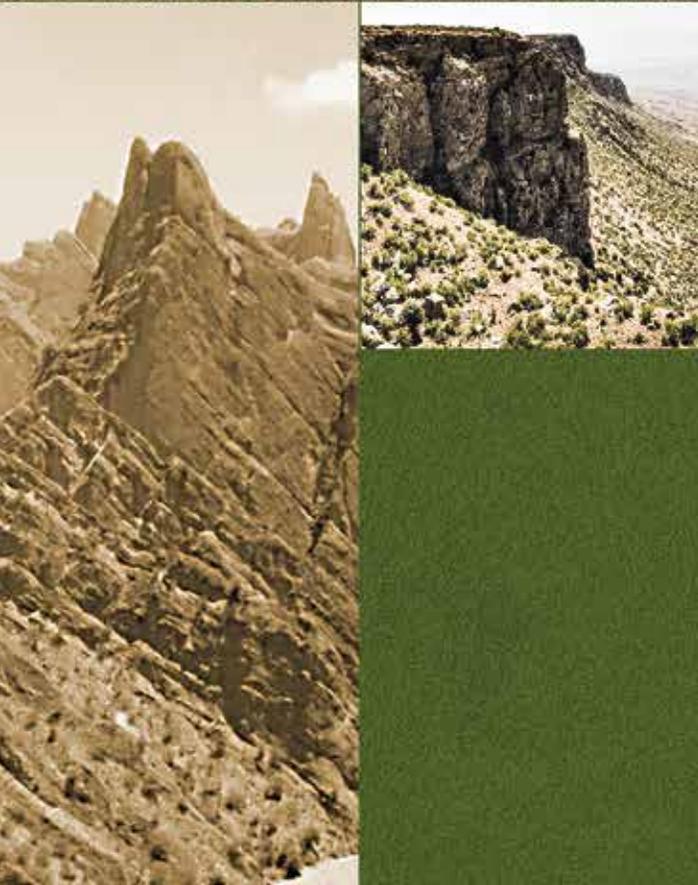




MARI PETROLEUM COMPANY LIMITED

FUELLING THE NATIONAL ECONOMY



ANNUAL REPORT
2022

Cover Story



The title page of our Annual Report is a pictorial depiction of the difficult terrain in some of our concession areas where different exploration projects are currently underway.

With the passage of time, the proven, accessible basins and plays in the Country are reaching maturity. In search of new deposits of oil & gas to meet the insatiable demand for energy, our exploratory efforts are now increasingly focused on under-explored frontier regions. These remote, inhospitable areas pose daunting challenges that we do not typically face at other locations that are accessible and closer to the

infrastructure. Terrain related challenges together with harsh weather conditions and precarious security situation often make our operations quite challenging and impact the safety of our personnel and assets, projects' delivery and economics.

We overcome these challenges with courage and sheer determination to keep doing our part towards the socio-economic development of the Country. We are ever-committed to open-up these desolate and frontier regions for hydrocarbon exploration, thereby bringing these areas in the mainstream.

About this Report

Contents: This Report contains the relevant background information about MPCL, and presents a comprehensive review of the Company's performance during the FY 2021-22, and its future plans. The financial data and figures are complemented by graphs, charts, and analyses to provide data visualization and necessary explanations. The write-ups capture the important aspects of the Company's operations in narrative form.

The topics covered and where to find them in the Report have been provided on the next page.

Scope and Boundary: The Report covers the period from July 01, 2021 to June 30, 2022.

Disclaimer

All forward-looking statements are management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

Forward looking statements should not be relied upon for making investment or other decisions as the statements speak only as of the date they were made.

However, subsequent events and developments up to the date of printing of the Report have been included, where relevant, to keep the information up-to-date.

Financial analyses and reviews are based on the financial information contained in the approved Audited Financial Statements for the year ended on June 30, 2022, with relevant comparative information. The Financial Statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Additional data and information have been included in line with the best corporate reports criteria prescribed by the Joint Committee of ICAP-ICMAP and the Pakistan Stock Exchange.

The information contained in the forward looking statements is valid only till the date of publication of this Report.

There have not been any significant changes to the scope, boundary and reporting basis since the last reporting date of June 30, 2021.

External Assurances/Reviews:

The Financial Statements has been audited and the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been reviewed by the Company's statutory auditors M/s A.F. Ferguson & Co., Chartered Accountants, and their reports are part of this Annual Report.

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Mari Gas Field Daharki, Sindh

Mari Gas Field Features

Area: **969.27 Sq. Km**
 Discovered in: **1957**
 Production Started: **1967**
 Producing Wells: **152**
 Gathering Network: **407.8 Km**
 Reservoirs: **HRL, SML/SUL, PKL, Goru-B**

- Pakistan's largest remaining gas reserves at a single gas field.
- Uninterrupted gas supply for the last 55 years.
- More than 90% urea production in the Country is based on Gas supplied from Mari Field.
- Accounts for 94% of MPCL's hydrocarbon production and 85% of the total revenues.

Operator	Production				
MPCL (100%)	<table> <tr> <td>Condensate (BPD)</td> <td>65</td> </tr> <tr> <td>Gas (MMSCFD)</td> <td>747</td> </tr> </table>	Condensate (BPD)	65	Gas (MMSCFD)	747
Condensate (BPD)	65				
Gas (MMSCFD)	747				

Our Performance

Financial Accomplishments

Highest Ever Net Sales

Rs 95.13 billion
(2021: Rs 73.02 billion)

Highest Ever Net Profit

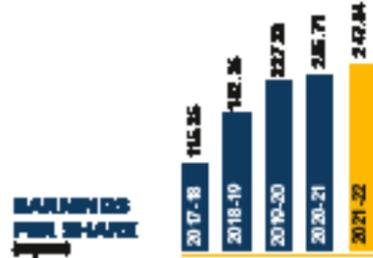
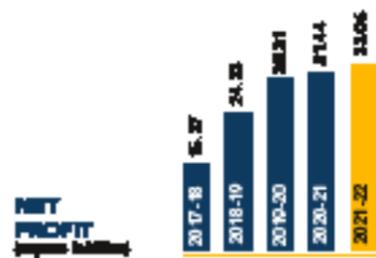
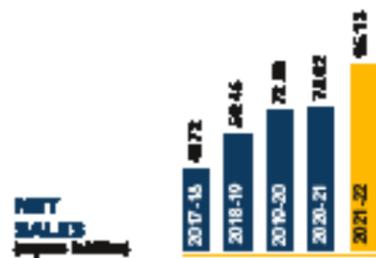
Rs 33.06 billion
without Super Tax: Rs 38.27 billion
(2021: Rs 31.44 billion)

Highest Ever Earnings Per Share

Rs 247.84
(2021: Rs 235.71)

Highest Ever Cash Generated from Operations

Rs 49.40 billion
(2021: Rs 29.97 billion)



