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# Jura Energy Corporation

Condensed Consolidated Interim Financial Statements
For the Three Months Ended
**March 31, 2023**
(Expressed in US Dollars)
(Unaudited)

**Notice of no auditor review of Condensed Consolidated Interim Financial Statements**

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

The accompanying unaudited condensed consolidated interim financial statements of the Company as at and for the three months ended March 31, 2023 have been prepared by and are the responsibility of the Company's management.

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

# Jura Energy Corporation

## Condensed Consolidated Interim Statements of Financial Position

**As at March 31, 2023 (Unaudited)**

(Expressed in US Dollars)

| | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | 657,414 | 621,951 |
| Restricted cash | 1,954,035 | 2,228,662 |
| Accounts and other receivables (note 4) | 4,880,320 | 8,430,296 |
| | **7,491,769** | **11,280,909** |
| **Non-current assets** | | |
| Property, plant and equipment (note 5) | 15,039,509 | 15,796,539 |
| Exploration and evaluation assets (note 6) | 4,856,617 | 4,606,179 |
| Long-term receivables | 609,959 | 491,383 |
| **Total assets** | **27,997,854** | **32,175,010** |
| **Liabilities and Shareholders' Equity** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | 6,454,994 | 9,589,269 |
| Borrowings (note 7) | 5,419,365 | 7,461,907 |
| Amounts due to related parties (note 8) | 2,262,960 | 2,434,741 |
| | **14,137,319** | **19,485,917** |
| **Non-current liabilities** | | |
| Asset retirement obligation (note 10) | 4,470,133 | 4,470,133 |
| **Total liabilities** | **18,607,452** | **23,956,050** |
| **Shareholders' equity** | | |
| Share capital (note 11) | 65,203,045 | 65,203,045 |
| Contributed surplus (note 11) | 367,408 | 367,408 |
| Accumulated deficit | (56,180,051) | (57,351,493) |
| **Total shareholders' equity** | **9,390,402** | **8,218,960** |
| **Total equity and liabilities** | **27,997,854** | **32,175,010** |

**Going concern** (note 2)
**Contingencies and commitments** (note 12)

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 condensed consolidated interim financial statements.

# Jura Energy Corporation

## Condensed Consolidated Interim Statements of Comprehensive Income/(Loss)

**For the three months ended March 31, 2023 (Unaudited)**

(Expressed in US Dollars)

| | March 31, 2023 $ | March 31, 2022 $ |
|---|---|---|
| Net revenue | 2,241,440 | 4,409,487 |
| Cost of production (note 13) | (1,408,800) | (2,389,830) |
| **Gross profit** | **832,640** | **2,019,657** |
| | | |
| **Expenses** | | |
| General and administrative expenses (note 14) | (805,906) | (786,215) |
| Other income | - | 201,440 |
| **Operating profit** | **26,734** | **1,434,882** |
| | | |
| Exchange gain – net | 1,622,233 | 591,245 |
| Finance costs (note 15) | (477,525) | (376,630) |
| **Profit before income tax** | **1,171,442** | **1,649,497** |
| | | |
| Income tax | - | (75,000) |
| | | |
| **Total comprehensive income for the period** | **1,171,442** | **1,574,497** |
| | | |
| **Earnings per share** (note 16) | | |
| Basic and diluted | **0.02** | **0.02** |
| **Going concern** (note 2) | | |

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

# Jura Energy Corporation

Condensed Consolidated Interim Statements of Cash Flows

**For the three months ended March 31, 2023 (Unaudited)**

(Expressed in US Dollars)

