Directors' Report 2024-25

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, 2025 together with Auditors' Report thereon.

The Chairman's Message

It is my honor and privilege to present the Directors' Report of Khyber Pakhtunkhwa Oil & Gas Company Limited (KPOGCL). The past year, and the period thereafter, have marked an important phase in the Company's evolution, characterized by strategic achievements, institutional strengthening, and the pursuit of new opportunities aimed at creating sustainable long-term value for the Province of Khyber Pakhtunkhwa. Guided by the collective wisdom and strategic oversight of the Board of Directors, and supported by the unwavering commitment of the Management, KPOGCL has continued to strengthen its position as the Provincial Holding Company in the upstream oil and gas sector. At the same time, the Company has laid a strong foundation for its strategic expansion into downstream energy businesses, reflecting our long-term vision of business diversification, enhancing energy security, and sustainable growth.

On behalf of the Board of Directors, I extend my sincere appreciation to the Government of Khyber Pakhtunkhwa, particularly the Energy & Power Department, for its continued confidence, support, and strategic guidance. The Board remains steadfast in discharging its fiduciary responsibilities with integrity, transparency, and accountability while pursuing initiatives that safeguard the Province's constitutional rights, maximize the value of its natural resources, and contribute towards sustainable economic development.

One of the most significant achievements during the period was the successful execution of the Farm-Out Agreement (FOA) for the Miran Block, followed by the execution of the Deed of Assignment (DOA). Under this landmark transaction, a 49% Working Interest was assigned to an OGDCL-led consortium comprising Oil & Gas Development Company Limited (OGDCL; 29%), Pakistan Petroleum Limited (PPL; 10%), and Government Holdings (Private) Limited (GHPL; 10%), together with the transfer of operatorship to OGDCL. KPOGCL retained the majority 51% Working Interest in the Block. This landmark transaction is expected to facilitate an investment of approximately PKR 22 billion in Khyber Pakhtunkhwa while ensuring that KPOGCL's 51% Working Interest remains fully carried by the consortium throughout the exploration phase, without any reimbursement obligation, capital contribution, or exploration risk. The strategic arrangement is projected to generate savings of nearly PKR 12 billion for KPOGCL and the Government of Khyber Pakhtunkhwa. This exceptional commercial arrangement represents a strategic milestone

in Pakistan's exploration and production sector and underscores the collective commitment of the Board of Directors and Management to safeguarding provincial interests while maximizing long-term value from the Province's hydrocarbon resources. Following the successful transfer of operatorship of the Miran Block to OGDCL, the Board of Directors continued to provide strategic oversight to ensure timely implementation of the approved exploration program. Under the guidance of the Board and through the dedicated efforts of the Management, significant progress has been achieved in advancing key exploration activities, including finalization of the 2D seismic acquisition program, Geological & Geophysical (G&G) evaluations, and associated budgets through technical workshops and Technical/Operating Committee meetings. Substantial progress has also been made in completing the legally required environmental studies, including the Initial Environmental Examination (IEE), and securing requisite approvals from relevant provincial departments to facilitate seismic operations in the Miran Block. Meanwhile, the Joint Venture Partners continue to collaborate on technical assessments, geological interpretation of legacy data, and exploration planning aimed at maturing identified leads into drill-ready prospects. Furthermore, KPOGCL successfully recovered approximately PKR 121 million from the OGDCL-led Consortium against reimbursement of past costs and the agreed premium under the Farm-out Agreement, reflecting the strategic oversight of the Board and the diligent efforts of Management in protecting and enhancing KPOGCL's financial interests throughout the transaction process.

Beyond the Miran Block, the Board continued to actively safeguard KPOGCL's strategic interests across its broader exploration portfolio. In this regard, sustained efforts were undertaken in coordination with the respective operators, regulatory authorities, and relevant Government stakeholders, including engagements at highest levels of the Hon'ble Chief Minister's Office, to facilitate the pending seismic acquisition programs in Orakzai, Tirah, Miran, Wali West, and Pezu Blocks. The Board also endorsed comprehensive summaries for submission to the Government of Khyber Pakhtunkhwa and the Council of Common Interests (CCI) to safeguard KPOGCL's entitled 2.5% Working Interests in petroleum exploration Blocks located in the Merged Districts (ex-FATA). These efforts reflect the Company's commitment to protecting the Province's strategic and constitutional interests in its natural resources. Recognizing the rapidly evolving energy landscape and the policy reforms introduced by the Council of Common Interests (CCI) and the Federal Government, the Board initiated an ambitious business diversification strategy aimed at transforming KPOGCL from a conventional upstream exploration company into an integrated energy enterprise. In this regard, comprehensive evaluations were undertaken for entry into the downstream natural gas business, including the purchase, sale, transportation, transmission, and distribution of natural gas, as well as

Liquified Petroleum Gas (LPG). The Board authorized the Management to pursue the requisite regulatory approvals, engage with OGRA, relevant stakeholders, potential third-party buyers, and develop the institutional and commercial framework required to enable KPOGCL's participation in the evolving gas commercialization market, particularly under the recently approved framework for third-party gas sales.