Operational Excellence

Highest Ever Energy Produced

36.91 MMBOE
(2021: 35.87 MMBOE)

Highest Ever Gas Production

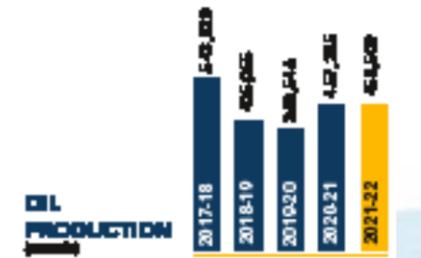
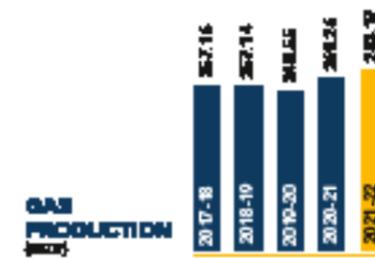
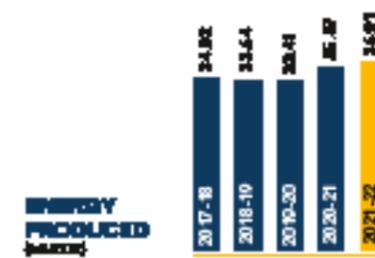
283.17 BSCF
(2021: 269.26 BSCF)

Oil Production

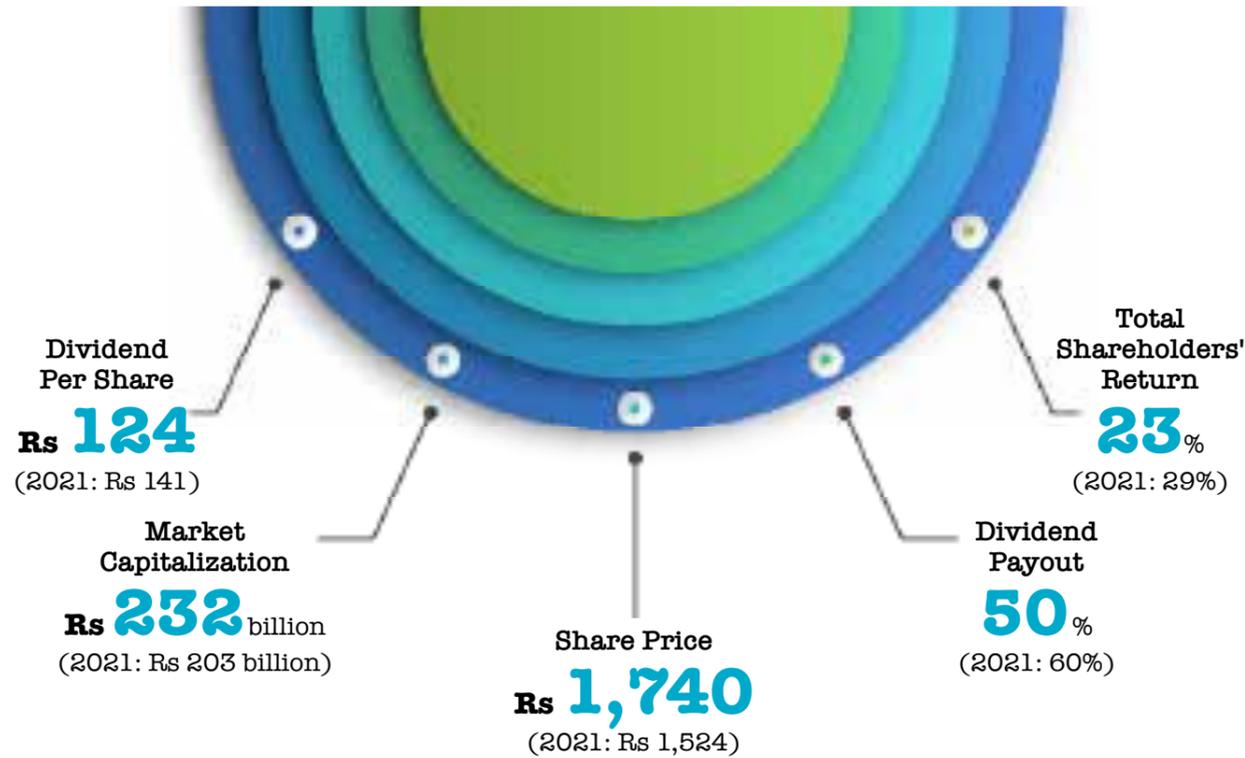
458,509 Barrels
(2021: 457,205 Barrels)

Total Recordable Case Frequency (TRCF)

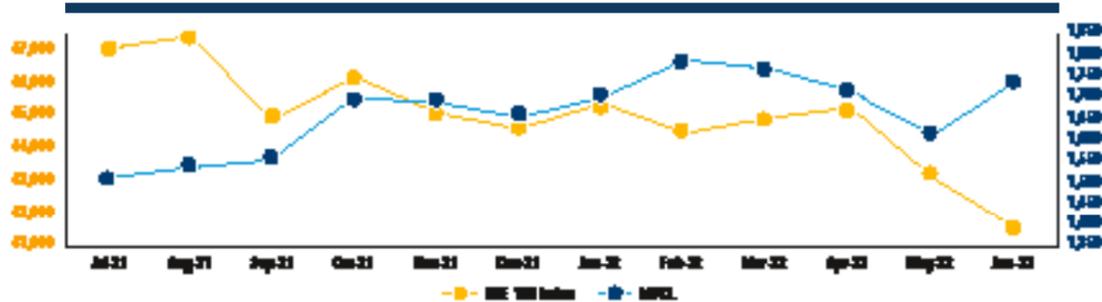
0.12
(2021: 0.18)



Sustainable Shareholders' Return



MPCL's Share Price Performance



With YoY increase of **14%**, MPCL Share Price outperformed KSE 100 Index, which was down by **12%**

Reinvesting for Growth and Future Cash Flows

MPCL has extensively invested in oil and gas and new energy opportunities with discipline

Cash Utilized in Investing Activities Rs 41.01 billion (2021: Rs 22.86 billion)	Focus on Reserves Replacement Ratio (RRR) 32 % (2021: 200%)	Enhanced Reserves and Resources (2P+2C) 642 MMBOE (2021: 612 MMBOE)
	Focus on Resources Additions 345 % (2021: 100%)	

Secured Five Additional Blocks
(2021: Added Four Additional Blocks)

A Step Towards Internationalization
Acquired an Offshore Block 5 in Abu Dhabi

Completed Seismic Data Acquisition Projects

1,513 Line KM 2D
340 Sq. KM 3D

Aggressive Drilling Plan of last two years

Drilled and completed **17** wells
4 discoveries from **10** exploratory wells

Contribution to the National Economy

Saved Foreign Exchange for Pakistan

US\$ 3 billion

(2021: US\$ 2 billion)