| | March 31, 2023 $ | March 31, 2022 $ |
|---|---|---|
| **Cash provided by / (used in)** | | |
| **Operating activities** | | |
| Profit before tax for the period | 1,171,442 | 1,649,497 |
| Adjustments for: | | |
| Depletion of oil and gas properties (note 13) | 730,925 | 1,495,837 |
| Depreciation of other operating assets (note 14) | 27,784 | 5,942 |
| Accrued finance costs on: | | |
| - Amounts due to related parties (note 15) | 147,394 | 75,020 |
| - Borrowings (note 15) | 330,131 | 301,610 |
| Stock-based compensation (note 11) | - | 33,349 |
| Other income | - | (201,440) |
| Net unrealized exchange gain on borrowings and amounts due to related parties | (1,934,757) | (335,821) |
| | **472,919** | **3,023,994** |
| Changes in working capital | | |
| Decrease/(increase) in accounts and other receivables | 3,549,976 | (2,366,118) |
| (Decrease)/increase in accounts payable and accrued liabilities | (3,134,275) | 684,656 |
| Decrease in restricted cash | 274,627 | 21,959 |
| Net cash generated from operating activities | **1,163,247** | **1,364,491** |
| **Investing activities** | | |
| Property, plant and equipment | (1,679) | (30,557) |
| Exploration and evaluation assets | (250,438) | (82,500) |
| Changes in long-term receivables | (118,576) | - |
| Net cash used in investing activities | **(370,693)** | **(113,057)** |
| **Financing activities** | | |
| Amounts due to related parties – proceeds | 377,872 | 18,081 |
| Amounts due to related parties – repayment | - | (97,324) |
| Borrowings – proceeds | - | 1,665,277 |
| Borrowings – repayment | (760,884) | (704,404) |
| Finance costs paid | (374,079) | (355,050) |
| Net cash (used in)/generated from financing activities | **(757,091)** | **526,580** |
| **Net increase in cash and cash equivalents** | **35,463** | **1,778,014** |
| Cash and cash equivalents at beginning of the period | 621,951 | **4,552,705** |
| **Cash and cash equivalents at end of the period** | **657,414** | **6,330,719** |

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

# Jura Energy Corporation

Condensed Consolidated Interim Statements of Changes in Equity

**For the three months ended March 31, 2023 (Unaudited)**

(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 profit for the period | - | - | - | - | 1,574,497 | 1,574,497 |
| Stock-based compensation (note 11) | - | - | 33,349 | - | - | 33,349 |
| **Balance at March 31, 2022** | **69,076,328** | **65,203,045** | **534,550** | **140,265** | **(53,092,817)** | **12,785,043** |
| **Balance at January 1, 2023** | **69,076,328** | **65,203,045** | **367,408** | **-** | **(57,351,493)** | **8,218,960** |
| Net profit for the period | - | - | - | - | 1,171,442 | 1,171,442 |
| **Balance at March 31, 2023** | **69,076,328** | **65,203,045** | **367,408** | **-** | **(56,180,051)** | **9,390,402** |

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

## 1 Company and its operations

Jura Energy Corporation (“JEC”, “Jura” or the “Company") is listed on the TSX Venture Exchange (“TSX-V”) and trades under the symbol “JEC”. The registered office of Jura Energy Corporation is located at Suite 2100, 144 – 4th Avenue SW, Calgary, T2P 3N4, Alberta, Canada. These condensed consolidated interim financial statements include 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").

These condensed consolidated interim financial statements were approved and authorized for issue by the Company’s board of directors on May 30, 2023.

## 2 Going concern

Management has prepared these condensed consolidated interim financial statements in accordance with the International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates that assets will be realized, and liabilities will be discharged in the normal course of business as they become due. The Company had a working capital deficiency of $6.65 million at March 31, 2023 (December 31, 2022: $8.20 million). During the three months period ended March 31, 2023, the Company reported a net profit of $1.17 million (March 31, 2022: $1.57 million) and net cash generated from operating activities of $1.16 million (March 31, 2022: $1.36 million). As at March 31, 2023, the Company had an accumulated deficit of $56.18 million (December 31, 2022: $57.35 million). In addition to its ongoing working capital requirements, the Company also had financial commitments as at March 31, 2023 that amounted to $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 Company's ability to continue as a going concern, and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The uncertainties include the outcome of arbitration proceedings against PEL, classification of long-term borrowings as current liability due to non-compliance with the financial covenants and the need for additional cash resources to fund its existing operations, economic dependence on joint venture partners and the current economic and political conditions in Pakistan. To date, all exploration, development and other operational activities of the Company have been funded by internal cash generation from its producing concessions, equity and debt issuances, funding by a shareholder, and by farm-out through which a third party reimbursed the Company for a portion of its historical costs and will pay a portion of the Company’s future capital expenditures to earn a portion of the Company’s working interest in its properties.

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

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

(Expressed in US Dollars)

## 3 Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IFRS, as applicable to the interim financial reports including IAS 34 - Interim Financial Reporting. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2022 which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board.

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company's consolidated annual audited financial statements for the year ended December 31, 2022, except for the following:

New interpretations and amended standards adopted by the Company:

The Company 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 on these condensed consolidated interim financial statements.

