required to test Property, Plant and Equipment and Exploration and Evaluation assets at least annually for potential impairment. For the purposes of impairment testing PP&E assets are grouped into CGUs and recoverable amounts are determined based on their fair values less cost of disposition. As at December 31, 2023 management identified indicators of impairment. As a result, management completed an impairment analysis for its 2 and 3 Cash Generating Units ("CGU") for both Property, Plant and Equipment and Exploration and Evaluation Assets as at 31 December 2023 and 2022, respectively. As a result of the impairment tests, no impairment (2022: $4,460,000) was recorded.	• Evaluation of management's determination of its CGU composition used for the impairment test; • Evaluation of the competence, capabilities and objectivity of the independent third-party reserve evaluators engaged by the Group. • Recalculated the fair value less cost to sell calculations; • Evaluated the reasonableness of the key assumptions used to determine the fair value less cost to sell This includes, assessing and challenging the reasonableness of the key assumptions such as forecast commodity prices, discount rates, operating costs and country specific risk rates used and agreeing them to external market data; • Compared the sum of the Group's net asset value to the market capitalization of the Group. • Assessed the completeness and accuracy of disclosures in consolidated financial statements of the Group. •

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the consolidated financial statements.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error In preparing the consolidated financial statements, management is responsible for assessing the Groups ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits
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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Erkin Atakhanov.

PKF Antares
Professional Corporation
Chartered Professional Accountants
Licensed Public Accountants

Calgary, Alberta
April 29, 2024

Jura Energy Corporation

Consolidated Statements of Financial Position

As at December 31, 2023 and 2022

(expressed in US dollars)

	December 31, 2023 $	December 31, 2022 $
Assets		
Current assets		
Cash and cash equivalents	1,189,740	621,951
Restricted cash (note 4)	965,993	2,228,662
Accounts and other receivables (note 5)	6,326,740	8,430,296
	8,482,473	**11,280,909**
Assets in disposal group classified as held for sale (note 6)	-	-
	8,482,473	**11,280,909**
Non-current assets		
Property, plant and equipment (note 7)	6,518,840	15,796,539
Right-of-use assets (note 8)	137,080	-
Exploration and evaluation assets (note 9)	6,386,992	4,606,179
Long-term receivables (note 10)	506,383	491,383
Total assets	**22,031,768**	**32,175,010**
Liabilities and Shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	9,458,003	9,589,269
Borrowings (note 12)	4,193,455	7,461,907
Amounts due to related parties (note 13)	2,371,940	2,434,741
Lease liabilities (note 14)	52,937	-
	16,076,335	**19,485,917**
Non-current liabilities		
Lease liabilities (note 14)	87,533	-
Asset retirement obligation (note 16)	2,287,264	4,470,133
Total liabilities	**18,451,132**	**23,956,050**
Shareholders' equity		
Share capital (note 17)	65,203,045	65,203,045
Contributed surplus (note 17)	367,408	367,408
Accumulated deficit	(61,989,817)	(57,351,493)
Total shareholders' equity	**3,580,636**	**8,218,960**
Total equity and liabilities	**22,031,768**	**32,175,010**

Going concern (note 2)
Contingencies and commitments (note 18)
Subsequent events (note 30)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"Signed"	*"Signed"*
Muhammad Nadeem Farooq	*Stephen C. Smith*
CEO and Director	*Director*

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

Jura Energy Corporation

Consolidated Statements of Comprehensive Income/(Loss)

For the years ended December 31, 2023 and 2022

(expressed in US dollars)

	December 31, 2023 $	December 31, 2022 $
Net revenue (note 19)	6,605,828	11,993,135
Cost of production (note 20)	(7,003,825)	(8,925,942)
Gross profit/(loss)	**(397,997)**	**3,067,193**
Expenses		
General and administrative expenses (note 21)	(2,799,968)	(3,140,187)
Impairment of oil and gas properties (note 7	-	(4,460,000)
Exploration and evaluation costs written off (note 9)	(5,704)	(6,277)
Allowance for expected credit losses (note 5)	(571,761)	-
Valuation loss on assets in disposal group classified as held for sale (note 6)	(1,598,947)	-
Other income	-	351,097
Operating loss	**(5,374,377)**	**(4,188,174)**
Exchange gain – net (note 22)	2,490,419	3,344,133
Finance costs (note 23)	(1,754,366)	(1,946,893)
Loss before income tax	**(4,638,324)**	**(2,790,934)**
Income tax (charge)/reversal (note 24)	-	106,755
Total comprehensive loss for the year	**(4,638,324)**	**(2,684,179)**
Earnings/(loss) per share (note 25)		
Basic and diluted	**(0.07)**	**(0.04)**

Going concern (note 2)

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

Jura Energy Corporation

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(expressed in US dollars)

	December 31, 2023 $	December 31, 2022 $
Cash provided by/(used in)		
Operating activities		
Loss before tax for the year	(4,638,324)	(2,790,934)
Adjustments for:		
Impairment of oil and gas properties (note 7)	-	4,460,000
Depletion of oil and gas properties (note 20)	4,073,247	5,188,528
Depreciation of other operating assets (note 21)	111,754	77,587
Depreciation of right-of-use assets (note 21)	3,917	-
Allowance for economic credit losses (note 5)	571,761	-
Valuation loss on assets in disposal group classified as held for sale (note 6)	1,598,947	-
Accrued finance costs on:		
- Amounts due to related parties (note 23)	581,401	379,381
- Borrowings (note 23)	1,170,396	1,395,590
- Lease liabilities (note 23)	2,569	-
Stock based compensation (note 17)	-	52,940
Other income	-	(351,097)
Exploration and evaluation costs written off (note 9)	5,704	6,277
Net unrealized exchange gain on borrowings, amounts due to related parties and lease liabilities	(1,858,944)	(2,586,482)
	1,622,428	**5,831,790**
Changes in working capital		
Decrease in accounts and other receivables	1,531,795	795,219
Decrease in accounts payable and accrued liabilities	(343,266)	(7,062,532)
Decrease in restricted cash	1,262,669	289,262
Net cash generated from/(used in) operating activities	**4,073,626**	**(146,261)**
Investing activities		
Payment for property, plant and equipment (note 7)	(17,118)	(1,250,260)
Payment for exploration and evaluation assets (note 9)	(246,517)	(794,961)
Changes in long-term receivables	(15,000)	(428,562)
Net cash used in investing activities	**(278,635)**	**(2,473,783)**
Financing activities		
Amounts due to related parties – proceeds	365,894	451,740
Amounts due to related parties – repayments	-	(102,998)
Borrowings – proceeds	458	2,618,187
Borrowings – repayments	(1,854,852)	(2,550,891)
Lease liabilities paid	(4,938)	-
Finance costs paid	(1,733,764)	(1,399,750)
Restricted share units settled in cash	-	(326,998)
Net cash used in financing activities	**(3,227,202)**	**(1,310,710)**
Net increase/(decrease) in cash and cash equivalents	**567,789**	**(3,930,754)**
Cash and cash equivalents at beginning of the year	621,951	4,552,705
Cash and cash equivalents at end of the year	**1,189,740**	**621,951**

