

# Directors' Report 2023-24

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The Board of Directors of Khyber Pakhtunkhwa Oil & Gas Company Limited (KPOGCL) is pleased to present the Directors' Report along with the Audited Financial Statements for the Financial Year ended June 30, 2024 together with Auditors' Report thereon.

## **The Chairman's Message**

It is my honor to present the Directors' Report for the Financial Year 2023-24, a year that marks a pivotal chapter in the ongoing evolution of KPOGCL as a dynamic and growth-driven Exploration & Production (E&P) Company. Guided by the collective wisdom and efforts of our BOD, management, and employees, KPOGCL has made significant strides in advancing its strategic priorities. We have strengthened our operational capabilities, deepened stakeholder engagement, and positioned the Company for sustainable growth, amidst an ever-evolving energy landscape.

On behalf of the Board of Directors of KPOGCL, I would like to extend our sincere appreciation to the Government of Khyber Pakhtunkhwa for its continued trust and confidence in our vision and mandate. The Board remains firmly committed to upholding its fiduciary responsibilities, while striving to deliver sustainable development and long-term value for the Province of Khyber Pakhtunkhwa and its people.

A landmark achievement during the reporting period was the successful finalization of the Farm-Out Agreement (FOA) for the Miran Block, executed on February 26, 2025 under the kind Chair of the worthy Chief Minister Khyber Pakhtunkhwa, between KPOGCL and a consortium led by OGDCL. The consortium comprises leading national E&P companies, including OGDCL, PPL, and GHPL. The agreement underscores both the strategic importance of the Miran Block and the strong confidence placed in KPOGCL's operational capabilities by its industry peers. Notably, under the terms of FOA, the consortium will fully carry KPOGCL's 51% working interest without any reimbursement, an exceptional strategic arrangement that further highlights the value attributed to the asset and the partnership. Additionally, the consortium also offered a premium as part of the agreement, enhancing the overall value of the transaction. This outcome represents an unprecedented and overwhelming result of the competitive bidding process, which was initiated and diligently overseen by the Board in alignment with the directives of the 51<sup>st</sup> CCI decision.

Following the execution of the FOA, the Board, in collaboration with the Company's technical leadership, ensured timely finalization of a detailed Work Program for FY 2024–25 for the Miran Block. This included integrated Geological and Geophysical (G&G)

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studies utilizing available datasets from the adjacent Blocks, and preparatory work for the upcoming field activities such as geological fieldwork, 2D/3D seismic data acquisition, and gravity/magnetic surveys. The first Technical and Operating Committee Meeting (TCM/OCM) for the Miran Block was successfully held under the regulatory oversight of the Directorate General of Petroleum Concessions (DGPC), during which KPOGCL's exploration strategy, proposed Work Program, and associated budget were formally presented.

Moreover, in compliance with the regulatory requirements, the Deed of Assignment (DOA) application for the Miran Block, including the transfer of operatorship to OGDCL, has been submitted to DGPC, in accordance with their directives dated March 25, 2025. This marks another important step in fulfilling our obligations as Operator and underscores our ongoing commitment to advancing exploration activities within the Block.

The Board also remained focused on ensuring operational efficiency and effective stakeholder coordination across non-operated joint venture (JV) Blocks. Under the strategic guidance and oversight of the Board, the Company pursued targeted initiatives aimed at enhancing production in the Baratai Block, operated by OGDCL. Moreover, the Board ensured effective monitoring of seismic data acquisition and processing across various JV Blocks, while also maintaining oversight of the execution of firm and agreed work programs in non-operated Blocks, particularly with respect to financial obligations and joint venture compliance.

With strategic foresight, the Board authorized the technical evaluation of 31 onshore exploration Blocks under the 2025 Bid Round announced by the Petroleum Division. Dedicated teams carried out comprehensive analyses using available G&G data, complemented by data review sessions held at LMKR's facility under the auspices of the Petroleum Division, paving the way for potential future investments.

On the financial front, the Board engaged with the Government of Khyber Pakhtunkhwa to secure an additional equity injection of PKR 500 million, which has since been approved. This infusion strengthens the Company's financial position for the upcoming exploration and development activities in various Blocks.

The Board also extended its oversight to support investment initiatives within Khyber Pakhtunkhwa Province, working in close coordination with the provincial government. The Company actively participated in key provincial Investment forums, including the KP Energy Investment Road Shows held in major cities, reflecting its ongoing commitment to increasing visibility and strengthening stakeholder engagement.

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In conclusion, the progress achieved thus far reflects the Board's strategic vision, the management's unwavering commitment, and the continued support of our stakeholders, particularly the Energy & Power Department and other government functionaries.