- IAS 12 –Income Taxes (“IAS 12”), has been amended to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The Company has assessed this amendment and has applied it with no material impact on these condensed consolidated interim financial statements. These amendments are effective for periods beginning on or after January 1, 2023.

New and amended standards and interpretations issued but not yet adopted:

The Company has assessed the impact of the following amendment to the standards and interpretations applicable for future periods and do not expect these to have a material impact on the Company’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 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 preparation of these condensed consolidated interim financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. Estimates and judgments are continually evaluated and are based on historical experience including the expectation of future events that are believed to be reasonable under the circumstances. Estimates and judgements made by the management in the preparation of these condensed consolidated interim financial statements are the same as those used in the preparation of Company’s consolidated annual audited financial statements for the year ended December 31, 2022.

## 4 Accounts and other receivables

| | **March 31, 2023** | **December 31, 2022** |
|---|---:|---:|
| | **$** | **$** |
| Trade receivables (note 4 a) | 3,505,850 | 7,090,572 |
| Due from related parties (note 4 b) | 818,218 | 818,218 |
| Employees’ loans and advances | 931,576 | 968,105 |
| Prepayments | 32,407 | 36,112 |
| Security deposits | 62,515 | 62,515 |

| | | |
|---|---|---|
| Other receivables | 347,972 | 272,992 |
| | **5,698,538** | **9,248,514** |
| Provision for impairment (note 4 b) | (818,218) | (818,218) |
| | **4,880,320** | **8,430,296** |

a) The trade receivables are provided as a security by way of irrevocable assignment into the collection accounts maintained with AKBL, the lead arranger, acting on behalf of the participants, pursuant to the terms of the syndicated term finance facility (*refer to note 7 (a) for further details*).

b) This represents amount receivable from Energy Exploration Limited ("EEL") and JS Energy Limited ("JSEL") respectively. The balances are receivable on demand and carry no interest.

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

(Expressed in US Dollars)

## 5 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** |
| **Period ended March 31, 2023** | | | | | | | |
| Additions during the period | - | 1,679 | - | - | - | - | 1,679 |
| Depletion and depreciation for the period | (730,925) | (1,200) | (4,706) | (11,136) | (2,984) | (7,758) | (758,709) |
| **Carrying amount at March 31, 2023** | **14,392,299** | **10,708** | **75,299** | **400,884** | **23,874** | **136,445** | **15,039,509** |
| 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 March 31, 2023** | **14,392,299** | **10,708** | **75,299** | **400,884** | **23,874** | **136,445** | **15,039,509** |
| 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 | (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** |
| Annual rate of depreciation (%) | | 33.33% | 20.00% | 10.00% | 33.33% | 20.00% | |

(Expressed in US Dollars)

### 6 Exploration and evaluation assets

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| | $ | $ |
| Balance at beginning of the period | 4,606,179 | 3,798,200 |
| Additions during the period | 250,438 | 794,961 |
| Revision in asset retirement obligation | - | 19,295 |
| Exploration and evaluation assets written off | - | (6,277) |
| Carrying amount at end of the period | **4,856,617** | **4,606,179** |

### 7 Borrowings

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| | $ | $ |
| AKBL syndicated term finance facilities (note 7 a) | 3,582,007 | 5,029,519 |
| ABPL running musharaka facility (note 7 b) | 1,837,358 | 2,432,388 |
| **Total borrowings** | **5,419,365** | **7,461,907** |

a) On January 31, 2020, SEPL entered into long term syndicated term finance facilities of PKR 2,000 million (approximately $7.05 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 $3.52 million), PKR 550 million (approximately $1.94 million) and PKR 450 million (approximately $1.59 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, 2022, the Pakistan Branch of SEPL was compliant with the current ratio and debt to equity ratio. However, owing to suspension of production from Zarghun South lease due to damage to sale gas pipeline, 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. Accordingly, the outstanding amount of AKBL syndicated term finance facilities have been classified as current liability.

b) In November 2021, SEPL entered into short-term running musharaka facility ("RM Facility") of PKR 500 million (approximately $1.76 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.

(Expressed in US Dollars)

**8 Amounts due to related parties**

| | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|
| Running finance facility (note 8 a) | 2,262,960 | 2,434,741 |
| | **2,262,960** | **2,434,741** |

a) This represents a running finance facility ("RF Facility") of PKR 625 million (approx. $2.20 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.