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

Jura Energy Corporation

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(expressed in US dollars)

	Number of shares	Share Capital $	Contributed Surplus $	Warrants $	Accumulated Deficit $	Total $
Balance at January 1, 2022	**69,076,328**	**65,203,045**	**501,201**	**140,265**	**(54,667,314)**	**11,177,197**
Net loss for the year	-	-	-	-	(2,684,179)	(2,684,179)
Stock-based compensation (note 17)	-	-	52,940	-	-	52,940
Transfer of warrants to contributed surplus	-	-	140,265	(140,265)	-	-
Restricted share units settled in cash	-	-	(326,998)	-	-	(326,998)
Balance at December 31, 2022	**69,076,328**	**65,203,045**	**367,408**	**-**	**(57,351,493)**	**8,218,960**
Balance at January 1, 2023	**69,076,328**	**65,203,045**	**367,408**	**-**	**(57,351,493)**	**8,218,960**
Net loss for the year	-	-	-	-	(4,638,324)	(4,638,324)
Balance at December 31, 2023	**69,076,328**	**65,203,045**	**367,408**	**-**	**(61,989,817)**	**3,580,636**

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

1 Group and its operations

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

These consolidated financial statements were approved and authorized for issue by the Holding Company's board of directors on April 28, 2024.

The principal activities of the Group are exploration, extraction and production of oil and natural gas. Presently the Group has working interests in the following operated and non-operated exploration licenses/leases in Pakistan:

Exploration licenses/leases	Owner	Working Interest (%) 2023	Working Interest (%) 2022	Operator
Operated				
Sara lease	SEPL	60.00%	60.00%	Spud Energy Pty Limited
Suri lease	SEPL	60.00%	60.00%	Spud Energy Pty Limited
Non-operated				
Reti lease	SEPL	10.66%	10.66%	Oil and Gas Development Company Limited
Maru lease	SEPL	10.66%	10.66%	Oil and Gas Development Company Limited
Maru South lease	SEPL	10.66%	10.66%	Oil and Gas Development Company Limited
Maru East gas field	SEPL	10.66%	10.66%	Oil and Gas Development Company Limited
Khamiso gas field	SEPL	10.66%	10.66%	Oil and Gas Development Company Limited
Umair gas field	SEPL	10.66%	10.66%	Oil and Gas Development Company Limited
Umair Southeast gas field	SEPL	10.66%	10.66%	Oil and Gas Development Company Limited
Guddu exploration license	SEPL	13.50%	13.50%	Oil and Gas Development Company Limited
Zamzama North exploration license	SEPL	24.00%	24.00%	Heritage Oil and Gas Limited
Ayesha lease	FHL	27.50%	27.50%	Petroleum Exploration (Private) Limited
Aminah lease	FHL	27.50%	27.50%	Petroleum Exploration (Private) Limited
Ayesha North lease	FHL	27.50%	27.50%	Petroleum Exploration (Private) Limited
Zainab lease	FHL	27.50%	27.50%	Petroleum Exploration (Private) Limited
Badin IV South exploration license	FHL	27.50%	27.50%	Petroleum Exploration (Private) Limited
Badin IV North exploration license	FHL	27.50%	27.50%	Petroleum Exploration (Private) Limited
Kandra exploration rights	FHL	35.00%	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 Government of Pakistan, 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 ("MPCL"). The applications for the assignment of these working interests have been submitted to Government of Pakistan, the approval of which is expected in due course (*refer to note 30 for further details*).

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 (*refer to note 30 for further details*).

2 Basis of preparation

i) Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The consolidated financial statements have been prepared under the historical cost convention, except for the assets in disposal group classified as held for sale which are measured at the lower of carrying value and fair value less cost to sell.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3 (v).

ii) Going Concern

Management has prepared these consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates that assets will be realized, and liabilities will be discharged in the normal course of business as they become due. The Group had a working capital deficiency of $7.59 million at December 31, 2023 (2022: $8.20 million). During the year, the Group reported a net loss of $4.64 million (2022: $2.68 million) and net cash generated from/(used in) operating activities of $4.07 million (2022: $(0.15) million). As at December 31, 2023, the Group had an accumulated deficit of $61.99 million (2022: $57.35 million). In addition to its ongoing working capital requirements, the Group also had financial commitments as at December 31, 2023, that amounted to $2.63 million (2022: $6.59 million).

In addition to the above-mentioned factors, there are a number of additional material uncertainties that raise significant doubt as to the Group'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 Group 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 Group for a portion of its historical costs and will pay a portion of the Group's future capital expenditures to earn a portion of the Group's working interest in its properties.

These events and conditions create material uncertainties that may cast significant doubt as to the Group's ability to continue as a going concern, and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Group'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 Group 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 Group 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 Group was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations.

3 Material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

i) New and amended standards adopted by the Group

The Group adopted the following new and revised standards, along with any consequential amendments. These changes were made in accordance with applicable transitional provisions and did not have a material impact on the consolidated financial statements.