Looking ahead, the Board reaffirms its commitment to transforming KPOGCL into a high-performing, value-driven exploration and production (E&P) company that fulfills its mandate to the Province of Khyber Pakhtunkhwa and its people. We remain optimistic about the opportunities that lie ahead and are steadfast in our commitment to transparency, innovation, and sustainable development.

## **State of the Company's Affairs**

The year 2023-24 marked a significant period for KPOGCL as it continued to actively pursue its strategic business targets, as envisaged by the Board of Directors. A landmark achievement during the year was the execution of the Petroleum Concession Agreement (PCA) for the Miran Block with the Petroleum Division — resolving a long-standing matter that had remained pending for over three years. This followed the decision of the 51<sup>st</sup> meeting of the Council of Common Interests (CCI), held on January 29, 2024, to replace the less prospective Lakki Block with the more promising Miran Block. The issue was conclusively settled with the endorsement of KPOGCL's stance at the 51<sup>st</sup> CCI meeting, paving the way for the execution of the PCA with the Petroleum Division on May 07, 2024. In accordance with Clause 5.1 of the Miran PCA, KPOGCL retained majority shareholding in the Block and offered the remaining 49% working interests to an OGDCL-led consortium comprising OGDCL (29%), PPL (10%), and GHPL (10%) through a transparent bidding process. From a technical perspective, the hydrocarbon potential of the Miran Block is substantiated by four (04) recent high-impact, play-opening discoveries made in adjacent Blocks by OGDCL, Mari Energies, and Al-Haj Enterprises. This milestone underscores the strategic importance of the Miran Block within KPOGCL's exploration portfolio and reaffirms the Company's continued commitment to aligning its business objectives with the national energy security strategy.

The successful strategic farm-out of a 49% stake in KPOGCL's Miran Block to a consortium marks an unprecedented milestone and a remarkable achievement for both the Government of Khyber Pakhtunkhwa and KPOGCL, attracting approximately Rs. 22 billion in investment to the province of Khyber Pakhtunkhwa. Moreover, this strategic initiative resulted in estimated savings of approximately Rs. 12 billion for the Provincial Government and KPOGCL, as the consortium will carry KPOGCL's 51% share in Miran Block and as per agreed arrangement KPOGCL will not be required to reimburse the same once a discovery is made.

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Moreover, during the year, the Company remained focused on advancing a balanced Exploration and Production (E&P) portfolio, aligned with the operational practices of other public sector companies. This objective was primarily pursued through the diligent oversight of various G&G activities in non-operated Blocks, managed by the respective operators — OGDCL and Mari Energies — including Baratai (2.5%), Tirah (15%), Orakzai (20%), Wali West (10%), Pezu (1.62%), Nowshera (2.5%), Peshawar East (1.84%), and Hazro (0.21%). These efforts were carried out in line with the strategic direction set by the Board of Directors.

On the production front, oil and gas production continued from the Dhok Hussain Field (Dhok Hussain-1 and Siab-1 wells) located in the Baratai Block, operated by OGDCL. To date, the JV has achieved two discoveries from four wells drilled in the Block. By the end of June 2024, KPOGCL realized cumulative net revenue of approximately PKR 556.05 million from its 2.5% share in the production. Currently, the evaluation and integration of G&G datasets remain in progress. This includes the incorporation of results from the ongoing exploratory drilling of Gurgalot X-01, located in the adjoining Block and also operated by OGDCL. The outcomes of these studies will play a critical role in determining the forward strategy for the Baratai Exploration License (E.L).

It is noteworthy that throughout the year, KPOGCL actively engaged with Joint Venture (JV) partners through participation in Technical Workshops, as well as Technical and Financial Committee Meetings, thereby contributing technical insight and financial oversight that added value to the JV operations.

KPOGCL's strategic efforts and active engagement underscore its continued commitment to unlocking the hydrocarbon potential of Khyber Pakhtunkhwa through prudent portfolio management, effective partnerships, and responsible use of public funds, while strategically positioning itself alongside leading national E&P companies.