Contribution to National Exchequer

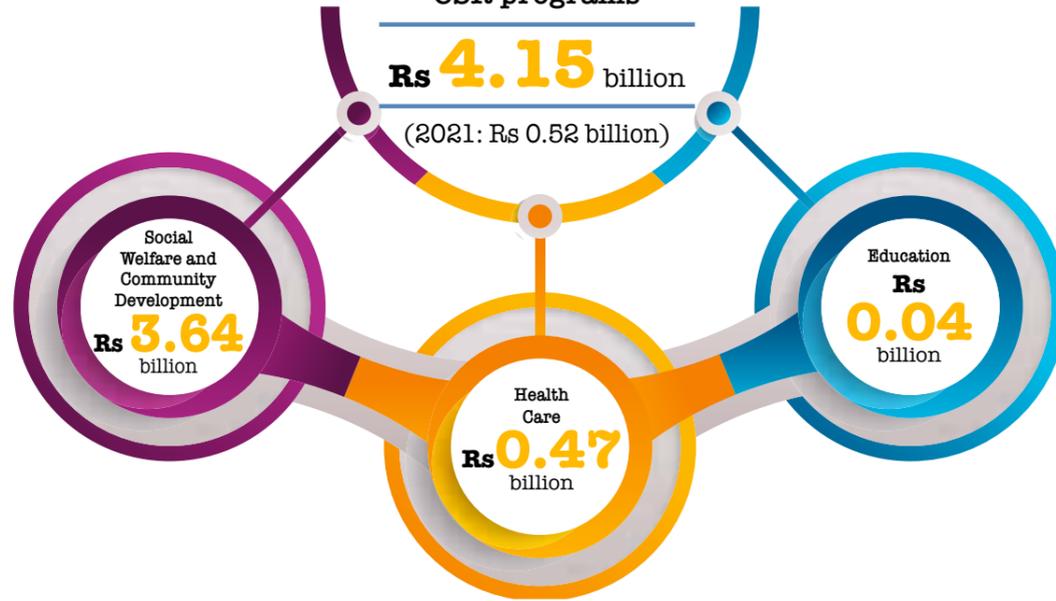
Rs 77.62 billion

(2021: Rs 63.07 billion)

Uplifting living conditions of people through various CSR programs

Rs 4.15 billion

(2021: Rs 0.52 billion)



Ensuring Pakistan's Food Security
More than 90% urea production in Pakistan is based on MPCL's supplied gas

Supplying gas for power generation
to meet energy crises of Pakistan

Injecting gas into distribution companies networks
for domestic/commercial consumers



Over the last five years



Saved over **US\$ 11 billion** foreign exchange for Pakistan

Spent around **Rs 6 billion** on various CSR activities



Contributed **Rs 366 billion** to the national exchequer



Significant Achievements 2021-22

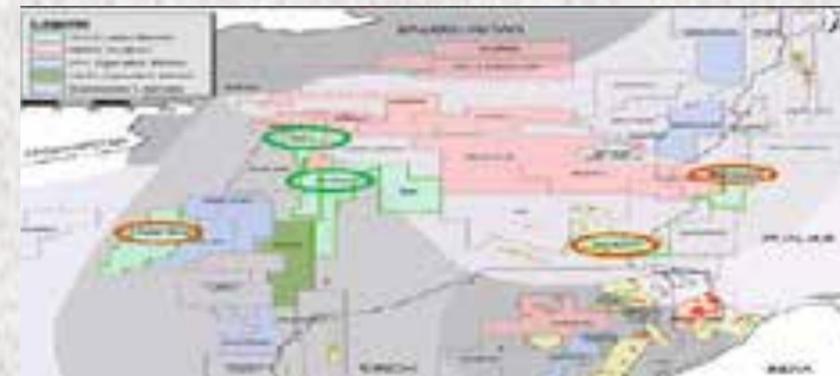
Successful Discovery of Hydrocarbons at Bannu West, North Waziristan



Commencement of Gas Supply from Sachal Gas Processing Complex - Mari Gas Field, Daharki



Award of Offshore Block-5 in Abu Dhabi to a Pakistani Consortium Comprising MPCL, PPL, OGDCL and GHPL



Award of 5 New Blocks in the Block Bid Round 2022

EWT Production Commencement from Hilal-1 & Iqbal-1 Discoveries - Mari Gas Field, Daharki



Production Commencement from Togh Bala-02, Kohat Block

First Ever Third Party Project Completed by Mari Services Division



Commissioning of Cross Country Gas Export Pipeline providing Connectivity with SNGPL Network - Mari Gas Field, Daharki

Our Human Capital

Passion, Perseverance, Performance



Seismic Activities - Bannu West Block, KP



Seismic Activities - Block 28, Balochistan



Seismic Data Processing Center - Head Office, Islamabad



Zarghun South Gas Field - Balochistan



MD's Visit to Bannu West Block - KP



MD's Visit to Zarghun South Gas Field - Balochistan

Our Human Capital



Gas Injection System - Halini Oil Field, Karak Block, KP/Punjab



Pressure Setting for Low Pressure Separator at Kalabagh Condensate Field, Karak Block, KP/Punjab



Seismic Activities - Taung Block, Sindh

Challenges Fuel Our Passion



Gas Flow Recorder - Halini Oil Field, Karak Block, KP/Punjab



Communicating SDV Status with CCR - Zarghun South Gas Field, Balochistan



Inspection of Carrier Gas Pressure at Gas Analyser Unit - Zarghun South Gas Field, Balochistan



Routine Check-up of Flow Computer - Sujawal Block, Sindh



Level Transmitter Calibration - Zarghun South Gas Field, Balochistan

Our Human Capital



Signing Ceremony of Nareli and North Dhurnal Blocks - Ministry of Energy (Petroleum Division), Islamabad



Discussion on Prospectivity Zone Map - Head Office, Islamabad



CNPC Chinese Delegation Visits MPCL Head Office, Islamabad

Converting Challenges into Opportunities



Presentation on G&G - Head Office, Islamabad



Data Center - Head Office, Islamabad



Senior Management Team Building Event



Team Discussion on G&G - Head Office, Islamabad



Team Discussion on G&G - Head Office, Islamabad

Our Human Capital



HSE Safety Drill - Head Office, Islamabad



Fire Fighting Training - Head Office, Islamabad



First Aid Training - Head Office, Islamabad



World Environment Day - Islamabad



Mobile Dispensary at Mari Gas Field - Daharki, Sindh



Noor-e-Sehar Special Education School - Daharki, Sindh



Pur-Khaloos Campaign, Street Children Having Hygiene Session - Islamabad



Mari Educational and Medical Complex - Mari Gas Field, Daharki, Sindh

Making the World a Better Place



Noor-e-Sehar Special Education School - Daharki, Sindh

Company Information

Registered / Head Office

21, Mauve Area, 3rd Road, G-10/4
P.O. Box 1614, Islamabad – 44000
Tel: +92 51 111-410-410,
+92 51 8092200
Fax: +92 51 2352859
Email: info@mpcl.com.pk
Web: www.mpcl.com.pk

Field Office Daharki

Daharki, District Ghotki
Tel: +92 723 111-410-410
+92 723 660403-30
Fax: +92 723 660402

Karachi Liaison Office

D-87, Block 4, Kehkashan, Clifton
P.O. Box 3887, Karachi – 75600
Tel: +92 21 111-410-410
Fax: +92 21 35870273

Quetta Liaison Office

26, Survey-31, Defence Officers
Housing Scheme, Airport Road, Quetta
Tel: +92 81 2821052, 2864085,
2839790 • Fax: +92 81 2834465

External Auditors

A.F. Ferguson & Co.
Chartered Accountants
A member firm of PwC network

Shares Registrar

Corplink (Pvt) Limited
Wings Arcade, 1-K Commercial
Model Town, Lahore
Tel: +92-42-35839182, 042-35916714
Email: corporate@corplink.com.pk

Legal Advisor

Ali Shah Associates
Advocates High Court
1-Ali Plaza, 4th Floor
1-E, Jinnah Avenue
Blue Area, Islamabad
Tel: +92 51 2825632

Bankers

Allied Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited

Dubai Islamic Bank
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank
JS Bank Limited
Meezan Bank Limited
Muslim Commercial Bank Limited
National Bank of Pakistan
Standard Chartered Bank
United Bank Limited
The Bank of Punjab

Registration, NTN and GST Numbers

Registration Number:
00012471

National Tax Number:
1414673-8

General Sales Tax Number:
07-01-2710-039-73

Symbol on Pakistan Stock Exchange:
Mari





Notice of Annual General Meeting

Notice is hereby given that the 38th Annual General Meeting (AGM) of the Shareholders of Mari Petroleum Company Limited will be held at the Registered Office of the Company situated at 21-Mauve Area, 3rd Road, Sector G-10/4, Islamabad on Wednesday, September 28, 2022 at 10:00 a.m., to transact the following business.