- IAS 12 – Income Taxes (“IAS 12”), has been amended to separately recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. These amendments are effective for annual periods beginning on or after January 1, 2023.

ii) New and amended standards and interpretations issued but not yet adopted

The Group has assessed the impact of the following amendment to the standards and interpretations applicable for future periods and do not expect this to have a material impact on the Group’s consolidated financial statements at the adoption date:

- IAS 1 – Presentation of Financial Statements ("IAS 1"), has been amended to clarify how to classify debt and other liabilities as either current or non-current and how to determine that an entity has the right to defer settlement of a liability arising from a loan arrangement, which contains covenant(s), for at least twelve months after the reporting period. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2024. The Group does not expect this amendment to have a material impact on the Group's consolidated financial statements at the adoption date.

iii) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the board of directors (the “Board”).

iv) Foreign currency transactions

a) Functional and Presentation Currency

Items included in the financial statements of each of the Group’s entity are measured using the currency in which the sale price is denominated, and majority expenses are incurred (the “functional currency”). The Group’s functional and presentation currency is United States Dollars.

b) Foreign currency transactions and translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of

comprehensive income/(loss), except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

v) **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 Group 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 Group'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 Group 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 Group 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 Group 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 Group's incremental borrowing rate. Generally, the Group 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 Group's incremental borrowing rate. The Group's incremental borrowing rate is estimated using prevailing interest rates, market precedents and the Group'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.

Critical judgements in applying the entity’s accounting policies

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 Group’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 Group 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 Group 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 Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset. Furthermore, the Group assesses and reassesses the likelihood of it exercising renewal options.

m) Assets classified as held for sale

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

vi) **Consolidation**

a) Subsidiaries

Subsidiaries are all entities over which the Holding Company has control. The Holding Company controls an entity when the Holding Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Holding Company. They are de-consolidated from the date that control ceases. SEPL, PEPL, FOGHL and FHL are the material subsidiaries of the Holding Company. In addition to these the Holding Company has several inactive wholly owned subsidiaries listed under note 28.

The Holding Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Holding Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Holding Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognized amounts of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in the statement of comprehensive income/(loss).

Any contingent consideration to be transferred by the Holding Company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances, and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Disposal of subsidiaries

When the Holding Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in the consolidated statement of comprehensive income/(loss). The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Holding Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

d) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of the parties to the arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint operations. The Group has recognized its share of assets, liabilities, income, and expenditure jointly held or incurred under the joint operations on the basis of the latest available audited accounts of the joint operations where applicable, or the cost statements received from the operator of the joint arrangement for the intervening period up to the balance sheet date.

vii) **Revenue recognition**

Revenue from the sale of petroleum products (oil and gas) is recognized when the significant risks and rewards of ownership have been transferred to the buyer. For sales of oil and gas this is usually when legal title passes to the external party which occurs on shipment/transportation of oil/gas to the buyer. Revenue from the sale of petroleum products to the Government of Pakistan or its nominated buyers is recognized based on prices notified by the Government of Pakistan. Revenue from the sale of petroleum products to a third party is recognized based on the price contracted with that third party.

viii) **Income tax**

The tax expense for the period comprises a current and deferred tax. Tax is recognized in the statement of comprehensive income/(loss), except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the jurisdictions where the Holding Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect

to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

ix) **Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

x) **Trade receivables**

Trade receivables are recognized and carried at original invoice amount, less provision for doubtful debts. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

xi) **Exploration, evaluation and development assets**

a) Exploration and evaluation costs

Exploration and evaluation costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Exploration and evaluation assets are tested for impairment once the decision is made that it is technically feasible and will be transferred to property, plant and equipment or whenever facts and circumstances indicate impairment.

When an area of interest is abandoned, surrendered/relinquished or management decides and the Board approves that it is not determined commercially viable, any accumulated costs in respect of that area are written off in the financial period in which the decision is made.

b) Oil and gas properties

When an oil or gas field has been approved for development and technical feasibility and commercial viability of extracting resources is determined, the accumulated exploration and evaluation costs are transferred to oil and gas properties.

Assets in development

The costs of oil and gas properties in development are separately accounted for and include past exploration and evaluation costs, development drilling and other subsurface expenditure, surface plant and equipment and any associated land and buildings and directly attributable borrowing costs. When commercial operation commences, the accumulated costs are transferred to oil and gas assets in production.

Assets in production

The costs of oil and gas assets in production are separately accounted for and include past exploration and evaluation costs, past development costs and the ongoing costs to develop reserves for production and to expand or replace plant and equipment and any associated land and buildings.

Depletion

Upon the commencement of commercial production in an area of interest, accumulated development costs, inclusive of exploration and evaluation assets are depleted on a unit of production basis over the estimated useful life of the field determined by reference to the proved and probable reserves.

Borrowing cost capitalization

Borrowing costs relating to assets that take a substantial period of time to construct are capitalized as part of the asset. Capitalization of borrowing costs ceases when the asset is in the location and condition necessary for its intended use and is suspended when construction of an asset is ceased for extended periods.

xii) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged on the straight-line basis to write off the depreciable amount of the property, plant and equipment over their estimated useful lives. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal. The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

xiii) **Depreciation of property, plant and equipment**

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life to the Group. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The depreciation rates applied are as follows:

Computer equipment	33.33%
Furniture and fixtures	20.00%
Office equipment	33.33%
Leasehold improvements	10.00%
Motor vehicles	20.00%

xiv) **Recoverable amount of non-current assets**

The recoverable amount of an asset is the net amount expected to be recovered through the net cash flows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash flows are derived from a CGU, the recoverable amount is

determined on the basis of the relevant CGU. The decrease in the carrying amount is recognized as an expense in the reporting period in which the recoverable amount write-down occurs.

xv) **Asset retirement obligation**

Provision is recognized for the future restoration of oil and gas wells, production, and pipelines at the end of their economic lives. The amount recognized is the present value of the estimated cost to abandon a well and remove production facilities. A corresponding asset of an amount equivalent to the provision is also created within property, plant and equipment and is depleted on a unit of production basis over the proved and probable reserves of the field. Provision is recorded based on the estimates received from the operator, where available, or the information provided by the technical department of the Group based on the best estimates. The increase in provision due to accretion on asset retirement obligation is recorded as a finance cost.

xvi) **Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in the consolidated statement of comprehensive income/(loss). Once classified as held for sale, no depletion, amortisation or depreciation is charged on these non-current assets.

xvii) **Impairment**

a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

Loss allowances are measured at an amount equal to the lifetime expected credit losses on the asset. Expected credit losses are a probability-weighted estimate of credit losses and are measured as the present value of all cash shortfalls for financial assets that are not credit-impaired at the reporting date and as the difference between the gross carrying amount and the present value of estimated future cash flows for financial assets that are credit-impaired at the reporting date. Loss allowances for expected credit losses for financial assets measured at amortized cost are presented in the statement of financial position as a deduction from the gross carrying amount of the asset.

b) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. Exploration and evaluation assets are tested for impairment immediately prior to the costs being transferred to property, plant and equipment or whenever facts and circumstances indicate impairment. If any indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or a CGU, as defined below, is the greater of its value in use and its fair value less costs of disposal. Fair value less costs of disposal is determined based on reserve appraisal studies carried out by an independent reserves' valuer at each reporting date. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (a "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income/(loss).