### Exploration & Production Activities in Various Blocks

The Exploration and Production (E&P) activities undertaken in both operated and non-operated Joint Venture projects during FY 2023-24 are summarized in the Table below:

S/N	Exploration Block	Operator	KPOGCL Working Interest (WI) %	Current Status
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1.	Baratai	OGDCL	2.50	<ul style="list-style-type: none"> <li>▪ 156 Sq.Km 3D seismic acquired, processed, and interpreted.</li> <li>▪ Two discoveries out of four wells</li> <li>▪ Revenue stream from 02 wells.</li> <li>▪ Integration &amp; evaluation of G &amp; G datasets are in progress to decide the way forward for Baratai Block.</li> </ul>
2.	Pezu	OGDCL	1.62	<ul style="list-style-type: none"> <li>▪ 956 L.km 2D seismic acquired, processed, and interpreted.</li> <li>▪ New 3D planned over Pezu sub-thrust; Pending for security NOC.</li> <li>▪ G&amp;G activities in progress</li> </ul>
3.	Karak North	Tallahassee	2.50	<ul style="list-style-type: none"> <li>▪ Sub-judice in court due to Block extension issues.</li> </ul>
4.	Peshawar East	MPCL	1.84	<ul style="list-style-type: none"> <li>▪ Remained in Force Majeure due to non-provision of NOC by MOD. Lifted in Sept-2023.</li> <li>▪ Geological Fieldwork conducted.</li> <li>▪ Gravity &amp; Magnetic surveys (824 stations) completed.</li> <li>▪ 2D seismic data acquisition of 268 L.Km completed.</li> <li>▪ Seismic data processing, interpretation and integration of G&amp;G data are in progress.</li> </ul>
5.	Orakzai	OGDCL	20	<ul style="list-style-type: none"> <li>▪ DOA executed (Sept 2022) for 20% share.</li> <li>▪ 524 L.km 2D seismic acquired, processed, and interpreted.</li> <li>▪ 224 L. Km in-fill 2D seismic planned. Crew has already mobilized for acquisition of additional seismic lines. However, waiting for clearance from LEAs.</li> </ul>

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6.	Tirah	OGDCL	15	<ul style="list-style-type: none"> <li>▪ DOA executed (Sept 2022) for 15% share.</li> <li>▪ 203 L.km 2D seismic acquired, processed, and interpreted.</li> <li>▪ 392 L. Km in-fill 2D seismic planned. Crew has already mobilized for acquisition of additional seismic lines. However, waiting for clearance from LEAs.</li> </ul>
7.	Wali West	MPCL	2.5 & 7.5	<ul style="list-style-type: none"> <li>▪ DOA signed by all JVs (KPOGCL, MariEnergies, GHPL, DGPC) for 2.5%.</li> <li>▪ Draft DOA for 7.5% additional stake has already been approved by DGPC after submitted requisite 5 years financial statements/commitments on 06-Jun-2022.</li> <li>▪ GFW and Gravity/Magnetic surveys completed.</li> <li>▪ 2D seismic acquisition 202 L.km completed. Mostly crew remained on standbys. Seismic processing in progress.</li> </ul>
8.	Miran	KPOGCL (Operator)	100	<ul style="list-style-type: none"> <li>▪ Replacement of Lakki Block</li> <li>▪ Security NOC secured</li> <li>▪ PCA executed on 7-May-2024.</li> <li>▪ Farm-Out Agreement for 49% share signed on 26-Feb-2025 with OGDCL-led consortium comprising OGDCL (29%), PPL (10%), and GHPL (10%).</li> <li>▪ KPOGCL retains majority 51% share</li> </ul>
9.	Nowshera	OGDCL	2.50 (Carried)	<ul style="list-style-type: none"> <li>▪ KPOGCL has carried 2.5% share.</li> <li>▪ 2D seismic acquired 508 L.km.</li> <li>▪ Seismic data processing, interpretation and integration of G&amp;G data are in progress.</li> </ul>