In this regard, a major strategic opportunity emerged through the Invitation to Bid (ITB) issued by Mari Energies Limited (MEL) for the sale of 35% third-party gas from the Spinwam Gas Field in Waziristan Block. Recognizing the significance of this opportunity, the Board provided continuous strategic guidance to the Management in undertaking detailed technical, commercial, financial, legal, and operational evaluations of the proposed bidding framework. Extensive engagements were undertaken with regulators, licensed third-party gas marketing entities, industrial consumers, and other stakeholders to assess commercialization options. Throughout this process, the Board remained focused on ensuring that every proposed commercial arrangement adequately safeguards the interests of KPOGCL and the Government of Khyber Pakhtunkhwa while creating sustainable long-term value from the Province's natural resources.

Throughout the period, the Board remained focused on strengthening corporate governance, ensuring regulatory compliance, enhancing institutional capacity, and reinforcing effective stakeholder engagement. Every major strategic initiative was guided by principles of transparency, prudent risk management, financial discipline, and long-term value creation, reflecting the Board's commitment to maintaining the highest standards of corporate governance and public sector stewardship.

As we look ahead, the Board remains optimistic about KPOGCL's future and firmly committed to capitalizing on the opportunities emerging across Pakistan's evolving energy landscape. Building upon its strong upstream portfolio, strategic partnerships, and growing institutional capabilities, the Company will continue to enhance shareholder value by strengthening its exploration portfolio, safeguarding its commercial and strategic interests, and expanding into commercially viable downstream energy businesses that contribute towards provincial energy security, job creation, and sustainable economic development.

In conclusion, I wish to express my sincere appreciation to my fellow members of the Board of Directors, Management, the Energy & Power Department, the Government of Khyber Pakhtunkhwa, our Joint Venture Partners, regulators, and all other stakeholders for their continued dedication, professionalism, and unwavering support. Through our collective efforts, I remain confident that KPOGCL will continue its journey towards becoming a

leading, integrated, and value-driven energy company committed to excellence, innovation, transparency, and sustainable development.

State of the Company's Affairs

The year 2024-25 marked another significant phase in KPOGCL's strategic journey as the Company continued to advance the initiatives approved by the Board of Directors with a focus on strengthening its exploration portfolio, optimizing its investment strategy, and pursuing sustainable long-term growth. During the year, a major milestone was achieved through the execution of the Farm-out Agreement for the Miran Block on 26 February 2025 with an OGDCL-led Consortium comprising OGDCL (29%), Pakistan Petroleum Limited (10%), and Government Holdings (Private) Limited (10%), while KPOGCL retained a majority 51% Working Interest in the Block. In accordance with the Miran Petroleum Concession Agreement (PCA) and the applicable E&P Rules, the application for execution of the Deed of Assignment (DOA), including the transfer of operatorship to OGDCL, was submitted to the Directorate General of Petroleum Concessions (DGPC) within the prescribed timeline. Throughout the reporting period, Management remained actively engaged with the Petroleum Division, DGPC, Joint Venture Partners, and other stakeholders to facilitate timely execution of the DOA and commencement of the firm exploration program. Simultaneously, notwithstanding the pending execution of the DOA by the regulator, the Company proactively initiated the discharge of its first-year PCA obligations, including area rental, training commitments, completion of requisite environmental studies, and planning of the technical work program, demonstrating its commitment to regulatory compliance, project readiness, and responsible stewardship of the Province's petroleum resources.

The Company also remained focused on advancing a balanced and diversified exploration portfolio in line with its long-term strategic objectives. The Board continued to provide active strategic and technical oversight across the Company's Joint Venture interests, including Miran (51%), Orakzai (20%), Tirah (15%), Wali West (10%), Baratai (2.5%), Nowshera (2.5%), Peshawar East (1.84%), Pezu (1.62%), and Hazro (0.21%) Blocks. Through the dedicated efforts of the Management, the Company actively participated in the Technical Workshops, Technical/Operating Committee meetings, Geological and Geophysical (G&G) evaluations, seismic acquisition programs, and interpretation of subsurface data in close coordination with the respective Operators. Significant progress was achieved in the Wali West Block, where approximately 50% of the planned 2D seismic acquisition program was successfully completed despite the challenging security environment in North Waziristan. The acquired seismic data are expected to facilitate

further prospect maturation. In parallel, the Company continued to actively pursue regulatory approval of the Deed of Assignment with the Operator for its additional 7.5% Working Interest in the Block. Meanwhile, hydrocarbon production continued from the Dhok Hussain Field (Dhok Hussain-1 and Siab-1 wells) in the Baratai Block, providing a stable revenue stream to the Company and reinforcing the value of KPOGCL's diversified upstream portfolio.

In parallel with its upstream activities, KPOGCL continued to implement the Board's strategic vision of business diversification to strengthen its long-term sustainability. During the reporting period, the Company reassessed its approved Corporate Business Plan to align it with evolving operational realities and emerging opportunities within Pakistan's energy sector. Technical evaluations of prospective exploration Blocks announced under the Petroleum Division's Bidding Round 2025 was initiated to identify potential farm-in opportunities through strategic partnerships with leading public sector E&P companies. At the same time, the Company continued to evaluate commercially viable downstream opportunities, including reassessment of the proposed LPG business project and engagement with the relevant stakeholders to support informed strategic decision-making and future business expansion.