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased and no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

xviii) **Contingent liability**

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation as a result of a past event, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

xix) **Leases**

The Group assesses whether a contract is a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration.

As a Lessee, leases are recognized as a lease liability and a corresponding Right of Use ("ROU") asset at the date on which the leased asset is available for use by the Group. Liabilities and assets arising from a lease are initially measured on a present value basis. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Group's estimated incremental borrowing rate when the rate implicit in the lease is not readily available. The corresponding ROU assets are measured at the amount equal to the lease liability.

The lease liability is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option that is within the control of the Group.

The ROU asset, initially measured at an amount equal to the corresponding lease liability, is depreciated on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The ROU asset may be adjusted for certain re-measurements of the lease liability and impairment losses. Lease payments are allocated between the lease liability and finance costs.

Leases that have terms of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in the consolidated statement of comprehensive income/(loss) on a straight-line basis over the lease term.

xx) **Financial Instruments**

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset or liability is measured initially at fair value plus, for an item not measured at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issuance.

Derivative financial instruments are recognized at fair value. Transaction costs are expensed in the consolidated statement of comprehensive income/(loss). Gains and losses arising from changes in fair value are recognized in the consolidated statement of comprehensive income/(loss) in the period in which they arise.

Financial assets and liabilities at FVTPL are classified as current except where an unconditional right to defer payment beyond twelve (12) months exists. Derivative financial instruments are included on the balance sheet as either an asset or liability and are classified as current or non-current based on the contractual terms specific to the instrument.

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

- *Financial assets*

At initial recognition, a financial asset is classified as measured at: amortized cost, FVTPL or fair value through other comprehensive income ("FVTOCI") depending on the business model and contractual cash flows of the instrument.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. A substantial modification to the terms of an existing financial asset results in the derecognition of the financial asset and the recognition of a new financial asset at fair value. In the event that the modification to the terms of an existing financial asset do not result in a substantial difference in the contractual cash flows the gross carrying amount of the financial asset is recalculated and the difference resulting from the adjustment in the gross carrying amount is recognized in the consolidated statement of comprehensive income/(loss).

- *Financial liabilities*

Financial liabilities are measured at amortized cost or FVTPL. Financial liabilities at amortized cost include accounts payable and accrued liabilities, amounts due to related parties and borrowings. Accounts payable and accrued liabilities are initially recognized at the amount required to be paid less any required discount to reduce the payables to fair value. Amounts due to related parties and borrowings are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Financial liabilities are derecognized when the liability is extinguished. A substantial modification of the terms of an existing financial liability is recorded as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in the consolidated statement of comprehensive income/(loss). Where a financial liability is modified in a way that does not constitute an extinguishment (generally when there is a change of less than 10% in the present value of cash flows discounted at the original effective interest rate), the modified cash flows are discounted at the liability's original effective interest rate. Transaction costs paid to third parties in a modification are amortized over the remaining term of the modified debt.

xxi) **Offsetting**

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet if the Group has a legally enforceable right to set off the recognized amounts and the Group intends to settle on a net basis or realize the asset and settle the liability simultaneously.

4 Restricted cash

These represent cash reserve funds (Debt Service Reserve Account and Debt Payment Account) maintained with Askari Bank Limited pursuant to the terms of the AKBL Syndicated term finance facilities (*refer to note 12 (a) for further details*).

5 Accounts and other receivables

	December 31, 2023	December 31, 2022
	$	$
Trade receivables (note 5 a)	5,833,159	7,090,572
Due from related parties (note 5 b)	818,218	818,218
Employees' loans and advances	734,006	968,105
Prepayments	24,474	36,112
Security deposit	49,788	62,515
Other receivables	257,074	272,992
	7,716,719	**9,248,514**
Loss allowance for expected credit losses		
Trade receivables	(571,761)	-
Due from related parties (note 5 b)	(818,218)	(818,218)
	6,326,740	**8,430,296**

a) The trade receivables are provided as a security by way of irrevocable assignment into the collection accounts maintained with Askari Bank Limited, the lead arranger, acting on behalf of the participants, pursuant to the terms of the AKBL Syndicated term finance facilities (*refer to note 12 (a) for further details*).

b) This represents amount receivable from Energy Exploration Limited ("EEL"), a related party. The balance is receivable on demand and carry no interest. The amount due from EEL represents expenses recharged and payments made on behalf of EEL. EEL had a 12% working interest in Zamzama North exploration license. However, owing to the expiry of the term of the Zamzama North exploration license, the Group has fully provided for the balance receivable from EEL.

6 Assets in disposal group classified as held for sale

	December 31, 2023	December 31, 2022
	$	$
Carrying value of Zarghun South lease (note 7)	4,514,094	-
Carrying value of Nareli exploration license (note 9)	3,526,852	-
Carrying value of amount due to concession operator (note 11)	(4,744,852)	-
Carrying value of asset retirement obligation (note 16)	(1,697,147)	-
Carrying value of disposal group	**1,598,947**	**-**
Valuation loss	(1,598,947)	-
Fair value of assets in disposal group	-	-

In November 2023, the board of directors principally agreed to the sale of SEPL's 40% working interest in Zarghun South lease and 27.55% working interest 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. The fair value less cost to sell is determined based on the terms of Farm out agreements entered into with Mari Petroleum Company Limited (*refer to note 30 for further details*).