Ordinary Business:

1. To receive, consider and adopt the Audited Annual Financial Statements of the Company for the year ended June 30, 2022 together with the Directors' and Auditors' reports thereon.
2. To approve, as recommended by the Board of Directors, the payment of final dividend @ Rs. 62/- per share (620 %) for the financial year ended June 30, 2022. This is in addition to interim dividend @ Rs.62/- per share (620%) already paid.
3. To appoint Auditors for the year 2022-23 and fix their remuneration.
4. Any other business with the permission of the Chair.

By order of the Board

Muhammad Sajjad
Acting Company Secretary

September 06, 2022



Notes:

1. Book Closure

The Share Transfer Books of the Company shall remain closed from September 22, 2022 to September 28, 2022 (Both days inclusive). Transfers received in order at the Company's Share Registrar, M/s Corplink (Pvt) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore, up to the close of business on September 21, 2022, will be treated as in time for the purpose of attending the AGM and payment of final dividend.

2. Virtual Participation in the AGM Proceedings

Shareholders interested in attending the AGM virtually are hereby advised to get themselves registered with the Company by providing the following information through email at corporate.affairs@mpcl.com.pk;

Name of Shareholder	CNIC No.	Folio No./CDC Account No.	No of Shares	Contact No.	Email Address

Online meeting link and login credentials will be shared with only those Members whose emails, containing all the required particulars, are received at the given email address by the end of business on Tuesday 27 September, 2022. The login facility shall remain open from 09:45 am till the end of the meeting on September 28, 2022.

3. Attending AGM in person or through Proxy

A member entitled to attend and vote at the above meeting may appoint a person/representative as Proxy to attend and vote on his behalf at the Meeting. The instrument of Proxy duly executed in accordance with the Articles of Association of the Company must be received at the Registered Office of the Company not less than 48 hours before the time of holding of the meeting. For the convenience of shareholders, blank proxy forms (both in English or Urdu) are available on the Company's website at <https://mpcl.com.pk/forms/>

In the case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced before the

meeting. The individual members or representatives of corporate members of the Company in CDC must bring original National Identity Cards or Passport and CDC Account and Participant ID Numbers to prove identity and verification at the time of the meeting.

CDC Investor Account Holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).

4. Payment of Cash Dividend through Electronic Mode

The provisions of Section 242 of the Companies Act, 2017 require that the dividend payable in cash shall only be paid through electronic mode directly into the bank accounts designated by the entitled shareholders. Therefore, for making compliance to the provisions of the law, all those physical shareholders

Notice of Annual General Meeting

who have not yet submitted their International Bank Account Number (IBAN No.) and CNIC details to the Company, are requested to provide the same on the Dividend Mandate Form available on Company's website at <http://mpcl.com.pk>. The shareholders of the Company in CDC are requested to provide the same to their Participants in CDC who maintain their accounts in CDC, and ensure that their IBAN details are updated. In case of unavailability of IBAN and valid CNIC, the Company would be constrained to withhold dividend in accordance with the Companies (Distribution of Dividends) Regulations, 2017.

5. Deduction of Income Tax from Dividend and Exemptions from deduction

The current prescribed rates for the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 from payment of dividend by the companies are as under:

- For filers of income tax returns : 15%
- For non-filers of income tax returns : 30%

The income tax is deducted from the payment of dividend according to the Active Tax-Payers List (ATL) provided on the website of FBR. All those shareholders who are filers of income tax returns are therefore advised to ensure that their names are entered into ATL to enable the Company to withhold income tax from payment of cash dividend @ 15% instead of 30%.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions in case of joint accounts held by the shareholders.

In this regard all shareholders who hold shares jointly are requested to provide the shareholding proportions of Principal shareholder and Joint-holders in respect of shares held by them to our Shares Registrar in writing as follows:

MARI PETROLEUM COMPANY LIMITED						
FORM OF JOINT SHAREHOLDING PROPORTION						
Folio/CDC Account Number	Total Holding	Principal Shareholder		Joint Shareholders		Signatures
		Name of Principal Shareholder and CNIC No.	Shareholding Proportion (No. of Shares)	Names of Joint Shareholders and CNIC No.	Shareholding Proportion (No. of Shares)	

The joint accounts information must reach our Shares Registrar within 10 days of this notice. In case of non-receipt of the information, it will be assumed that the shares are equally held by principal shareholder and the Joint Holder(s).

The corporate shareholders of the Company in CDC are advised to ensure that their National Tax Numbers (NTNs) have been updated with their respective participants, whereas corporate physical shareholders must send a copy of their NTN Certificate with their Folio Numbers mentioned thereon to the Company or its Shares Registrar.

The shareholders, who want to avail exemption u/s 150 of the Income Tax Ordinance 2001, must provide valid Tax Exemption Certificate to our Shares

Registrar before commencement of book closure otherwise tax will be deducted on dividend as per applicable rates.

6. Transmission of Annual Audited Financial Statements, Reports and Notice of AGM.

The Company shall place the financial statements and reports on the Company's website: <http://mpcl.com.pk/> at least twenty one (21) days prior to the date of the AGM.

The Annual Financial Statement of the Company for the year ended June 30, 2022, are being dispatched to the shareholders through DVD.

Further, pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014, the shareholders can also opt to obtain Annual Report along with Notice of the Annual General Meeting through email. To avail this facility, shareholders are requested to submit the duly filled request form available on the company's website <http://mpcl.com.pk> at the office of Company Secretary.

Annual Audited Financial Statements along with the reports and Notice of AGM are being sent to members who have provided their email addresses. Physical copy of the Annual Report will be provided to the members on demand.

7. Consent for Video Conference Facility

Pursuant to Section 132 (2) of the Companies Act, 2017, Members may avail video conference facility for this Annual General Meeting provided the Company receives consent from the members holding aggregate 10% or more shareholding at least 7 days prior to the date of meeting. The requisite form for availing the facility is provided in the Annual Report-2022.

8. Conversion of Physical Shares into Book-Entry Form

As per Section 72 of the Companies Act, 2017, all listed companies are required to replace shares issued by them in physical form to book-entry form within four years of the promulgation of the Act.

Accordingly, all shareholders of the Company having physical shares are requested to convert their shares into book-entry form at the earliest. The shareholders may contact the Company or Shares Registrar, M/s Corplink (Pvt.) Limited for the conversion of physical shares into book-entry form.

9. Unclaimed Dividends and Share Certificates

The Company has previously discharged its responsibility under Section 244 of the Companies Act, 2017 whereby the Company approached the shareholders to claim their unclaimed dividends and undelivered share certificates in accordance with the law.

Shareholders, whose dividends and share certificates are still unclaimed/ undelivered, are hereby once again advised to approach the Company to claim their outstanding dividend amounts and/ or undelivered share certificates.