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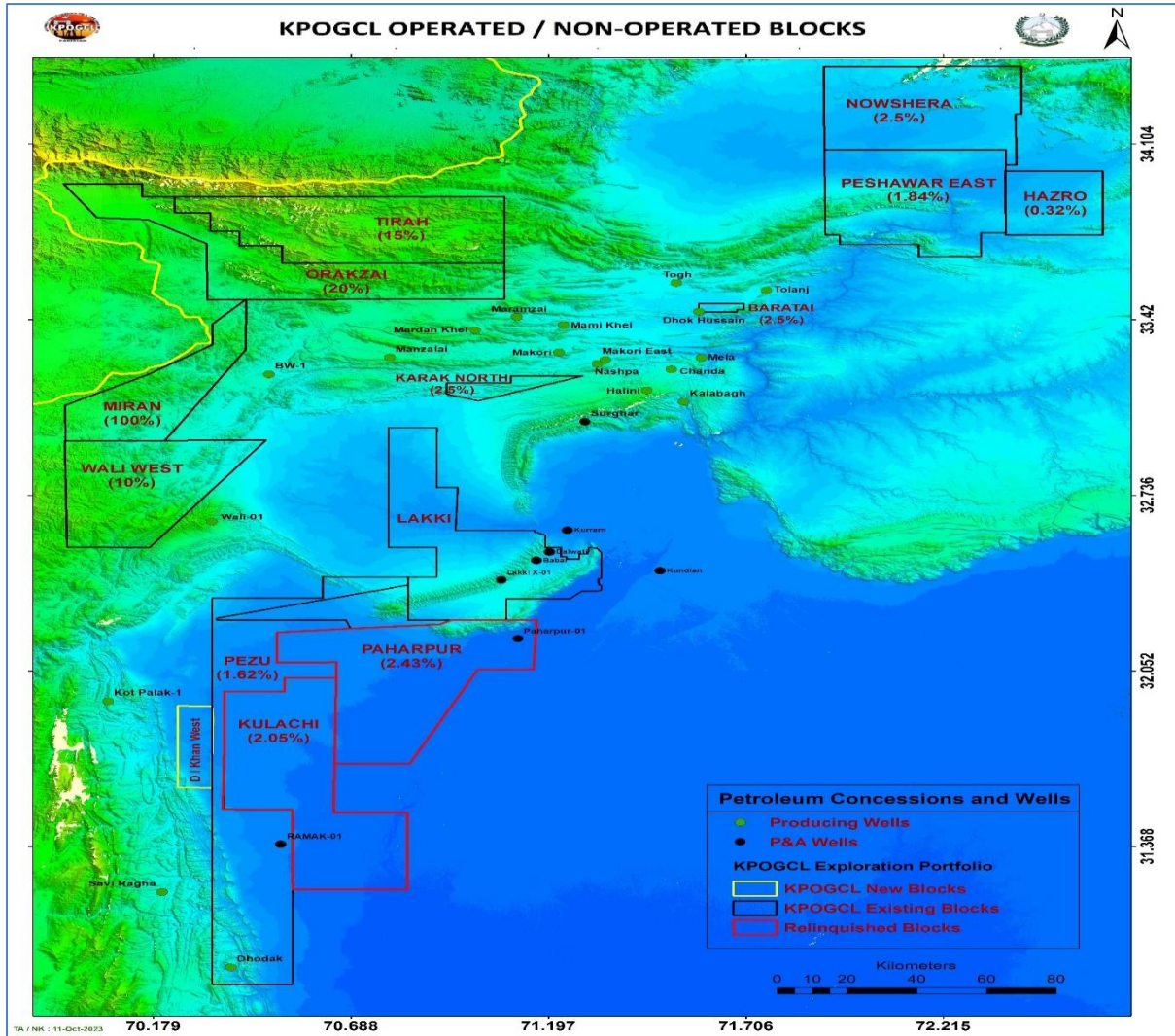
10.	Hazro	OGDCL	0.21 (Carried)	<ul style="list-style-type: none"> <li>▪ KPOGCL has carried 2.5% share.</li> <li>▪ 2D seismic acquired 498 L.km.</li> <li>▪ Seismic data processing, interpretation and integration of G&amp;G data are in progress.</li> </ul>
11.	Paharpur	KUFPEC	2.43	<ul style="list-style-type: none"> <li>▪ 2D seismic 1180 L.km acquired, processed, and interpreted</li> <li>▪ Drilled 01 Well; Plugged &amp; Abandoned.</li> <li>▪ Block relinquished.</li> </ul>
12.	Kulachi	OGDCL	2.05	<ul style="list-style-type: none"> <li>▪ Seismic 2D 1071 L.km acquired, processed, and interpreted.</li> <li>▪ Sequence Stratigraphy Studies completed through Schlumberger</li> <li>▪ Block relinquished on Jan 07, 2021. Regulator's approval in progress.</li> </ul>

### Organizational Right-Sizing for Sustainable Growth

In response to the misalignment between the existing organizational structure and KPOGCL's core business objectives, as well as prevailing financial constraints, the management, under the Terms of Reference (ToRs) and directives of the Board of Directors (BOD), has undertaken a comprehensive right-sizing exercise during the year. This long-overdue initiative included the development of a revised HR Manual and the revision of Job Descriptions (JDs) for all positions, aligned with industry best practices. As a result, the sanctioned workforce has been rationalized from 134 to 64 to reflect a more streamlined, efficient, and sustainable organizational structure.