7 Property, plant and equipment

		Other operating assets					
	Oil and gas properties $	**Computer equipment $**	**Furniture and fixtures $**	**Leasehold improvements $**	**Office equipment $**	**Motor vehicles $**	**Total $**
Cost	73,969,758	126,202	118,135	445,427	84,759	375,455	75,119,736
Accumulated depletion, depreciation and impairment	(58,846,534)	(115,973)	(38,130)	(33,407)	(57,901)	(231,252)	(59,323,197)
Opening net book value	**15,123,224**	**10,229**	**80,005**	**412,020**	**26,858**	**144,203**	**15,796,539**
Year ended December 31, 2023							
Additions during the year	15,439	1,679	-	-	-	-	17,118
Revision in asset retirement obligation	(595,722)	-	-	-	-	-	(595,722)
Depletion and depreciation for the year	(4,073,247)	(5,419)	(18,825)	(44,543)	(11,937)	(31,030)	(4,185,001)
Transfer to disposal group (note 6)							
Cost	(48,151,728)	-	-	-	-	-	(48,151,728)
Accumulated depletion and impairment	43,637,634	-	-	-	-	-	43,637,634
	(4,514,094)	-	-	-	-	-	(4,514,094)
Carrying amount at December 31, 2023	**5,955,600**	**6,489**	**61,180**	**367,477**	**14,921**	**113,173**	**6,518,840**
Cost	25,237,747	127,881	118,135	445,427	84,759	375,455	26,389,404
Accumulated depletion, depreciation and impairment	(19,282,147)	(121,392)	(56,955)	(77,950)	(69,838)	(262,282)	(19,870,564)
Carrying amount at December 31, 2023	**5,955,600**	**6,489**	**61,180**	**367,477**	**14,921**	**113,173**	**6,518,840**
Cost	72,822,048	121,278	24,011	-	48,949	220,304	73,236,590
Accumulated depletion, depreciation and impairment	(49,198,006)	(110,533)	(24,011)	-	(48,949)	(215,583)	(49,597,082)
Opening net book value	**23,624,042**	**10,745**	**-**	**-**	**-**	**4,721**	**23,639,508**
Year ended December 31, 2022							
Additions during the year	514,824	4,924	94,124	445,427	35,810	155,151	1,250,260
Addition in asset retirement obligation	41,091	-	-		-	-	41,091
Revision in asset retirement obligation	591,795	-	-		-	-	591,795
Depletion and depreciation for the year	(5,188,528)	(5,440)	(14,119)	(33,407)	(8,952)	(15,669)	(5,266,115)
Impairment for the year (note 7 a)	(4,460,000)	-	-	-	-	-	(4,460,000)
Carrying amount at December 31, 2022	**15,123,224**	**10,229**	**80,005**	**412,020**	**26,858**	**144,203**	**15,796,539**
Cost	73,969,758	126,202	118,135	445,427	84,759	375,455	75,119,736
Accumulated depletion, depreciation and impairment	(58,846,534)	(115,973)	(38,130)	(33,407)	(57,901)	(231,252)	(59,323,197)
Carrying amount at December 31, 2022	**15,123,224**	**10,229**	**80,005**	**412,020**	**26,858**	**144,203**	**15,796,539**

a) Impairment assessment

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). At December 31, 2023, the Group 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 Group 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.

8 Right-of-use assets

	December 31, 2023 $	December 31, 2022 $
Cost		
At beginning of the year	-	-
Additions during the year	140,997	-
At end of the year	**140,997**	**-**
Accumulated depreciation		
At beginning of the year	-	-
Depreciation the year	(3,917)	-
At end of the year	**(3,917)**	**-**
Carrying Amounts		
At beginning of the year	**-**	**-**
At end of the year	**137,080**	**-**

9 Exploration and evaluation assets

	December 31, 2023 $	December 31, 2022 $
Balance at beginning of the year	4,606,179	3,798,200
Additions during the year	5,203,369	794,961
Addition in asset retirement obligation	110,000	-
Revision in asset retirement obligation	-	19,295
Exploration and evaluation assets written off (note 9 f)	(5,704)	(6,277)
	9,913,844	**4,606,179**
Transfer to disposal group (note 6)	(3,526,852)	-
Carrying amount at end of the year	**6,386,992**	**4,606,179**

a) The breakup of carrying value of exploration and evaluation assets as at December 31, 2023, and 2022 is as follows:

	December 31, 2023 $	December 31, 2022 $
Guddu exploration license (note 9 b)	2,864,046	2,827,720
Badin IV South exploration license (note 9 c)	2,629,764	935,764
Badin IV North exploration license (note 9 d)	445,774	291,774
Kandra exploration rights (note 9 e)	447,408	447,408
Nareli exploration license (note 6)	-	103,513
	6,386,992	**4,606,179**

b) As at December 31, 2023, the Guddu exploration license was expired. In accordance with the provisions of the Petroleum Concession Agreement (“PCA”), the operator on behalf of the JV partners submitted a renewal application to the Directorate General of Petroleum Concessions (“DGPC”) for an extension in the license term upto June 30, 2025. The approval of the application filed with the DGPC is pending as of the date of approval of these financial statements. The management believes that, based on the related provisions of the Guddu PCA, the exploration license has been and will remain valid until approval is granted by the DGPC. Therefore, no derecognition or impairment of exploration and evaluation assets related to the Guddu exploration license is required as at December 31, 2023.

c) The Badin IV South exploration license is valid up to February 1, 2024.

d) The Badin IV North exploration license is valid up to September 12, 2025.

e) The Kandra exploration rights are valid up to January 5, 2031.

f) Owing to the expiry of the term of the Zamzama North exploration license all the costs incurred during the year have been written off.

10 Long-term receivables

	December 31, 2023 $	December 31, 2022 $
Advance tax	506,383	491,383
	506,383	**491,383**

a) The advance tax is refundable and is also available for offset against future tax liability of SEPL and FHL. There is no expiry of advance tax.

11 Accounts payable and accrued liabilities

	December 31, 2023 $	December 31, 2022 $
Trade payables	189,262	78,457
Due to concession operators (note 11 a)	8,305,665	827,311
Royalty payable	1,045,992	4,652,597
Sales tax payable	724,816	222,436
Accrued liabilities	1,563,874	1,338,180
Advance consideration (note 11 b)	669,387	669,387
Provision for workers' profit participation fund	943,851	1,174,972
Other payables	760,008	625,929
	14,202,855	**9,589,269**
Transfer to disposal group – due to concession operators (note 6)	(4,744,852)	-
	9,458,003	**9,589,269**

a) Due to concession operators include under advance balance of $1,323,755 and $3,421,097 in respect of Zarghun South lease and Nareli exploration license respectively. Upon execution of deed of assignments for the transfer of SEPL's 40% working interest in Zarghun South lease and 27.55% working interest in Nareli exploration license to Mari Petroleum Company Limited, these balances will be offset against the consideration receivable (*refer to note 30 for further details*).

b) Advance consideration represents amount collected on behalf of Petroleum Exploration (Private) Limited ("PEL") representing the consideration for the transfer of Group's 7.89% working interest in Badar, which is to be transferred to PEL pursuant to the terms of the Settlement Agreement dated August 12, 2016.