It is pertinent to mention that KPOGCL recently attained the TÜV Austria ISO 9001:2015 Certification, marking a significant milestone in the Company's journey towards operational excellence and institutional strengthening. This internationally recognized certification affirms that KPOGCL's Quality Management System conforms to globally accepted standards and reflects the collective commitment of the Board, Management, and employees to quality, regulatory compliance, continual improvement, and sound corporate governance. It also enhances stakeholders' confidence in KPOGCL's governance framework and management systems.

Moreover, the Company remained committed to ensuring effective grievance redressal and stakeholder engagement through various public complaint resolution platforms, including the Prime Minister's Portal/Pakistan Citizen Portal (PCP), the KP Chief Minister's Portal, and the Right to Information (RTI) platform. Currently, no complaints against KPOGCL are pending on these platforms, reflecting the Company's commitment to transparency, accountability, and timely resolution of stakeholder concerns.

KPOGCL's continued progress during the year reflects its commitment to prudent portfolio management, sound corporate governance, effective stakeholder engagement, and disciplined execution of its strategic objectives. Through responsible management of public resources, collaborative partnerships, and continued focus on operational

excellence, the Company remains well positioned to unlock the hydrocarbon potential of Khyber Pakhtunkhwa while contributing to Pakistan's long-term energy security and creating sustainable value for its shareholders.

Exploration & Production Activities in Various Blocks

The Exploration and Production (E&P) activities undertaken across various Joint Venture projects are summarized in the table below:

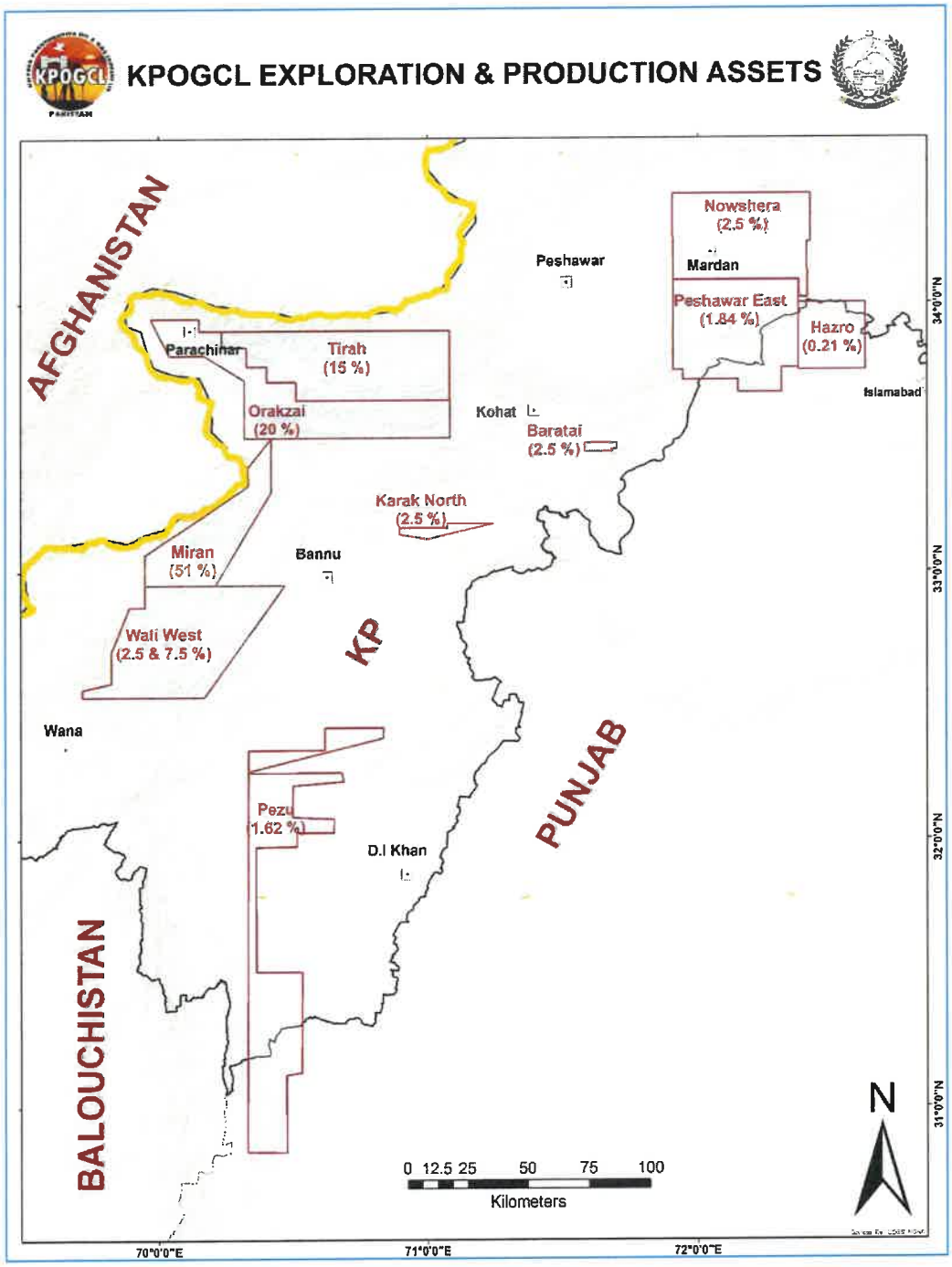
S/N	Exploration Block	Operator	KPOGCL Working Interest (WI) %	Current Status (FY 2024-25)
1.	Baratai	OGDCL	2.50	▪ 156 Sq.Km 3D seismic acquired, processed, and interpreted. ▪ Two discoveries out of four wells ▪ Revenue stream from 02 wells. ▪ Workover at Dhok Hussain well enhanced production from 0.05 MMCFD gas and 2 Barrels of oil to 9.47 MMCFD gas and 170 Barrels of oil. ▪ KPOGCL's 2.5% revenue share has generated approximately PKR 900 million since 2020. ▪ Integration & evaluation of G&G datasets with the results of adjoining Block's exploratory well are in progress to decide the way forward for Baratai Block.
2.	Pezu	OGDCL	1.62	▪ 956 L.km 2D seismic acquired, processed, and interpreted. ▪ New 200 Sq.Km 3D planned over Pezu sub-thrust; Pending for security NOC. ▪ Efforts for securing NOC from LEAs in progress.
3.	Karak North	Tallahassee	2.50	▪ Sub-judice in court due to Block extension issues.