Furthermore, for the first time in the Company's history, annual performance appraisals have been conducted based on newly established Key Performance Indicators (KPIs). These KPIs were designed and implemented post-right-sizing to ensure alignment with KPOGCL's strategic business goals, thereby enhancing accountability and performance across all levels of the organization.

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## Health, Safety & Environment (HSE) Management System

KPOGCL remains firmly committed to safeguarding the health, safety, and environmental well-being of its workforce, stakeholders, and Joint Venture Partners. This commitment is upheld in strict compliance with the Pakistan Petroleum Policy 2012, E&P Rules 2013, and all applicable HSE regulations issued by the Government of Pakistan.

During the year under review, the Company continued to enhance its HSE management systems by aligning internal protocols with evolving industry best practices and regulatory standards. Key focus areas included the promotion of a proactive safety culture, strengthening operational preparedness, and ensuring that personnel at all levels are equipped with the necessary knowledge and tools to effectively identify and manage occupational risks.

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Regular internal audits and risk assessments were conducted across both Head Office and field-related activities, particularly in coordination with Joint Venture Partners (JVPs), to proactively identify potential gaps and implement preventative measures.

On the environmental front, KPOGCL maintained a strong sense of ecological responsibility, reinforcing its commitment to sustainable resource management and regulatory compliance. While active field operations have yet to commence, environmental considerations continue to be integrated into strategic planning, project evaluations, and internal preparedness processes, ensuring responsible and compliant conduct once field activities are initiated.

## Operational Results

The operational results of the company for Financial Year (FY) 2023-24 are as follows:

<b>Statement of Profit or Loss for the FY 2023-24</b>	
	<b>Amount (PKR)</b>
Revenue	250,119,725
Operating Expenses	(52,340,723)
Royalty	(30,888,108)
Gross Profit/ (loss)	166,890,894
Exploration and Prospecting Expenditure	(87,349,695)
General and Administration Expenses	(214,274,866)
Exchange loss for the year	1,351,266
Finance Cost	(5,361,370)
Other Income	187,980,074
Profit before taxation	49,236,304
Taxation	-
Profit after tax	49,236,304

The company is not involved in debt financing nor has taken any sort of loan. Since KPOGCL's capital is totally equity based, there is no debt liability on the company to date. Other liabilities include normal operational liabilities at the year-end which are subsequently cleared in routine business.

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## Key Operating and Financial Data

The financial data for current and previous years is as follows:

	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19
	PKR	PKR	PKR	PKR	PKR	PKR
Revenue	250,119,725	138,944,634	86,032,516	80,300,874	650,700	-
Operating Cost (Including Royalty)	-83,228,831	-57,090,507	-53,917,864	-48,442,618	-15,607,073	-
Gross Profit	166,890,894	81,854,127	32,114,652	31,858,256	-14,956,373	-
Exploration and Prospecting Expenditure	-87,349,695	-97,347,136	-927,692,448	-7,192,659	-31,894,607	-27,086,858
General and Admin Expenses	-214,274,866	-224,302,423	-312,908,388	-225,091,553	-211,579,128	-236,598,903
Other Income	187,980,074	164,417,702	56,407,883	37,701,457	104,545,627	91,170,679
Finance cost	-5,361,370	-8,274,797	-3,207,110	-1,902,829	-2,714,369	-
Exchange gain/(loss) for the year	1,351,266	-457,590,043	-	-	-	-
Profit/ (loss) before taxation	49,236,304	-541,242,570	-1,155,285,411	-164,627,327	-156,598,850	-172,515,082
Taxation	-	-	-	-	-	-
Loss after tax	49,236,304	-541,242,570	-1,155,285,411	-164,627,327	-156,598,850	-172,515,082
No of contract employees	65	115	125	117	78	81
No. of daily wages employees	4	12	12	30	109	113

In the financial year 2023-24, KPOGCL reported a significant increase in revenue, totaling PKR 250,119,725, compared to PKR 138,944,634 in the previous financial year. The growth is primarily attributed to the cumulative production from two wells, Dhok Hussain-01 and Siab-01, in the Baratai Block.

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Operating costs, including royalties, amounted to PKR 83,228,831, which represents a slight increase from PKR 57,090,507 in FY 2022-23 due to enhanced production. The company achieved a gross profit of PKR 166,890,894, a notable improvement from PKR 81,854,127 in the previous year. This increase in gross profit reflects the positive impact of higher revenue on the company's financial performance.

Exploration and prospecting expenditures amounted to PKR 87,349,695, highlighting ongoing investments in exploration activities across various Blocks in which KPOGCL holds a working interest. General and administrative expenses decreased to PKR 214,274,866 from PKR 224,302,423, demonstrating the company's commitment to optimizing its cost structure.