12 Borrowings

	December 31, 2023	December 31, 2022
Current	**$**	**$**
AKBL syndicated term finance facilities (note 12 a)	2,270,355	5,029,519
ABPL running musharaka facility (note 12 b)	1,923,100	2,432,388
	4,193,455	**7,461,907**

a) On January 31, 2020, SEPL entered into long term syndicated term finance facilities of PKR 2,000 million (approximately $7.09 million) with AKBL, the lead arranger acting on behalf of the participants (the "AKBL Facility").

The syndicate is comprised of AKBL, JS Bank Limited ("JSBL"), a related party of Jura, and Al Baraka Bank Pakistan Limited ("ABPL") with participation of PKR 1,000 million (approximately $3.54 million), PKR 550 million (approximately $1.95 million) and PKR 450 million (approximately $1.60 million) respectively. The AKBL Facility carries interest at the rate of 3-month KIBOR plus 2.50%. The interest is payable quarterly in arrears whereas the principal is repayable in sixteen equal quarterly installments commencing after a grace period of one year from the date of first disbursement.

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

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

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. As a result of non-compliance with one of the financial covenants, the outstanding amount of AKBL syndicated term finance facilities have been classified as current liability. During the year and as of the date of the approval of these consolidated financial statements, Pakistan Branch of 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.

b) In November 2021, SEPL entered into short-term running musharaka facility ("RM Facility") of PKR 500 million (approximately $1.77 million) with ABPL. The proceeds of the RM Facility are utilized to fund the operating expenses of SEPL. The outstanding amount of RM Facility carries interest at the rate of 3-month KIBOR plus 2% payable annually in arrears. The RM Facility is secured by corporate guarantees of Jura and FHL, a ranking hypothecation charge on the moveable fixed assets of SEPL and FHL with a 25% margin, to be upgraded to a pari passu charge within 90 days of first disbursement, a ranking assignment of present and future receivables of SEPL and FHL with a 25% margin and a lien on SEPL and FHL bank accounts maintained with ABPL.

13 Amounts due to related parties

This represents a running finance facility ("RF Facility") of PKR 625 million (approx. $2.22 million) with JSBL, a related party. The outstanding amount of RF Facility carries interest at the rate of 3-month KIBOR plus 2% payable quarterly in arrears. The RF Facility is secured by corporate guarantees of Jura and FHL, a first hypothecation charge on the moveable fixed assets of FHL with a 25% margin, a ranking hypothecation charge on the moveable fixed assets of SEPL with a 25% margin, to be upgraded to a pari passu charge within 180 days of first disbursement, a ranking assignment of present and future receivables of SEPL and FHL with a 25% margin and a lien on SEPL and FHL bank accounts maintained with JSBL.

14 Lease Liabilities

	December 31, 2023 $	December 31, 2022 $
Balance at beginning of the year	-	-
Additions during the year	140,997	-
Interest expense	2,569	-
Lease payments	(4,938)	-
Exchange loss on translation	1,842	-
Carrying amount at end of the year	**140,470**	**-**
Less: current portion	(52,937)	**-**
Closing balance – non-current portion	**87,533**	**-**

The lease liabilities relate to leased office space. The commitments in relation to the lease liabilities payable are as follows:

	December 31, 2023 $	December 31, 2022 $
Within one year	60,043	-
Later than one year but not later than five years	115,083	-
Later than five years	-	-
Minimum lease payments	**175,126**	**-**
Future interest payments	(34,656)	-
Recognized as liability	**140,470**	**-**

The present value of finance lease liabilities is as follows:

Within one year	52,937	-
Later than one year but not later than five years	87,533	-
Later than five years	-	-
Minimum lease payments	**140,470**	**-**

15 The contractual maturities of borrowings and amounts due to related parties are as follows:

	Carrying value $	Not later than one year $	Later than one year and not later than five years $	Later than five years $
At December 31, 2023				
AKBL Syndicated term finance facilities	2,270,355	2,270,355	-	-
ABPL running musharaka facility	1,923,100	1,923,100	-	-
Running finance facilities	2,371,940	2,371,940	-	-
Lease liabilities	140,470	52,937	87,533	-
	6,705,865	**6,618,332**	**87,533**	**-**
At December 31, 2022				
AKBL Syndicated term finance facilities	5,029,519	5,029,519	-	-
ABPL running musharaka facility	2,432,388	2,432,388	-	-
Running finance facilities	2,434,741	2,434,741	-	-
	9,896,648	**9,896,648**	**-**	**-**

The fair value of borrowings, amounts due to related parties and lease liabilities is not materially different to their carrying amount since the interest payable is comparable to the prevailing market rate. The fair

values are determined based on discounted cash flows using the Group's weighted average current cost of borrowing.

The carrying amounts of borrowings, amounts due to related parties and lease liabilities are denominated in Pakistan Rupee.

16 Asset retirement obligation

	December 31, 2023	December 31, 2022
	$	$
Balance at beginning of the year	4,470,133	3,817,952
Additions during the year	110,000	41,091
Revisions due to change in estimates	(595,722)	611,090
Carrying amount at end of the year (note 16 a)	**3,984,411**	**4,470,133**
Transfer to disposal group (note 6)	(1,697,147)	-
	2,287,264	**4,470,133**

a) The Group's asset retirement obligation arises from its working interest ownership in petroleum and natural gas properties, including tangible well equipment and processing facilities. The Group's estimate of the total undiscounted cash flows required to settle its asset retirement obligation is $4,514,982 which is expected to be incurred between 2025 and 2032.

As at December 31, 2023, a risk-free rate of interest ranging between 4.01% to 4.79% and inflation at an annual rate of 2.32% were used to calculate the net present value of the asset retirement obligation. If the discount factor applied to compute the asset retirement obligation were to decrease by 1%, the present value of asset retirement obligation would increase by $0.11 million.