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

| | Carrying value $ | Not later than one year $ | Later than one year and not later than five years $ | Later than five years $ |
|---|---|---|---|---|
| **At March 31, 2023** | | | | |
| AKBL syndicated term finance facilities | 3,582,007 | 3,582,007 | - | - |
| ABPL running musharaka facility | 1,837,358 | 1,837,358 | - | - |
| Running finance facility | 2,262,960 | 2,262,960 | - | - |
| | **7,682,325** | **7,682,325** | **-** | **-** |
| **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 facility | 2,434,741 | 2,434,741 | - | - |
| | **9,896,648** | **9,896,648** | **-** | **-** |

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

**10 Asset retirement obligation**

| | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|
| Balance at beginning of the period | 4,470,133 | 3,817,952 |
| Additions during the period | - | 41,091 |
| Revisions due to change in estimates | - | 611,090 |
| Carrying amount at end of the period | **4,470,133** | **4,470,133** |

**11 Share capital**

**Authorized share capital**

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

(Expressed in US Dollars)

**Restricted Share Units**

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

**Stock-based compensation and contributed surplus**

During the three months ended March 31, 2023, stock-based compensation of $nil (March 31, 2022: $33,349) was charged to the condensed consolidated interim statement of comprehensive income/(loss).

## 12 Contingencies and commitments

There has been no material change in contingencies as disclosed in the latest consolidated annual audited financial statements of the Company for the year ended December 31, 2022.

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

## 13 Cost of production

| | **March 31, 2023** | **March 31, 2022** |
|---|---|---|
| | **$** | **$** |
| Production costs | 677,875 | 893,993 |
| Depletion of oil and gas properties (note 5) | 730,925 | 1,495,837 |
| | **1,408,800** | **2,389,830** |

## 14 General and administrative expenses

| | **March 31, 2023** | **March 31, 2022** |
|---|---|---|
| | **$** | **$** |
| Employees' benefits | 292,227 | 320,762 |
| Directors' compensation | 22,193 | 85,171 |
| Depreciation of other operating assets | 27,784 | 5,942 |
| Legal and professional charges | 213,525 | 113,899 |
| Travelling expenses | 34,944 | 15,540 |
| Consultancy (note 14 a) | 60,115 | 86,934 |
| Office rent and utilities | 34,255 | 51,002 |
| Provision for workers' profit participation fund | 76,549 | 90,292 |
| Other expenses | 44,314 | 16,673 |
| | **805,906** | **786,215** |

a) Consultancy includes an amount of $20,000 (2022: $20,000) charged by JS North Asia Investments Limited, a related party.

## 15 Finance costs

| | **March 31, 2023** | **March 31, 2022** |
|---|---|---|
| | **$** | **$** |
| Interest on the amounts due to related parties | 147,394 | 75,020 |
| Interest on borrowings | 330,131 | 301,610 |
| | **477,525** | **376,630** |

(Expressed in US Dollars)

## 16 Earnings per share

| | March 31, 2023 $ | March 31, 2022 $ |
|---|---|---|
| Net profit for the period | 1,171,442 | 1,574,497 |
| Weighted average number of outstanding shares | 69,076,328 | 69,076,328 |
| Basic and diluted earnings per share | 0.02 | 0.02 |

## 17 Financial risk management

**Financial risk factors**

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

These condensed consolidated interim financial statements do not include all financial risk management information and disclosure required in the annual financial statements; they should be read in conjunction with the Company's consolidated annual audited financial statements for the year ended December 31, 2022. There has been no change in the risk management policies since December 31, 2022.

**Fair value of financial assets and liabilities**

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

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

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

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

## 18 Transactions with related parties

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

*Majority Shareholder*
- JS Energy Limited

*Wholly owned subsidiaries*
- Spud Energy Pty Limited
- PetExPro Ltd.
- Frontier Oil and Gas Holdings Limited
- Frontier Holdings Limited
- 4515226 Canada Inc.
- 1428112 Alberta Ltd.
- Onni Wilson Avenue Development Limited Partnership

(Expressed in US Dollars)

- Onni Elmbridge Development Limited Partnership
- Onni The Point Development Limited Partnership
- Onni IOCO Road One Development Limited