10. Change of Address

Members are requested to immediately notify the change in their mailing address to the Company's Shares Registrar, M/s Corplink (Pvt.) Limited.

11. Contact Details

For any query/information, the shareholders may contact Corporate Affairs Department, Phone: 051-111-410-410, Email: corporate.affairs@mpcl.com.pk or to the Company's Shares Registrar, M/s Corplink (Pvt) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore. Phone: 04235916714, 04235916719. Email: corporate@corplink.com.pk, corplink786@gmail.com



37th Annual General Meeting - Head Office, Islamabad

Company Profile

Market Share

Product	Total Output	MPCL's Output	MPCL's Share
Gas (MMSCF)	1,237,251	281,052	22.7%
Oil & Condensate (BBLs)	26,806,083	656,969	2.5%

Source: Pakistan Petroleum Information Service by LMKR on behalf of DGPC. Based on the data for FY 2021-22.

Introduction

MPCL is an integrated exploration and production company, currently managing and operating Pakistan's largest gas reservoir at Mari Gas Field, Daharki, Sindh. With around 23% market share, it is the second largest gas producer in Pakistan and owns the second highest reserves base. The Company's net daily production is over 100,000 barrels of oil equivalent.

MPCL plays a pivotal role in ensuring food security of Pakistan as more than 90% urea production in the Country is based on MPCL supplied gas. It also supplies gas for power generation and distribution companies.

To its credit, MPCL has the unique record of maintaining uninterrupted gas supply to its customers from Mari Field for the last fifty five years, without availing even the permitted outages.

Principal Business Activities

MPCL is primarily an exploration and production company in the upstream segment of the petroleum industry. Its principal business activities include oil and gas exploration, drilling, field development, production and sale of hydrocarbons (including natural gas, crude oil, condensate and LPG)

as well as provision of E&P related services on commercial basis.

Major Brands, Products and Services

MPCL is a major producer of natural gas. It also produces crude oil, condensate and LPG. All the products of the Company are supplied to midstream and downstream customers. The Company also provides 2D/3D seismic data acquisition, seismic data processing, gravity & magnetic survey, drilling and mud logging services.

Major Customers/Markets

The gas produced by MPCL is supplied to fertilizer manufacturers, power generation and gas distribution companies, while crude oil and condensate are supplied to the refineries for further processing. The Company caters to local customers (including EPZ within Pakistan) with currently no activity in the export market.

Geographic Presence

MPCL currently holds seven (07) D&P Leases and sixteen (16) exploration licenses (including two provisionally awarded licenses) as an Operator. It is also a non-operating joint venture partner in

six (06) D&P Leases and thirteen (13) exploration licenses (including three provisionally awarded licenses while Assignment Agreement of another license is in progress). Its exploration and production assets are spread across all four provinces of Pakistan as well as in Abu Dhabi where it is a joint venture partner with leading Pakistani National E&P Companies in an offshore block.

Certifications and Recognitions:

MPCL is an ISO certified Company for Quality, Environment, Information Security, Occupational Health & Safety

and has achieved Advanced Level in ISO Certification for Social Responsibility.

MPCL is a blue-chip company at the stock exchange with the highest share price in oil & gas sector companies (all streams). It regularly wins awards and accolades

from various independent bodies for its financial and operational performance, financial reporting, management, HR, HSE, and CSR practices.

Ownership, Operating Structure and relationship with Group Companies

MPCL is a public limited company operating in the private sector. The Management of the Company is vested in Fauji Foundation. The Company is listed on Pakistan Stock Exchange with market capitalization

of over Rs. 232 billion as on June 30, 2022. Major Shareholders of the Company include Fauji Foundation (40%), Government of Pakistan (18.39%), OGDCL (20%) and General Public (21.61%). All Fauji Foundation group companies are the associated companies of MPCL.



Our History

Mari Gas Field was originally owned by Pakistan Stanvac Petroleum Project, a joint venture formed in 1954 between Government of Pakistan and Esso Eastern Incorporated, having 49% and 51% ownership interests, respectively. The first gas discovery was made by the Joint Venture in 1957 when the first Well in lower Kirthar 'Zone-B' Limestone Formation was drilled. Production from the field started in 1967. In 1983, Esso Eastern sold its entire share to the Fauji Foundation. Consequently, it was decided to set up a wholly owned Public Limited Company for the purpose of acquiring the assets and liabilities of the Project.

In 1984, Mari Gas Company Limited (MGCL) was incorporated with Fauji Foundation, Government of Pakistan and OGDCL as its shareholders having 40%, 40%, and 20% shareholding, respectively. The Company took over

the assets, liabilities and operational control of the Mari Gas Field and commenced business in its own name in 1985 under the Mari Gas Wellhead Price Agreement (Mari GPA).

In 1994, the Government divested 50% of its share and the Company became listed on all the stock exchanges of Pakistan.

The Company operated only as a gas production company and was engaged in developing the already discovered Habib Rahi Reservoir in the Mari Gas Field for supply of gas to fertiliser plants. The Company pursued appraisal activities within its Mari D&P Lease area by drilling step-out wells to determine the extent of the Habib Rahi Reservoir.

In 2001, the Company achieved a new milestone when it was granted a license for exploration of oil and gas

in addition to the production activities. Since then, MPCL has emerged as a successful E&P company with a proven track record in the field of exploration and production.

The Company has grown from the sale of natural gas from an inherited field, to the exploration, production, and sale of gas, oil and other petroleum products from a number of fields in all provinces of Pakistan. The name of the Company was changed from "Mari Gas Company Limited" to "Mari Petroleum Company Limited" (MPCL) in November 2012 to reflect its diversified business operations and expanded activities.

The Company had been outsourcing seismic and drilling business like other E&P companies. However, in 2013 the Company decided to set-up a services division comprising of a 3D seismic data acquisition unit, a 2D/3D seismic data processing centre and a fleet of three on-shore drilling rigs, thus becoming a

Unlocking opportunities right from the start

fully integrated E&P company in the Country.

In 2014, an extension of five years in Mari lease period was approved by the Government, extending the development and production rights in the lease area till 2019. The extension has enabled MPCL to enhance the recovery and produce more natural gas, which is critically needed in the Country.

Since its inception, the Company had been operating on a cost-plus fixed-return formula under Mari GPA 1985. Pursuant to consistent efforts by MPCL Management, a major milestone was achieved in November 2014 when Economic Coordination Committee of the Cabinet approved dismantling of the Mari GPA and its replacement with an international crude oil price linked market oriented formula. Dismantling of the Mari GPA

has allowed the Company to operate on commercial terms and become competitive to realize its full potential.

In October 2015, the Company opted for conversion of Mari D&P lease to 2012 Petroleum Policy to avail the price incentives offered by the Government on production enhancement initiatives.

In February 2016, MPCL became the first Pakistani E&P Company to implement its incremental gas production project (at Mari Field) and avail gas price incentive on incremental field production offered in 2012 Petroleum Policy.

Mari Field marked its Golden Jubilee on December 22, 2017. These were 50 years of meticulous operations and true professionalism as evidenced by uninterrupted supply of hydrocarbons to the Company's downstream customers.

With effect from November 2019, an extension of five years in Mari lease period has been approved by the Government, extending the Company's development and production rights in the lease area till 2024. The extension will help the Company to focus on enhancing recovery from the Field by implementing exploration plans and ramp-up existing production.