4.	Peshawar East	MPCL	1.84	▪ Remained in Force Majeure due to non-provision of NOC by MoD. Lifted in Sept-2023. ▪ Geological Fieldwork & Gravity & Magnetic surveys conducted. Gravity & Magnetic data processing & interpretation completed by M/s Getech USA. ▪ 2D seismic data acquisition of 268 L.Km completed. ▪ In-house seismic processing completed. Interpretation and integration of G&G data is in progress. ▪ Conducted test line processing from M/s TEEC, Germany.
5.	Orakzai	OGDCL	20	▪ DOA executed (Sept 2022) for 20% share. ▪ 524 L.km 2D seismic acquired, processed, and interpreted. ▪ 224 L. Km in-fill 2D seismic planned. Crew has already mobilized (in Nov-2023) for acquisition of additional seismic lines. However, waiting for clearance from LEAs. ▪ Efforts for securing NOC from LEAs for acquisition of in-fill 2D seismic is in progress.
6.	Tirah	OGDCL	15	▪ DOA executed (Sept 2022) for 15% share. ▪ 203 L.km 2D seismic acquired, processed, and interpreted. ▪ 392 L. Km in-fill 2D seismic planned. Crew has already mobilized for acquisition of additional seismic lines. However, waiting for clearance from LEAs. ▪ Efforts for securing NOC from LEAs for acquisition of in-fill 2D seismic is in progress.

7.	Wali West	Mari Energies	2.5 & 7.5	▪ DOA signed by all JVs (KPOGCL, MariEnergies, GHPL, DGPC) for 2.5%. ▪ Draft DOA for 7.5% additional stake has already been approved by DGPC after submitted requisite 5 years financial statements on 06-Jun-2022. Matter pending for amicable resolutiom. ▪ GFW and Gravity/Magnetic surveys completed. ▪ Processing & interpretation of Gravity & Magnetic data completed by M/s MBL, USA. ▪ 2D seismic acquisition of 203 L.km completed despite challenging security environment in North Waziristan. Crew demobilized after acquiring around half of the planned program. ▪ Seismic data processing, interpretation, and G&G evaluations are in progress.
8.	Miran	KPOGCL	Initially KPOGCL held entire 100%. Currently, majority share 51%.	▪ Replacement of Lakki Block ▪ Security NOC secured ▪ PCA executed on 7-May-2024. ▪ Integrated G&G studies conducted by KPOGCL. Reviewed all the available nearby G&G data (seismic and wells) of Blocks and Fields at LMKR in Jul-2024. ▪ Finalized TORs for Geological Fieldwork, Gravity/Magnetic surveys, and 2D/3D seismic data acquisition by KPOGCL. ▪ KPOGCL arranged 1st TCM/OCM/FCM with the regulator on 25-Feb-2025. ▪ Farm-out Agreement for 49% share signed on 26-Feb-2025 with OGDCL-led consortium comprising OGDCL (29%), PPL (10%), and GHPL (10%). ▪ KPOGCL retains a majority 51% share. ▪ DOA executed on 12-Nov-2025, including transfer of operatorship to OGDCL. ▪ Requisite environmental studies (IEE) studies initiated and competed by KPOGCL via 3rd Party.