Other income reflected a substantial increase from profits on bank deposits, rising to PKR 187,980,074 from PKR 164,417,702 in FY 2022-23, which positively impacted the overall financial position.

The increase in revenue and gross profit, along with reduced administrative costs, reflects a positive trajectory for KPOGCL. The board remains committed to implementing strategies that enhance operational efficiency and drive future profitability.

## **Principal Risks and Mitigation Measures**

The oil and gas sector is inherently exposed to a broad spectrum of complex risks, both sector-specific and macroeconomic, that require continuous assessment and proactive mitigation. As an upstream exploration company with active participation in Joint Ventures, KPOGCL plays a key role in narrowing the gap between Pakistan's fossil fuel demand and supply. However, these operations are speculative in nature and subject to significant uncertainty, including geological complexities, market volatility, foreign exchange fluctuations, evolving regulatory landscapes, and security challenges, particularly in frontier basins. These factors may impact the Company's financial position and the outcomes of its exploration, development, and production activities. Despite these challenges, the geological risk associated with exploration in Khyber Pakhtunkhwa remains relatively lower, with a success ratio of 1:2 compared to 1:3 in other regions of Pakistan, indicating a more favorable prospectivity.

During FY 2023–24, persistent depreciation of the Pakistani rupee against the US dollar continued to adversely affect capital-intensive upstream operations. Key areas impacted included seismic data acquisition, fulfillment of financial commitments under Petroleum Concession Agreements, and planning for future drilling campaigns. These pressures

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were compounded by ongoing security concerns in operationally sensitive terrains, leading to further delays in the execution of planned activities.

A significant mitigating factor is KPOGCL's diversified portfolio of Joint Ventures, predominantly with public sector entities, which helps distribute both technical and financial exposure. In parallel, the Company has continued to implement cost control initiatives, closely monitor foreign exchange risks, and align its activities with available government support frameworks.

The Board of Directors remains actively involved in overseeing the Company's risk profile, conducting regular reviews of emerging threats through established governance mechanisms. Strategic planning and scenario-based risk assessments are embedded in the decision-making process to enhance resilience and ensure long-term sustainability.

## **Corporate Social Responsibility (CSR)**

KPOGCL Board of Directors and management continue to place strong emphasis on balancing corporate excellence with a sustained commitment to social responsibility within the communities we serve. In FY 2023-24, the Company reaffirmed its Corporate Social Responsibility (CSR) objectives by maintaining readiness to fulfill its Social Welfare Obligations in line with the guidelines of the Directorate General Petroleum Concession (DGPC).

The CSR obligations pertaining to the Lakki Block have been duly fulfilled by the Company. While exploration activities in the Miran Block are yet to commence, KPOGCL has continued to strengthen its framework for community engagement and social welfare initiatives. In addition, through its Joint Venture (JV) partnerships, the Company contributes to the fulfillment of CSR commitments, with the operators assuming the lead role in their implementation. The focus remains on developing programs in the areas of education, healthcare, water supply, infrastructure development, and charitable contributions to support underprivileged populations in the vicinity of current and future operations.

In this reporting year, greater attention has been directed towards ensuring that both obligatory and voluntary contributions will be effectively managed through transparent processes, with an emphasis on aligning community welfare programs with KPOGCL's core values of ethical, responsible, and sustainable business practices.

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## **Good Governance**

The Board of Directors and management team continue to fully recognize the significance of their roles in ensuring that KPOGCL operates with the highest standards of transparency, integrity, and efficiency. Our priority remains to provide both financial and non-financial information that is accurate, comprehensive, and transparent. In line with this, KPOGCL rigorously adheres to the Code of Corporate Governance, ensuring compliance across all areas of operation.

KPOGCL's proactive approach to governance and risk management is not only reflective of our ability to adapt to changing circumstances but also of our commitment to continual improvement. As we look ahead, the Company is well-prepared to address future challenges, further strengthening its governance structure and reinforcing the trust and confidence of our stakeholders. Through enhanced accountability and a culture of responsible decision-making, KPOGCL aims to set a benchmark in corporate leadership and operational excellence.

## **Appointment of Auditors**

The present auditors M/s Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants have completed their assignment for the year ended June 30, 2024 and shall retire on the conclusion of the Annual General Meeting.

## **Government Levies**

The Company has regularly paid income tax withheld, KP Sales Tax & GST from payments made to employees, suppliers and consultants, etcetera, while outstanding tax is disclosed in Note 10 of the audited financial statements).

## **Dividend**

Considering the operational results and future plans the Board of Directors does not recommend any dividend.