In February 2021, the Economic Coordination Committee of the Cabinet approved removal of cap on dividend distribution by MPCL, enabling the Company to decide dividend payout in accordance with the applicable laws, based on its financial performance and internal funding requirements.

MPCL Wins Offshore Block 5 in Abu Dhabi as part of a Consortium of Pakistani E&P Companies in August 2021.



Mari Field discovered by Esso Eastern with original gas in place estimated at 2.38 TCF, later enhanced to 10.751 TCF



Fauji Foundation, OGDCL & GoP acquired Esso's entire operations, including Mari Gas Field



Listing on all Stock Exchanges of Pakistan



Mari GPA dismantled and replaced with a market-oriented formula
Renewal of Mari D&P Lease



Golden Jubilee of un-interrupted gas supply from Mari Field



Removal of Cap on Dividend Distribution by the GoP



Production of natural gas commenced



Business reorganised and incorporated as Mari Gas Company Limited



Entry into oil and gas exploration



MGCL renamed as Mari Petroleum Company Limited

Start of Incremental Production from Mari Field
Conversion of Mari Field to 2012 Petroleum Policy



Renewal of Mari D&P Lease

Our Vision & Mission



MPCL Board of Directors

Vision

MPCL envisions becoming an international integrated exploration and production company by enhancing its professional capacity through highly knowledgeable and talented workforce that builds its petroleum reserves by consistently discovering more than what it produces within Pakistan and abroad; and improving financial capacity and profitability through efficient operations, while taking environmental safeguards and catering to social welfare needs of the communities inhabiting the area of operations.



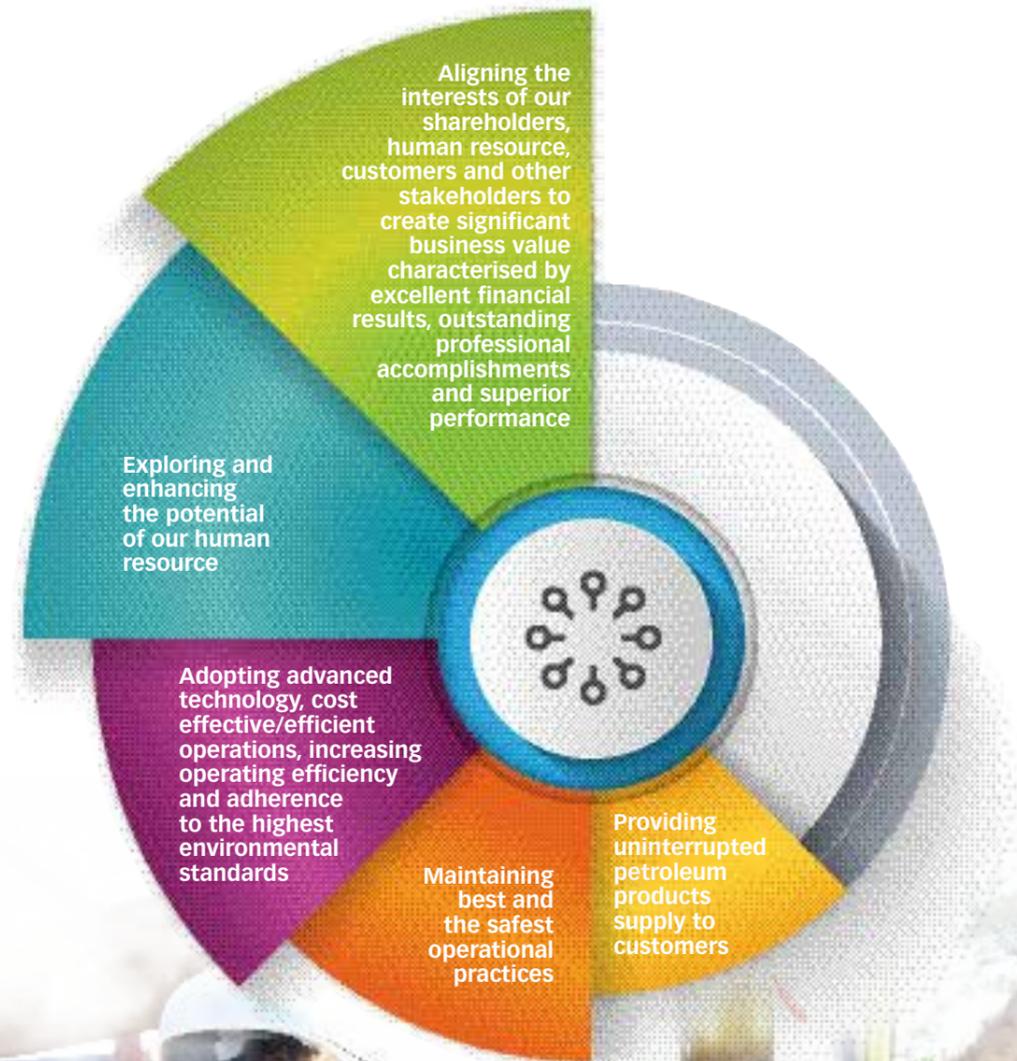
MPCL Senior Management

Mission

To enhance exploration and production by exploiting breakthroughs in knowledge and technological innovations, adopting competitive industrial practices to adequately replenish the produced reserves and optimising production for maximizing revenues and return to the shareholders whilst maintaining the highest standards of HSE and CSR.



Our Commitments



MD's Visit to Surghar Well - Karak Block, KP/Punjab

Quality Policy

In order to ensure that our products and services are of the highest quality, we engage skilled and qualified personnel, employ state of the art technology and adhere to the best industry practices. We have implemented a quality management system to ensure that all our operations and activities are in line with the requirements of ISO 9001:2015 (Quality Management System).

management system and standards. We are devoted to maintain effectiveness and continual improvement of IMS by monitoring Company objectives, customer satisfaction and complying with the legal and other applicable requirements. Our top management is committed to provide all resources required to ensure compliance with its IMS Policy and to attain best international performance criterion.

IMS Policy

To realise our strategic vision and to achieve professional excellence in petroleum sector, we are committed to meet requirements of Integrated Management Systems for Quality, Environment, Occupational Health & Safety and Information Security consistent with internationally recognized

Changes

From prior year

The Company's vision, mission, ownership and operating structure, and principal business activities are unchanged. The Company has acquired new exploration blocks within the Country and abroad, which are reflected in the geographical locations. Further, the Company has divested its equity interest in National Resources (Pvt) Limited.



Monitoring of Parameters on Three Phase Separator - Sujawal Field, Sindh

Code of Conduct



MPCL Code of Conduct sets out the Company's objectives and its responsibilities to various stakeholders and the ethical standards required from its directors and employees to meet such objectives and responsibilities.

Financial Disclosure

All transactions should be accurately reflected according to accounting principles in the books of accounts. Falsification of its books, any of the recorded bank accounts and transactions are strictly prohibited.

Conflict of Interest

The directors and employees of the Company must recognise that in the course of performing their duties, they may be out into a position where there is a conflict in the performance of such duty and a personal interest they may have. It is the overriding intention of the Company that all business transactions conducted by it are on arm's length basis.

Compliance with Laws, Directives & Rules

Compliance with all applicable laws, regulations, directives and rules including those issued by the Board of Directors and the management.