9.	Nowshera	OGDCL	2.50 (Carried Interest)	▪ KPOGCL has carried share 2.5%. ▪ 2D seismic data acquisition of 508 L.km completed. ▪ In-house seismic data processing & interpretation completed. ▪ 380 L.km Geological Fieldwork completed. ▪ Test line processing completed by M/s Sageo GRI, China and M/s UltraDo, China. ▪ Award of contract to M/s GRI, China has been completed for the processing of 508 L.Km 2D seismic data.
10.	Hazro	OGDCL	0.21 (Carried Interest)	▪ KPOGCL has carried share 2.5%. ▪ Seismic data acquisition of 498 L.km completed. ▪ In-house Seismic data processing & interpretation completed. ▪ Test line processing completed by M/s Geofizyka, Poland, M/s DMT petrologic, Germany, M/S BGP CNPC, China. ▪ Award of contract to M/s GT, Poland has been completed for the processing of 498 L.Km 2D seismic data. ▪ Initiated TORs for bidding of structural modelling study by 3rd party.
11.	Paharpur	KUFPEC	2.43	▪ 2D seismic 1180 L.km acquired, processed, and interpreted ▪ Drilled 01 well, resulted as dry; plugged & abandoned. ▪ Block relinquished in 2020.
12.	Kulachi	OGDCL	2.05	▪ Seismic 2D 1071 L.km acquired, processed, and interpreted. ▪ Sequence Stratigraphy Studies completed through Schlumberger. ▪ Block relinquished in Jan 2021. Regulator's approval in progress.

KPOGCL's Exploration & Production Assets (Operated / Non-operated) in Khyber Pakhtunkhw



Health, Safety & Environment (HSE) Management System

KPOGCL remains steadfast in its commitment to protecting the health, safety, and environmental well-being of its employees, stakeholders, and Joint Venture Partners. This commitment is demonstrated through strict adherence to the Pakistan Petroleum Policy 2012, the Pakistan Exploration and Production (E&P) Rules 2013, and all applicable HSE laws, regulations, and guidelines issued by the Government of Pakistan. The Company continues to integrate HSE principles into its operations and decision-making processes to promote a safe, responsible, and sustainable working environment.

During the year under review, the Company continued to enhance its Health, Safety, and Environment (HSE) management systems by aligning its internal procedures with evolving industry best practices and applicable regulatory requirements. The Company's key priorities included fostering a proactive safety culture, enhancing operational preparedness, and ensuring that personnel at all levels possess the knowledge, skills, and resources necessary to effectively identify, assess, and manage occupational risks.

It is pertinent to note that substantial progress has also been made in completing the legally required environmental studies, including the Initial Environmental Examination (IEE), and securing requisite approvals from relevant provincial departments (EPA KP, Mines & Minerals, and Forests & Wildlife) to facilitate seismic operations in the Miran Block.

Regular internal risk assessments were conducted across the Head Office to proactively identify potential gaps, strengthen compliance, and implement effective preventive measures.

On the environmental front, KPOGCL remained committed to environmental stewardship by reinforcing its focus on sustainable resource management and compliance with applicable environmental regulations. Although active field operations have not yet commenced, environmental considerations continued to be embedded in strategic planning, project evaluations, and internal preparedness initiatives, ensuring that future field activities are undertaken in a responsible, sustainable, and compliant manner.

Operational Results

The operational results of the company for Financial Year (FY) 2024-25 are as follows:

Statement of Profit or Loss for the FY 2024-25	
	Amount (PKR)
Revenue	243,049,733
Operating Expenses	(69,985,977)
Royalty	(30,050,609)
Gross Profit/ (Loss)	143,013,147
Exploration and Prospecting Expenditure	(96,495,445)
General and Administration Expenses	(212,651,067)
Exchange loss for the year	(1,331,773)
Finance Cost	(3,146,717)
Other Income	123,008,313
Profit/(Loss) before taxation	(47,603,542)
Taxation	-
Profit/(Loss) after tax	(47,603,542)

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.

Key Operating and Financial Data

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

	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20
	PKR	PKR	PKR	PKR	PKR	PKR
Revenue	243,049,733	250,119,725	138,944,634	86,032,516	80,300,874	650,700
Operating Cost (Including Royalty)	-100,036,586	-83,228,831	-57,090,507	-53,917,864	-48,442,618	-15,607,073
Gross Profit	143,013,147	166,890,894	81,854,127	32,114,652	31,858,256	-14,956,373

Exploration and Prospecting Expenditure	-96,495,445	-87,349,695	-97,347,136	-927,692,448	-7,192,659	-31,894,607
General and Admin Expenses	-212,651,067	-214,274,866	-224,302,423	-312,908,388	-225,091,553	-211,579,128
Other Income	123,008,313	187,980,074	164,417,702	56,407,883	37,701,457	104,545,627
Finance cost	-3,146,717	-5,361,370	-8,274,797	-3,207,110	-1,902,829	-2,714,369
Exchange gain/(loss) for the year	-1,331,773	1,351,266	-457,590,043	-	-	-
Profit/ (loss) before taxation	-47,603,542	49,236,304	-541,242,570	-1,155,285,411	-164,627,327	-156,598,850
Taxation	-	-	-	-	-	-
Loss after tax	-47,603,542	49,236,304	-541,242,570	-1,155,285,411	-164,627,327	-156,598,850
No of contract employees	51	65	115	125	117	78
No. of daily wages employees	4	4	12	12	30	109

During the financial year 2024-25, KPOGCL reported a slight decrease in revenue, totaling PKR 243,049,733, compared to PKR 250,119,725 in the previous financial year. The revenue was primarily generated from the cumulative production from two wells, Dhok Hussain and Siab-01, in the Baratai Block.