*Associated entity*

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

*Key management personnel*

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

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

| | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|
| **JSEL – majority shareholder** | | |
| **Bridge loan** | | |
| Balance payable at beginning of the period | - | 143,184 |
| Interest accrued during the period | - | 2,635 |
| Principal repaid during the period | - | (102,998) |
| Interest paid during the period | - | (42,821) |
| Balance payable at end of the period | **-** | **-** |
| **JSBL – associated company** | | |
| **AKBL syndicated term finance facilities** | | |
| Balance payable at beginning of the period | 1,383,118 | 2,506,039 |
| Interest accrued during the period | 60,894 | 315,024 |
| Principal repaid during the period | (152,703) | (701,425) |
| Interest paid during the period | (63,254) | (288,832) |
| Exchange gain on retranslation | (243,003) | (447,688) |
| Balance payable at end of the period | **985,052** | **1,383,118** |
| **Running finance facility** | | |
| Balance payable at beginning of the period | 2,434,741 | 2,435,566 |
| Facility utilized during the period | 377,872 | 451,470 |
| Interest accrued during the period | 147,394 | 376,746 |
| Interest paid during the period | (139,730) | (300,618) |
| Exchange gain on retranslation | (557,317) | (528,693) |
| Balance payable at end of the period | **2,262,960** | **2,434,741** |

| | March 31, 2023 $ | March 31, 2022 $ |
|---|---|---|
| **Key Management Compensation** | | |
| Management salaries and benefits | 126,813 | 129,646 |
| Directors' fees and compensation | 22,193 | 85,171 |
| | **149,006** | **214,817** |

## 19 Operating segment information

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

(Expressed in US Dollars)

The Pakistan segment derives its revenue primarily from the sale of petroleum products in Pakistan. During the three months ended March 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 and Maru South 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 three months ended March 31, 2023 and 2022 and trade receivables at March 31, 2023 and December 31, 2022 are as follows:

| | **March 31, 2023** | **March 31, 2022** |
|---|---|---|
| **Net sales** | | |
| SSGCL | 83% | 89% |
| EFL | 13% | 6% |
| Others | 4% | 5% |

| | **March 31, 2023** | **December 31, 2022** |
|---|---|---|
| **Trade receivables** | | |
| SSGCL | 87% | 85% |
| EFL | 6% | 2% |
| Others | 7% | 13% |

The Canada segment does not have any revenue generating operations. The 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 three months ended March 31, 2023** | | | **For the three months ended March 31, 2022** | | |
|---|---|---|---|---|---|---|
| | **Canada** | **Pakistan** | **Consolidated** | **Canada** | **Pakistan** | **Consolidated** |
| | | | ---------------------------$ | ---------------------------- | | |
| Net revenue | - | 2,241,440 | 2,241,440 | - | 4,409,487 | 4,409,487 |
| Cost of production | - | (1,408,800) | (1,408,800) | - | (2,389,830) | (2,389,830) |
| **Gross profit** | **-** | **832,640** | **832,640** | **-** | **2,019,657** | **2,019,657** |
| General and administrative expenses | (185,948) | (619,958) | (805,906) | (183,890) | (602,325) | (786,215) |
| Other income | - | - | - | - | 201,440 | 201,440 |
| **Operating profit/(loss)** | **(185,948)** | **212,682** | **26,734** | **(183,890)** | **1,618,772** | **1,434,882** |
| Exchange gain/(loss) - net | (3,753) | 1,625,986 | 1,622,233 | (3,569) | 594,814 | 591,245 |
| Finance costs | - | (477,525) | (477,525) | - | (376,630) | (376,630) |
| **Profit/(loss) before income tax** | **(189,701)** | **1,361,143** | **1,171,442** | **(187,459)** | **1,836,956** | **1,649,497** |
| Income tax | - | - | - | - | (75,000) | (75,000) |
| **Profit/(loss) for the period** | **(189,701)** | **1,361,143** | **1,171,442** | **(187,459)** | **1,761,956** | **1,574,497** |
| Additions during the period | | | | | | |
| Property, plant and equipment | - | 1,679 | 1,679 | - | 30,557 | 30,557 |
| Exploration and evaluation assets | - | 250,438 | 250,438 | - | 82,500 | 82,500 |

| | **As at March 31, 2023** | | | **As at March 31, 2022** | | |
|---|---|---|---|---|---|---|
| | **Canada** | **Pakistan** | **Consolidated** | **Canada** | **Pakistan** | **Consolidated** |
| | | | ---------------------------$ | ---------------------------- | | |
| Segment assets | 297,841 | 27,700,013 | 27,997,854 | 21,060 | 46,359,407 | 46,380,467 |
| Segment liabilities | 348,154 | 18,259,298 | 18,607,452 | 419,454 | 33,175,970 | 33,595,424 |