Confidentiality

Confidentiality of the Company's internal confidential information must be maintained and upheld, which includes proprietary, technical, business, financial, joint venture, customer and employee information that is not available publicly.

Conduct of Personnel in Dealings with Government Officials

The Company shall deal with the Government officials fairly and honestly and within the ambit of the applicable laws, in order to uphold the corporate image of the Company.

Time Management

The directors and the employees of the Company shall ensure that they adopt efficient and productive time management schedules.

Business Integrity

The directors and employees will strive to promote honesty, integrity and fairness in all aspects of its business and its dealings with vendors, contractors, customers, joint venture partners and Government officials.

Gifts, Entertainment & Bribery

The directors and employees shall not give or accept gifts, entertainment or any other personal benefit or privilege that could influence business dealings.

Corporate Culture and Core Values



Insider Trading

Every director and employee who has knowledge of confidential material information is prohibited from trading in securities of the Company to which the information relates.

Health, Safety & Environment

The Company, its directors and employees will endeavour to exercise a systematic approach to health, safety and environmental management in order to

achieve continuous performance improvement.

Involvement in Politics

The Company shall not make payments or other contributions to political parties and organisations. Employees must ensure that if they elect to take part in any form of political activity in their spare time, such activity does not and will not have any adverse effects on the Company and such activities must be within the legally permissible limits.

Equal Employment Opportunity

It is the policy of the Company to provide employment opportunities without regard to race, religion, colour, age or disability subject to suitability for the job.

Compliance

All Company directors and employees must understand and adhere to the Company's business practices and Code of Conduct. They must commit to individual conduct in accordance with the Company's business practices and Code of Conduct and observe both the spirit and the letter of the Code in their dealings on the Company's behalf.

Accountability

Failure to adhere to the Company's business practices or Code of Conduct may result in disciplinary action, which could include dismissal.



MPCL HR Team Members

Profile of Board of Directors



Mr. Waqar Ahmed Malik (SI)
Managing Director/CEO, Fauji Foundation
Chairman MPCL Board

Mr. Malik is a fellow of the Institute of Chartered Accountants in England and Wales and an alumnus of the Harvard Business School and INSEAD. Earlier, his career with ICI PLC Group based in the UK spanned over 27 years and later with AkzoNobel N.V. based in the Netherlands. He is former Chief Executive Officer (CEO) of ICI Pakistan Limited and Chairman & CEO of Lotte Pakistan Limited (formerly Pakistan PTA Limited). During his career with ICI and AkzoNobel, he worked in Europe and America in Corporate Finance and Strategy. Mr. Waqar Ahmed Malik joined Fauji Foundation as the Managing Director and Chief Executive Officer on 9th April 2020.

Presently, he is serving as Chairman on the Boards of Mari Petroleum Company Limited, Fauji Fertilizer

Company Limited, FFC Energy Limited, Fauji Fresh n Freeze Limited, Fauji Cement Company Limited, Askari Bank Limited, Fauji Akbar Portia Marine Terminal Limited, Fauji Trans Terminal Limited, Fauji Oil Terminal & Distribution Company Limited, Daharki Power Holdings Limited, Foundation Wind Energy-I & II Limited, Foundation Power Company Daharki Limited, Fauji Kabirwala Power Company Limited, Fauji Fertilizer Bin Qasim Limited and FFBL Power Company Limited.

He is Chairman of Pakistan Oxygen Limited (formally Linde Pakistan, a subsidiary of Linde AG) acquired by Adira Capital Holdings (Private). He is also director on the board of Rafhan Maize Products Company Ltd and on advisory board of Jazz Pakistan (Veon). Earlier, Mr. Malik served on the prestigious boards as Chairman (Non-Executive & Independent) - Pakistan Petroleum Limited, Director (Non-Executive & Independent) Engro Corporation Limited, Director - State Bank of Pakistan, President - Overseas Chamber of Commerce & Industry (OICCI), President - Management Association of Pakistan (MAP), Director - Pakistan Business Council (PBC), Trustee - I-Care Foundation and Director (Non-

Executive & Independent) - Standard Chartered Bank Pakistan Limited.

Mr. Malik is a member of visiting faculty of Pakistan Institute of Corporate Governance (PICG), former member of Board of Governors of Lahore University of Management Sciences (LUMS) and Board of Indus Valley School of Arts. As trustee of Duke of Edinburgh Trust Pakistan, he was awarded Prince of Wales Medal as a Trustee of the "Prince of Wales Pakistan Recovery for the Flood Victims in 2010".

He has been playing an instrumental role in development of Pakistan's Regulatory System as well as for the advocacy to undertake economic reforms.

In recognition of his meritorious services during his long distinguished career, the President of Pakistan has conferred him with "Sitara-e-Imtiaz", which is the third highest Presidential award for public service.



Dr. Nadeem Inayat
Senior Director (Strategy and M&A)
Fauji Foundation

Dr. Nadeem Inayat joined MPCL Board on September 18, 2006. He is a Non-Executive Director, Chairman of the Investment Committee and a Member of the Audit Committee.

He is also on the Boards of Fauji Fertilizer Co Ltd, Fauji Fertilizer Bin Qasim Ltd, Fauji Cement Company Ltd, Fauji Akbar Portia Marine Terminals (Pvt.) Ltd, Fauji Oil Terminal & Distribution Company Ltd, Askari Cement Ltd, Daharki Power Holdings Ltd, Pakistan Maroc Phosphor S.A., Foundation Wind Energy-I Ltd, Foundation Wind Energy-II (Pvt.) Ltd, Fauji Fresh n Freeze Ltd, Fauji Foods Ltd, Fauji Meat Ltd, FFBL Power Company Ltd, Askari Bank Ltd, Fauji Infravest Foods Ltd, Foundation University and Noon Pakistan Ltd.

Dr. Nadeem is also on the boards of different public sector universities and has conducted various

academic courses on Economics, International Trade and Finance at reputable institutions of higher education in Pakistan. He is also a member of Pakistan Institute of Development Economics.

He holds a Doctorate in Economics and has over 28 years of diversified experience in corporate governance, policy formulation and deployment, project appraisal, implementation, monitoring & evaluation, restructuring and collaboration with donor agencies.



Maj Gen Ahmad Mahmood Hayat (Retd)
Director Health - Fauji Foundation

Maj Gen Ahmad Mahmood Hayat, HI (M), (Retd) joined MPCL Board on September 07, 2020. He is a Non-Executive Director, Chairman of the Technical Committee and a Member of the HR&R and Investment Committees.

He was commissioned in the Army on 06 Sep 1984. He is a graduate of Command and Staff College Quetta, Command and General Staff Course USA, and National Defence University Islamabad, Pakistan. He holds Master's Degree in War Studies from Quaid-e-Azam University Islamabad and Fort Leavenworth USA.

He has commanded an Armour Regiment, Independent Armoured Brigade Group, Infantry Brigade and Infantry Division. He also held various staff appointments including Adjutant/Instructor Pakistan Military Academy, Brigade Major of an infantry Brigade, General Staff Officer-2 and 1 at CGS Secretariat, General Staff Officer-1 at Military Operations Directorate, Chief of Staff at Corps Headquarter, Director General in Inter Service Intelligence Islamabad and Director General Defence Export Promotion Organization. In recognition of his outstanding services, he was awarded Hilal-i-Imtiaz (Military).