Operating costs, including royalties, amounted to PKR 100,036,586, which represents a slight increase from PKR 83,228,831 in FY 2023-24. The Company achieved a gross profit of PKR 143,013,147 compared to PKR 166,890,894 in the previous year. The decline in gross profit primarily reflects lower revenue and higher operating costs during the year.

Exploration and prospecting expenditures amounted to PKR 96,495,445, highlighting ongoing investments in exploration activities across various Blocks in which KPOGCL holds a working interest. General and administrative expenses decreased to PKR 212,651,067 from PKR 214,274,866.

Other income decreased to PKR 123,008,313 from PKR 187,980,074 in the previous year, primarily due to lower profits earned on bank deposits during the year.

The decrease in revenue and gross profit, coupled with lower profits on bank deposits, impacted KPOGCL's overall financial performance during the year. The Board remains committed to implementing strategies aimed at enhancing operational efficiency, optimizing costs, and improving the Company's future profitability.

Principal Risks and Mitigation Measures

The oil and gas industry inherently faces many operational, financial, regulatory, and economic risks. These risks must be continuously monitored and managed through timely preventive measures to minimize their impact. As a public sector exploration and production company with interests in multiple Joint Venture exploration Blocks, KPOGCL remains exposed to geological uncertainties, commodity price volatility, foreign exchange fluctuations, evolving regulatory requirements, and severe security-related challenges, particularly in the Newly Merged Districts (NMDs) of Khyber Pakhtunkhwa. These factors may influence the timing, costs, and commercial outcomes of exploration and development activities. Notwithstanding these challenges, the hydrocarbon prospectivity of Khyber Pakhtunkhwa continues to present significant long-term opportunities for sustainable resource development.

Security-related constraints continue to remain one of the principal challenges affecting the timely execution of field operations in certain exploration Blocks. To address these challenges, KPOGCL has adopted a proactive approach by maintaining close coordination with the Government of Khyber Pakhtunkhwa, concerned security agencies, Joint Venture partners, and other key stakeholders to facilitate the earliest possible resumption of exploration activities. Regular consultative meetings are being convened, while collaborative efforts through formation of a dedicated Committee comprising representatives of E&P companies, particularly operating in KP Province, are expected to provide practical recommendations for addressing security-related issues and establishing a coordinated way forward.

The Company continues to mitigate its business risks through strategic Joint Venture arrangements, prudent financial management, portfolio diversification, and a strong corporate governance framework. The successful implementation of the Miran Block farm-out strategy, followed by the transfer of operatorship to the OGDCL-led Consortium, has enabled KPOGCL to retain a strategic 51% Working Interest in the Block while significantly reducing its financial exposure during the exploration phase through a prudent carried Working Interest arrangement. Simultaneously, the Company is pursuing business

diversification initiatives within the downstream oil and gas sector to broaden future revenue opportunities and enhance long-term business resilience.

The Board of Directors continues to exercise effective oversight of the Company's risk management framework through regular reviews of emerging risks and strategic priorities. Risk management remains an integral part of the Company's decision-making process, supported by prudent planning, sound governance practices, and continuous stakeholder engagement to safeguard the Company's long-term sustainability and create sustainable value for its shareholders.

Corporate Social Responsibility (CSR)

KPOGCL remains committed to conducting its business in a socially responsible and sustainable manner by integrating corporate social responsibility into its business practices and maintaining meaningful engagement with the communities in and around its areas of operation. During the reporting period, the Company reaffirmed its commitment to fulfilling its Corporate Social Responsibility (CSR) obligations in accordance with the applicable regulatory framework and the guidelines of the Directorate General of Petroleum Concessions (DGPC).

The Company's CSR obligations relating to the Lakki Block are being fulfilled in close coordination with the respective Deputy Commissioners (DCs), in accordance with the requirements and direction of the regulator (DGPC). KPOGCL has also continued to strengthen its framework for community engagement and social welfare initiatives across its exploration portfolio, in close coordination with the operators of various Blocks. Following the successful transfer of operatorship of the Miran Block to the OGDCL-led Consortium, the Company will continue to work closely with the Operator and other Joint Venture partners to facilitate the effective planning, coordination, and discharge of the applicable social welfare obligations in accordance with the Petroleum Concession Agreement. While the Operator shall continue to assume the lead role in the implementation of such initiatives, KPOGCL remains committed to supporting collaborative efforts aimed at delivering meaningful and sustainable benefits to the local communities.

It is pertinent to note that the BOD awarded two laptops, as a token of appreciation, to the two position-holding students of the Institute of Petroleum Technology (IPT), Karak, during an official ceremony held in December 2025. The initiative recognized the students'

academic excellence and served as an encouragement for continued outstanding performance.

The Company will continue to ensure that both obligatory and voluntary CSR contributions are administered through transparent and accountable processes, with a focus on supporting initiatives in education, healthcare, clean drinking water, community infrastructure, and other social welfare program that create sustainable socio-economic value for the communities residing in and around its areas of operation.

Good Governance

The KPOGCL remains committed to maintaining a strong governance framework founded on transparency, accountability, integrity, and ethical business practices. The Board of Directors, supported by the Management, continues to promote a culture of responsible decision-making, effective oversight, and compliance with the applicable legal and regulatory framework, including the Companies Act 2017, Public Sector Companies (Corporate Governance) Rules, 2013 and Articles of Association (AoA) of KPOGCL.