As at December 31, 2022, the inflation rate was higher than the risk-free rate of interest, therefore the carrying amount of asset retirement obligation was restricted to current cost estimates. As a result thereof, no accretion on carrying value of the asset retirement obligation as at December 31, 2022, was recorded during the year.

17 Share capital

Authorized share capital

The Holding Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The preferred shares may be issued in one or more series, with rights and privileges for each series as determined by the Board. As at December 31, 2023, 69,076,328 (2022: 69,076,328) common share of C$ 1 were outstanding.

Restricted Share Units

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

During the year ended December 31, 2023, stock-based compensation of $nil (2022: $52,940) was charged to the consolidated statement of comprehensive income/(loss).

18 Contingencies and commitments

Litigation

From time to time, the Group 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 Group's legal counsel are of the view that the probability of an adverse award against the Group 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 Group 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 Group is involved in claims and actions arising in the course of the Group's operations and is subject to various legal actions and exposures, including tax positions taken by the Group. Although the outcome of these claims cannot be predicted with certainty, the Group does not expect these matters to have a material adverse effect on the Group'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 Group'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 Group determines that the loss is probable, and the amount can be reasonably estimated. The Group believes it has made adequate provision for such legal claims. While fully supportable in the Group's view, some of these positions, including uncertain tax positions, if challenged may not be fully sustained on review.

Commitments	**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
	2,628,336	**6,595,114**

Breakdown of minimum capital commitments related to exploration licenses.

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

19 Net revenue

Net revenue represents the sale of gaseous hydrocarbons from the Reti, Maru, Maru South, Maru East, Khamiso, Umair, Umair Southeast, Sara, Suri, Zarghun South, Ayesha, Aminah and Ayesha North gas fields, net of royalty amounting to $986,987 (2022: $1,792,514).

Due to litigation with the operator of Ayesha, Aminah and Ayesha North leases in Badin IV South block (as disclosed in note 18 above), net revenue from Ayesha, Aminah and Ayesha North gas fields is recognized using publicly available production and pricing data.

20 Cost of production

	December 31, 2023 $	December 31, 2022 $
Production costs	2,930,578	3,737,414
Depletion of oil and gas properties (note 7)	4,073,247	5,188,528
	7,003,825	**8,925,942**

21 General and administrative expenses

	December 31, 2023 $	December 31, 2022 $
Employees' benefits	1,044,040	1,301,268
Directors' compensation (note 21 a)	88,625	198,560
Depreciation of other operating assets (note 7)	111,754	77,587
Depreciation of right-of-use assets (note 8)	3,917	-
Legal and professional charges	899,148	687,151
Travelling expenses	93,899	69,892
Consultancy (note 21 b)	225,443	360,610
Office rent and utilities	134,196	137,171
Provision for workers' profit participation fund	-	129,929
Other expenses	198,946	178,019
	2,799,968	**3,140,187**

a) Directors' compensation includes stock-based compensation of $nil (2022: $52,940).

b) Consultancy includes an amount of $80,000 (2022: $80,000) charged by JS North Asia Investments Limited, a related party.

22 Exchange gain - net

This represents exchange on retranslation of foreign currency (mainly PKR) denominated monetary assets and liabilities. The exchange rate used to retranslate these assets and liabilities at December 31, 2023, was PKR 282.15/$ (2022: PKR 226.65/$).

23 Finance costs

	December 31, 2023 $	December 31, 2022 $
Interest on the amounts due to related parties		
- Running finance facilities	581,401	376,746
- Shareholder loans	-	2,635
Interest on borrowings		
- AKBL syndicated term finance facilities	750,899	1,151,468
- ABPL running musharaka facility	419,497	244,030
Interest expense on lease liabilities	2,569	92

Commission on Nareli bank guarantee	-	10,517
Late payment surcharge on payment of Badar consideration to PEL	-	161,405
	1,754,366	**1,946,893**

24 Income tax

	December 31, 2023 $	December 31, 2022 $
Current tax (note 24 a)	-	-
Deferred tax charge/(reversal)	-	(106,755)
	-	**(106,755)**

a) The Group does not owe any current tax for the year.

b) The differences between the income tax provisions calculated using statutory rates and the reported income tax provision are as follows:

	December 31, 2023 $	December 31, 2022 $
Loss before tax	(4,638,324)	(2,790,934)
Federal and provincial statutory rates	23%	23%
Expected income tax expense	(1,066,815)	(641,914)
Foreign tax rate differential	(734,152)	(374,760)
Non-deductible payments and provisions	-	12,176
Depletion allowance	-	(220,649)
Change in asset not recognised	1,800,967	1,331,902
	-	**(106,755)**

c) The net movement on the deferred tax liability is as follows:

	December 31, 2023 $	December 31, 2022 $
Balance at beginning of the year	-	106,755
Recognised in earnings	-	(106,755)
Balance at end of the year	**-**	**-**

d) As at December 31, 2023, the Group has consolidated non-capital tax losses of $21.81 million, expiring between 2028 and 2041, which can be used to reduce income taxes otherwise payable in Canada and Pakistan. The entity-wise breakup of tax losses and their expiry as at December 31, 2023 is as follows:

	$	Expiry
Jura Energy Corporation	17,708,123	2032 to 2042
Spud Energy Pty Limited - Pakistan branch	3,294,380	2028 - 2029
Frontier Holdings Limited - Pakistan branch	808,352	2031
	21,810,855	

In addition to the above the Group also has deductible temporary differences of $13.12 million as at December 31, 2023. A deferred tax asset has not been recognized for the tax losses of Jura Energy Corporation, Spud Energy Pty Limited – Pakistan Branch and Frontier Holdings Limited – Pakistan branch and deductible temporary differences as the Group cannot demonstrate that it is probable that these losses will be realized to reduce or eliminate taxes on taxable income in Canada and Pakistan in future years.