## **Auditors Report**

The auditor has given unqualified report on the financial statements for the year ended June 30, 2024.

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## Pattern of Shareholding

The pattern of shareholding of the Company as on June 30, 2024 is as under;

Shareholder	Percentage	Number of Shares
Government of Khyber Pakhtunkhwa	99.99999900	299,999,970
Mr. Sahibzada Saeed	00.00000033	10
Mr Shumail Butt	00.00000033	10
Mr. Zafar Iqbal	00.00000033	10
	<b>100.000000</b>	<b>300,000,000</b>

## Earnings Per Share

KPOGCL earning per share as on June 30, 2024 is Rs. 0.16 per share.

## Corporate Governance & Financial Reporting Framework

As required by Public Sector Companies (Corporate Governance) Rules 2013, we are pleased to report the following;

- The financial statements prepared by the management of the Company, presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of the Company have been maintained.
- The Board has complied with the relevant principles of corporate governance and has identified the rules that have not been complied with.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- The internal control system is designed to uphold the integrity of financial reporting and ensure compliance with relevant laws and regulations. It incorporates best practices tailored to our organization and undergoes regular reviews to assess its effectiveness. Continuous monitoring ensures that these controls function as intended, allowing for proactive identification and management of potential risks. This comprehensive approach reflects our unwavering commitment to maintaining high standards of corporate governance and financial reporting.

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- f) The appointment of Chairman and other members of Board and the terms of their appointment along with the remuneration policy adopted are in the best interest of the Public Sector Company as well as in line with the best practices.
- g) The remuneration of directors is in accordance with the trend and practice in other public sector entities beside size of the Company and duties to be discharged by the director. Disclosure of remuneration of Chief Executive, Directors and Executives is given in Note 30 of the annexed financial statements.

## Board of Directors

The composition of the Board of Directors as of June 30, 2024 is as follows:

Mr. Khalid Majid	Director (Chairman)
Mr. Abid Majeed	Director (Add. Chief Secretary Home & TA's, KP)
Mr. Nisar Ahmad	Director (Secretary Energy & Power, KP)
Mr. Amer Sultan Tareen	Director (Secretary Finance, KP)
Mr. Muhammad Yahya	Director
Mr. Muhammad Ishaq Saqi	Director
Dr. Muhammad Tahir Shah	Director
Mr. Fuad Ishaq	Director (President SCCI)
Mr. Nasir Khan	Acting Chief Executive Officer/Director

Changes in the composition of the Board during the Financial Year 2023-24 are as follows:

- Mr. Zulfiqar Ali Shah (Secretary Energy & Power Dept, KP) was replaced by Mr. Nisar Ahmad on 18-Sep-2023.
- Mr. Muhammad Ayaz (Secretary Finance Dept, KP) was replaced by Mr. Syed Imtiaz Hussain Shah on 18-Sep-2023
- Mr. Syed Imtiaz Hussain Shah (Secretary Finance Dept, KP) was replaced by Mr. Amer Sultan Tareen on 05-Oct-2023.
- Mr. Ejaz Khan Afridi (Acting President SCCI) was replaced by Mr. Fuad Ishaq on 10-Oct-2023.

The Chairman appreciated the professional acumen and services rendered by the outgoing directors and welcomed the new members.

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## Board Structure and Committees

KPOGCL's Board is comprised of ten nominated directors, including six (6) Independent Directors, three (3) Non-Executive Directors, and one (1) Executive Director. Currently, the Board consists of nine (9) serving directors, due to a casual vacancy arising from the resignation of one Independent Member. To ensure effective implementation of sound internal control system and compliance with the Code of Corporate Governance, Board has constituted various committees; Human Resource and Nomination (HRN), Audit and Technical Committee.

## Election of Directors

According to Section 165 of the Companies Act 2017, certain provisions not to apply to directors representing special interest, provisions regarding election, term of office and removal of directors do not apply to the directors appointed/nominated by the Provincial Government.