It is noteworthy that KPOGCL attained the TÜV Austria ISO 9001:2015 Certification recently, marking a significant milestone in its pursuit of operational excellence and institutional strengthening. The certification reflects the Company's commitment to quality, sound corporate governance, regulatory compliance, continual improvement, and stakeholders' confidence.

Good governance remains central to the Company's long-term sustainability and value creation. Through effective Board oversight, robust internal controls, sound risk management practices, and continuous improvement of governance processes, KPOGCL strives to safeguard stakeholders' interests while supporting the achievement of its strategic objectives.

Appointment of Auditors

The statutory auditors, M/s Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants, completed their audit assignment for the financial year ended June 30, 2025 and shall retire upon the conclusion of the Annual General Meeting (AGM).

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 11 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 Statutory Auditors have expressed an unqualified opinion on the financial statements of the Company for the year ended June 30, 2025, indicating that the financial statements present a true and fair view of the Company's financial position and performance.

Pattern of Shareholding

The pattern of shareholding of the Company as on June 30, 2025 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
	100.000000	**300,000,000**

Earnings Per Share

The Company's Earning per share as at June 30, 2025 was 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.

a) Proper books of the Company have been maintained.
b) The Board has complied with the relevant principles of corporate governance and has not identified any rules that have not been complied with.
c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
d) 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.
e) The appointment of the Chairman and other members of the Board of Directors and the terms of their appointment along with the remuneration policy adopted are in the best interest of the Company.
f) The remuneration of the Chief Executive and Management is determined in accordance with the Company's approved policies and the applicable governance framework. Details are disclosed in Note 33 to the accompanying financial statements.

Board of Directors

The composition of the Board of Directors as of June 30, 2025 is as follows:

Mr. Khalid Majid	**Director (Chairman)**
Mr. Muhammad Abid Majeed	Director (Add. Chief Secretary Home & TA's, GoKP)
Mr. Muhammad Zubair	Director (Secretary Energy & Power, GoKP)
Mr. Amer Sultan Tareen	Director (Secretary Finance, GoKP)
Mr. Muhammad Yahya	Director
Mr. Muhammad Ishaq Saqi	Director
Dr. Muhammad Tahir Shah	Director
Mr. Fazal Moqeem Khan	Director (President SCCI)
Mr. Nasir Khan	Chief Executive Officer/Director

Changes in the composition of the Board during the Financial Year 2024-25 are as follows:

- Mr. Nisar Ahmad (Secretary Energy & Power Dept, KP) was replaced by Mr. Muhammad Zubair on 27-Dec-2024.
- Mr. Fuad Ishaq (President SCCI) was replaced by Mr. Fazal Moqeem Khan on 01-Oct-2024.
- Mr. Nasir Khan was appointed as CEO-KPOGCL on 01-Oct-2024.

Changes in the Composition of the Board Subsequent to June 30, 2025:

Subsequent to the close of the financial year as at June 30, 2025, the Government of Khyber Pakhtunkhwa, being the principal shareholder of the Company, nominated the incumbent Board of Directors with effect from August 20, 2025. The composition of the Board of Directors as at the date of this report is as follows:

Mr. Himayat Ullah Khan	**Director (Chairman)**
Mr. Ikram Ullah Khan	Director (Add. Chief Secretary Home & TA's, GoKP)
Mr. Nisar Ahmad	Director (Secretary Energy & Power, GoKP)
Capt.(R) Kamran Ahmed Afridi	Director (Secretary Finance, GoKP)
Mr. Muhammad Ishaq Saqi	Director
Dr. M. Saeed Khan Jadoon	Director
Mr. Muhammad Arifeen	Director
Mr. Muhammad Adnan Gilani	Director
Mr. Junaid Altaf	Director (President SCCI)
Mr. Nasir Khan	Chief Executive Officer/Director

The Board acknowledged the valuable contributions and services rendered by the outgoing Directors and welcomed the newly appointed members.

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. 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 (HRC), Audit, and Technical Committees.

Election of Directors

According to Section 165 of the Companies Act, 2017, the provisions relating to the election, term of office and removal of directors do not apply to directors nominated by the Provincial Government. Accordingly, all Directors of the Company are appointed/nominated by the Government of Khyber Pakhtunkhwa.

Meetings of Board of Directors

Attendance of members during the respective board/committee meetings held during the FY 2024-25 is as follows:

Name of Director	Board of Directors Meetings	HR Committee Meetings	Technical Committee Meetings	Audit Committee Meetings
Mr. Khalid Majid (Chairman)	12/12	06/06	03/03	N/A
Add. Chief Secretary Home & TA's, GoKP	12/12 (Sec. Home & TA or through Rep.)	N/A	03/03 (Sec. Home & TA or through Rep.)	N/A
Secretary Energy & Power, GoKP	12/12	06/06	03/03	04/05 (Sec. Energy & Power or through Rep.)
Secretary Finance, GoKP	11/12 (Sec. Finance or through Rep.)	N/A	N/A	05/05 (Sec. Finance or through Rep.)
Dr. Muhammad Tahir Shah	12/12	06/06	03/03	N/A
Mr. Muhammad Ishaq Saqi	12/12	06/06	03/03	05/05
Mr. Muhammad Yahya	12/12	06/06	N/A	05/05
President SCCI	12/12	N/A	N/A	05/05
CEO KPOGCL	12/12	06/06	03/03	N/A

Remuneration of Directors

Each Director, including the representatives of Ex-officio Directors, continued to receive a meeting fee of Rs. 37,500 for each Board or Committee meeting attended, in accordance with the approval of the Shareholders. Details of the Board and Committee meeting fees paid to the Directors during the year are disclosed in Note 33 to the accompanying financial statements.