25 Earnings per share

	December 31, 2023 $	December 31, 2022 $
Net loss for the year	(4,638,324)	(2,684,179)
Weighted average number of outstanding shares	69,076,328	69,076,328
Basic and diluted loss per share	(0.07)	(0.04)

26 Financial risk management

Financial risk factors

The Group'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 Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group'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 Group is exposed to currency risk arising from various currency exposures, primarily with respect to the Pakistan Rupee (PKR) and Canadian Dollar (CAD). Currently, the Group's foreign exchange risk exposure is restricted to the amounts receivable/payable in foreign currency. The Group's exposure to currency risk is as follows:

	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:

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 Group 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 Group's interest-bearing financial instruments is:

	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:

	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
	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 Group 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:

	Rating agency	Credit rating	2023 $	2022 $
Bank of Montreal	Moody's[1]	Aa2	53,790	450,690
Canadian Imperial Banking Corporation	Moody's	AA+	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
			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 Group'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 Group. Accordingly, the credit risk is minimal.

The majority of the Group'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 Group'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. JEC 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 Group'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:

	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
	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 Group 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**

	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, 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**

There is a material uncertainty about the Group's ability to continue as going concern, see note 2 (ii) for details regarding the going concern assumption.

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	**Amortized cost**	
	December 31, 2023	**December 31, 2022**
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	9,458,003	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 Group's business. The Board monitors the return on capital employed, which the Group defines as operating income divided by total capital employed.

The Group'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 Group 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 Group may issue new shares or sell assets to reduce debt obligations.

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

27 Transactions with related parties

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

Majority Shareholder

- JS Energy Limited

Wholly owned subsidiaries

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

Associated entity

- JS Bank Limited
- JS North Asia Investments Limited

Key management personnel

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

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

	December 31, 2023 $	December 31, 2022 $
JSEL – majority shareholder		
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	**-**	**-**

	December 31, 2023 $	December 31, 2022 $
JSBL – associated company		
AKBL syndicated term finance facilities		
Balance payable at beginning of the year	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 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 gain on retranslation	(468,612)	(528,693)
Balance payable at end of the year	**2,371,940**	**2,434,741**
Key Management Personnel		
Compensation for the year		
Management salaries and benefits	530,354	524,245
Directors' fees and compensation	88,625	278,560
	618,979	**802,805**
Balance receivable at end of the year		
Management	570,914	713,706
Directors	9,062	59,809
	579,976	**773,515**

28 Principal subsidiaries

The Holding Company had the following subsidiaries at December 31, 2023:

Name	Country of incorporation/place of business	Nature of business	Proportion of ordinary shares directly held by parent (%)
Jura Energy Corporation	Canada	Holding company	N/A
Spud Energy Pty Limited	Australia/ Pakistan	Oil and gas exploration and production company	100
Frontier Oil and Gas Holdings Limited	Mauritius	Investment holding company	100
PetExPro Ltd.	Bermuda	Intermediate holding company	100
Frontier Holdings Limited	Bermuda/ Pakistan	Oil and gas exploration and production company	100

29 Operating segment information

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

The Pakistan segment derives its revenue primarily from the sale of petroleum products in Pakistan. During the year ended December 31, 2023, the Pakistan segment had two main customers, Sui Southern Gas Company Limited ("SSGCL") and Engro Fertilizers Limited ("EFL") to whom all the gas from (i) Zarghun

South, Ayesha, Aminah and Ayesha North and (ii) Reti, Maru, Maru South, Maru East, Khamiso, Umair and Umair Southeast is sold respectively. SSGCL is a state-owned entity and EFL is a large publicly listed company. Percentage breakup of customer wise sales for the year ended December 31, 2023 and 2022 and trade receivables at December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Net sales		
EFL	16%	8%
SSGCL	81%	87%
Others	3%	5%
Trade receivables		
EFL	5%	2%
SSGCL	90%	85%
Others	5%	13%

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

	For the year ended December 31, 2023		
	Canada	**Pakistan**	**Consolidated**
		$	
Net revenue	-	6,605,828	6,605,828
Cost of production	-	(7,003,825)	(7,003,825)
Gross profit/(loss)	**-**	**(397,997)**	**(397,997)**
General and administrative expenses	(301,383)	(2,498,585)	(2,799,968)
Exploration and evaluation costs written off	-	(5,704)	(5,704)
Allowance for expected credit losses	-	(571,761)	(571,761)
Valuation loss on assets in disposal group classified as held for sale	-	(1,598,947)	(1,598,947)
Operating loss	**(301,383)**	**(5,072,994)**	**(5,374,377)**
Exchange gain/(loss) - net	(18,401)	2,508,820	2,490,419
Finance costs	-	(1,754,366)	(1,754,366)
Net loss for the year before tax	**(319,784)**	**(4,318,540)**	**(4,638,324)**
Income tax	-	-	-
Net loss for the year after tax	**(319,784)**	**(4,318,540)**	**(4,638,324)**
Capital expenditure incurred during the year			
Property, plant and equipment	-	17,118	17,118
Right-of-use assets		140,997	140,997
Exploration and evaluation assets	-	5,203,369	5,203,369
Segment assets	91,169	21,940,599	22,031,768
Segment liabilities	606,288	17,844,844	18,451,132

	For the year ended December 31, 2022		
	Canada	**Pakistan**	**Consolidated**
		$	
Net revenue	-	11,993,135	11,993,135
Cost of production	-	(8,925,942)	(8,925,942)
Gross profit	**-**	**3,067,193**	**3,067,193**
General and administrative expenses	(569,098)	(2,571,089)	(3,140,187)
Impairment of oil and gas properties	-	(4,460,000)	(4,460,000)
Exploration and evaluation costs written off	-	(6,277)	(6,277)

Other income	-	351,097	351,097
Operating loss	**(569,098)**	**(3,619,076)**	**(4,188,174)**
Exchange gain/(loss) - net	(17,365)	3,361,498	3,344,133
Finance costs	-	(1,946,893)	(1,946,893)
Net loss for the year before tax	**(586,463)**	**(2,204,471)**	**(2,790,934)**
Income tax	-	106,755	106,755
Net loss for the year after tax	**(586,463)**	**(2,097,716)**	**(2,684,179)**
Capital expenditure incurred during the year			
Property, plant and equipment	-	1,250,260	1,250,260
Exploration and evaluation assets	-	794,961	794,961
Segment assets	610,602	31,564,408	32,175,010
Segment liabilities	282,461	23,673,589	23,956,050

30 Subsequent events

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

b) 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 rescinded the share purchase agreement for the acquisition of EEL.

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