## Meetings of Board of Directors

Attendance of members during the respective board/committee meetings held during the FY 2023-24 is as follows:

<b>Name of Director</b>	<b>Board of Directors Meetings</b>	<b>HR Committee Meetings</b>	<b>Technical Committee Meetings</b>	<b>Audit Committee Meetings</b>
Mr. Khalid Majid (Chairman)	10/10	05/05	03/03	N/A
Add. Chief Secretary Home & TA's, GoKP	10/10 (Sec. Home & TA or through Rep.)	N/A	03/03 (Sec. Home & TA or through Rep.)	N/A
Secretary Energy & Power, GoKP	10/10	05/05	03/03	04/04 (Sec. Energy & Power or through Rep.)
Secretary Finance, GoKP	10/10 (Sec. Finance or through Rep.)	N/A	N/A	04/04 (Sec. Finance or through Rep.)
Dr. Muhammad Tahir Shah	10/10	05/05	03/03	N/A
Mr. Muhammad Ishaq Saqi	10/10	05/05	03/03	04/04

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Mr. Muhammad Yahya	09/10	05/05	N/A	04/04
President SCCI	10/10	N/A	N/A	04/04
CEO KPOGCL	10/10	05/05	03/03	N/A

## Remuneration of Directors

Each Director including representatives of Ex-officio received a meeting fee of Rs. 37,500/- for each meeting attended. The meeting fee for all board members excluding Chief Executive was approved by the Shareholders during the 09<sup>th</sup> Annual General Meeting (AGM) of the company held on 12-Sep-2023. The Board/Committee meeting fee paid to the Directors during the year is annexed to the note 30 of the financial statements.

## Future Outlook

KPOGCL has secured new investments focused on the emerging petroleum region within the Newly Merged Districts (NMDs) of Khyber Pakhtunkhwa, an area largely unexplored due to historical political and security constraints. As a result, significant hydrocarbon potential in the region remains untapped.

Initial exploration activities, including 2D seismic acquisition, have already been conducted in the Orakzai and Tirah Blocks. The collected seismic data has been processed both domestically at OGDCL and internationally (TBI, Canada), leading to the identification of promising leads and structural prospects. To further mature these leads into drillable prospects, Joint Venture (JV) partners have committed to acquiring in-fill 2D seismic data. However, field operations are currently pending the issuance of a security No Objection Certificate (NOC).

Simultaneously, 2D seismic data acquisition is underway in the Wali West Block to delineate subsurface structures. KPOGCL, as a responsible JV partner, is committed to ensuring the timely and efficient completion of both field and office-based technical and operational tasks, aiming to unlock the region's hydrocarbon potential at the earliest.

As the operator of the Miran Block, KPOGCL has successfully mitigated financial risks during the exploration phase by farming out 49% of its share. Additionally, the remaining 51% stake is being carried by an OGDCL-led consortium. This strategic farm-out process

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has resulted in exceptional outcomes for both the Government of Khyber Pakhtunkhwa and KPOGCL.

While oil and gas exploration inherently involves high risk, KPOGCL is committed to upholding rigorous due diligence at every stage. Operational excellence will be pursued through high-quality decision-making, transparent communication, and active engagement with all stakeholders.

As the Provincial Holding Company (PHC) of Khyber Pakhtunkhwa, KPOGCL remains resolute in expanding exploration, development, and production opportunities. This includes pursuing new non-operator Joint Venture partnerships across exploration blocks nationwide, in alignment with the company's short- and long-term strategies as approved by its Board of Directors.

Looking ahead, KPOGCL's long-term strategy, driven by the Board's vision, focuses on maintaining and expanding its exploration portfolio. The aim is to continually add reserves through value-driven exploration, ensure sustainable growth, and enhance operational efficiency through robust project planning and execution.

## **Acknowledgement**

We gratefully acknowledge that the progress achieved over the past year is a direct result of the collective efforts and unwavering commitment of all stakeholders who have consistently supported KPOGCL's vision.

Our heartfelt appreciation goes to the Energy and Power Department, Government of Khyber Pakhtunkhwa, for their steadfast and continuous support. We also extend special thanks to the Finance Department KP and other Provincial institutions whose facilitative roles have been instrumental in advancing the Company's strategic objectives.

We are deeply indebted to our esteemed Board of Directors for their prudent oversight, strategic foresight, and unwavering stewardship, which have been vital in navigating the Company through a dynamic and evolving energy landscape. Our sincere gratitude is also extended to our shareholders, whose continued trust and confidence remain a cornerstone of our commitment to long-term value creation.

We also wish to recognize and commend the resilience, dedication, and professionalism of the KPOGCL management and workforce. Their collective resolve, particularly in the

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face of complex challenges, has been critical in ensuring operational continuity and upholding the institutional integrity of the Company.

As we look to the future, KPOGCL remains firmly committed to its mission of becoming a leading player in Pakistan's energy sector. With a continued focus on performance, sustainability, and strategic growth, we aim to contribute meaningfully to the nation's energy needs—responsibly, efficiently, and with enduring purpose.

On behalf of the Board

Dated: 30-Oct-2025

  
Signature

Chief Executive

  
Signature

Director