Future Outlook

KPOGCL remains committed to advancing petroleum exploration activities across its exploration Blocks in Khyber Pakhtunkhwa in line with its strategic mandate of unlocking the Province's hydrocarbon potential. While field operations in certain exploration Blocks continue to face severe security-related challenges, the Company has assumed a proactive leadership role by maintaining continuous liaison with the Government of Khyber Pakhtunkhwa, concerned security agencies, Joint Venture partners, regulators, and other key stakeholders to facilitate the early resumption of exploration activities. In this regard, regular consultative meetings are being convened, and a dedicated Committee comprising representatives of E&P companies has been constituted to develop practical recommendations for addressing security-related challenges. The recommendations of the Committee will be pursued with the Provincial Government and the relevant security authorities to establish a coordinated and prudent framework for the earliest possible resumption of petroleum operations.

Following the successful transfer of operatorship of the Miran Block to the OGDCL-led Consortium, the project has entered a new phase of integrated technical planning and collaboration. The Joint Venture partners (KPOGCL, OGDCL, PPL, GHPL) remain committed to advancing the approved work program through coordinated technical evaluations, acquisition of geological and geophysical data, fulfillment of regulatory requirements, and the planned acquisition of 2D seismic data, with the objective of maturing identified leads into drillable prospects and unlocking the Block's exploration potential.

Recognizing the evolving dynamics of the energy sector, KPOGCL is actively pursuing business diversification initiatives to establish a sustainable presence across the broader oil and gas value chain. Participation in the competitive bidding process for the purchase and sale of 35% third-party gas from the Spinwam Gas Field of Mari Energies Limited (MEL) in the Waziristan Block reflects the Company's strategic commitment to diversifying revenue streams and expanding into emerging commercial segments of Pakistan's energy sector. Furthermore, following the revision of the LPG business feasibility study under the strategic guidance of the Board of Directors, the Company continues to explore commercially viable opportunities in the downstream sector.

KPOGCL will also continue to evaluate prospective farm-in opportunities, strategic Joint Venture partnerships, and value-accretive investments to strengthen its exploration portfolio, enhance technical collaboration and institutional capacity, while prudently

managing associated business risks. Through prudent investment decisions, disciplined risk management, and sound corporate governance, KPOGCL aims to position itself for sustainable long-term growth in an evolving energy landscape.

Guided by the strategic vision of the Board of Directors, KPOGCL remains committed to delivering sustainable value to its shareholders and stakeholders through responsible resource development, operational excellence, and business innovation. By maintaining a balanced growth strategy across the upstream and downstream segments of the petroleum industry, the Company is well positioned to capitalize on emerging opportunities while contributing meaningfully to the energy security and economic development of Khyber Pakhtunkhwa and Pakistan.

Acknowledgement

We extend our sincere appreciation to all stakeholders whose continued trust, collaboration, and unwavering commitment have contributed to KPOGCL's progress during the reporting period. The achievements and milestones attained reflect the collective efforts of all those who remain committed to the Company's strategic objectives and long-term vision.

Grateful acknowledgement is extended to the Energy & Power Department, Government of Khyber Pakhtunkhwa, for its continued patronage and strategic guidance. Appreciation is also conveyed to the Finance Department, Government of Khyber Pakhtunkhwa, and other Provincial institutions for their cooperation and facilitative support in advancing the Company's operational and strategic priorities.

Profound gratitude is expressed to the shareholders for their continued confidence in the Company's direction and future prospects. Appreciation is also extended to the Hon'ble Members of the Board of Directors for their prudent guidance, strategic insight, and effective oversight, which have enabled the Company to pursue its objectives while responding to the evolving dynamics of Pakistan's oil and gas sector.

Special recognition is accorded to the Management and employees of KPOGCL for their professionalism, dedication, and commitment throughout the year. Their collective efforts have been instrumental in sustaining operational excellence, strengthening corporate governance, and advancing the Company's strategic initiatives despite the challenges inherent in the energy sector.

Directors' Report 2024-25

Looking ahead, KPOGCL remains committed to creating sustainable value for its shareholders and stakeholders by pursuing responsible resource development, strengthening institutional capacity, and upholding the highest standards of corporate governance. With a clear strategic direction and a continued focus on operational excellence, the Company will strive to contribute meaningfully to the energy security and economic development of Khyber Pakhtunkhwa and Pakistan.

On behalf of the Board

Dated: August 19, 2026

Nasir Khan
Chief Executive Officer

Mohammad Adnan Gilani
Chairman Audit Committee