Currently, he is also on the Boards of Fauji Fertilizer Company Limited and Fauji Fertilizer Company Energy Limited.



Mr. Faheem Haider
Managing Director/CEO
Mari Petroleum Company Limited

Mr. Faheem Haider is the Managing Director/CEO of the MPCL since August 2020. Currently, he is the only Executive Director on the Board of MPCL.

Mr. Haider is also Chairman of the Board of Foundation Solar Energy Limited (FSEL) and serving as a non-executive director on the boards of the following companies:

- Pakistan International Oil Limited (UAE)
- Fauji Akbar Portia Marine Terminal Limited

During his international career spanning over 28 years, he has held various technical and leadership positions with international oil and gas companies such as Union Texas Petroleum, OMV Pakistan Exploration

GmbH, Helix RDS Limited UK, BG Group Plc UK, and Neptune Energy Group UK (formally known as Engie E&P International). Other than Pakistan, he has been based in full-time roles in the UK, Oman, Egypt and France working on a variety of projects in the Middle East, North Africa, across Europe and the Asia Pacific.

He has a sound understanding of the E&P business from a technical, operational and commercial perspective. Apart from handling the core E&P operations in different parts of the world, he has hands-on experience of joint venture management, leading growth strategies, business development, operational excellence, organization development, transformation and stakeholders' management. Before joining MPCL, Mr. Haider was working with Neptune Energy as Head of Strategy and Business Development for North Africa and Asia Pacific, based in London where he significantly contributed towards

the growth of Neptune's business in Egypt, Indonesia and Australia.

Although Mr. Haider is an upstream E&P professional, through his most recent assignment at MPCL, board experiences and exposure to Fauji Foundation Group's other businesses have allowed him to diversify his skillset beyond oil and gas to other sectors e.g. mining, power, cement, fertilizer and terminals business.

Mr. Haider holds a Master's degree in Petroleum Engineering & Production Management (w/distinction) from Imperial College London, UK; a post-graduate diploma from College of Petroleum Studies, Oxford, UK and a BSc (w/honors) degree in Petroleum Engineering from University of Engineering & Technology, Lahore, Pakistan.



Mr. Ali Raza Bhutta
Secretary Petroleum

Mr. Ali Raza Bhutta joined MPCL Board on December 24, 2021. He is a Non-Executive Director and a Member of the Audit Committee.

He is currently serving as Secretary for Petroleum Division in Ministry of Energy, Govt. of Pakistan.

Mr. Ali Raza Bhutta born in 1966, is a career Civil Servant with civil service experience spanning over 32 years. He has an M.B.A. from Quaid-i-Azam University, Islamabad and an M.Phil. in Economic Development from University of Glasgow. He has had a varied experience in Energy, Finance and Public administration.

He held various positions through his professional career including tribal administration in Waziristan and

Orakzai Agencies, development and implementation of land records management administration systems in the Punjab, Secretary Local Government Department in the Punjab, Secretary Energy and Finance Departments in Khyber Pakhtunkhwa, Secretary Benazir Income Support Programme (Ehsaas) and Secretary to the Government of Pakistan in the Poverty Alleviation & Social Protection, Power and Petroleum Divisions.

Mr. Ali Raza Bhutta is also on the boards of Pak-Arab Refinery Limited (PARCO), Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government holding Private Limited (GHPL).



Mr. Abdul Rasheed Jokhio
Director General Gas, Ministry of Energy
(Petroleum Division)

Mr. Abdul Rasheed Jokhio joined MPCL Board on December 15, 2020 representing Government of Pakistan. He is a Non-Executive Director and a Member of the HR&R and Technical Committees.

Mr. Abdul Rasheed Jokhio is currently serving as Director Gas in the Directorate General of Gas, Petroleum Division, Ministry of Energy. He holds Master's degree in Energy, Environmental Management and Economics from ENI Corporate University, Italy, and Bachelor of Engineering in Petroleum & Natural Gas from Mehran University of Engineering and Technology, Jamshoro, Sindh.

He had joined erstwhile Ministry of Petroleum and Natural Resources (now Petroleum Division, Ministry of Energy) in 2006. Since then, he has been involved in the policy and regulatory matters of mid and down-stream sectors of natural gas and RLNG. He oversees matters such as allocation of gas/RLNG to the Government designated buyers and third parties including power and fertilizer sectors, tariff for RLNG and natural gas for retail consumers, review and execution of Gas Sales Agreements and Gas Pricing Agreements, Gas Development Schemes, Gas Development Infrastructure Cess and Gas Development Surcharge.

He has attended a number of courses in Pakistan and abroad on Drilling Economics, Contracts Negotiation, Upstream Regulation, Gas Pipeline & LNG Imports Projects etc.

He is a professional member of Pakistan Engineering Council and also a member of the Society of Petroleum Engineers.

Profile of Board of Directors



Syed Khalid Siraj Subhani
Managing Director/CEO
Oil & Gas Development Company Limited

Syed Khalid Siraj Subhani joined MPCL Board on October 22, 2021 representing OGDCL. He is a Non-Executive Director and a Member of the Technical and Investment Committees.

Mr. Subhani is a Chemical Engineer with Executive Management Program from Haas School of Business, University of California, Berkeley and Leadership program from MIT, Boston. A seasoned executive, his career spanned over 33 years with Exxon Chemical Pakistan Limited, which subsequently became Engro Chemical Pakistan Limited and later Engro Corporation Limited. This included long term assignments with Esso Chemical Canada in Edmonton and at ICI site

in Billingham, UK. Over the years, he worked in numerous senior executive positions at Engro and played instrumental role in growth and diversification of the company to make it one of the largest business conglomerates of Pakistan.

Prior to retirement from Engro he worked as President and Chief Executive Officer of Engro Corporation Limited, Engro Fertilizers Limited and Engro Polymer and Chemicals Limited. Mr. Subhani also served as President and Chief Executive Officer of ThalNova Power Thar Private Limited for a period of two years. Earlier Mr. Subhani also served on the board of Engro Corporation Limited (Director), Hub Power Company Limited (Director), Engro Foods Limited (Director), Sindh Engro Coal Mining Company Limited (Director), Laraib Energy Limited (Director), Engro Fertilizers Limited (Board Chairman), Engro Polymer and Chemicals Limited (Board Chairman), Engro Vopak Terminal Limited (Board Chairman), Thar Power Company Limited (Board Chairman), Engro Powergen Qadirpur Limited (Board Chairman), Engro Eleny Terminal

(Private) Limited (Board Chairman) and Engro Eximp Agri Products (Private) Limited (Board Chairman).

He also served as Chairman of Board Technical Committees & Board Human Resource Committees at Hub Power Company and Laraib Energy Limited.

Few of other engagements of Mr. Subhani have been Vice President – Overseas Chamber of Commerce & Industry (OICCI), Director – Vinyl Chloride Safety Association of North America, Baton Rouge, USA, Member of Business Advisory Council – Society for Human Resource Management (SHRM), Member Academic Council and Faculty Selection Board – Institute of Business Administration Sukkur, Sindh, Member Standing Committee on Environment – FPCCI, Member – Pakistan Japan Business Forum (PJBF)

Mr. Subhani is currently a director on the Board of Fauji Fertilizer Bin Qasim Limited (FFBL) and a member of their HR&R Committee. He was also a member of FFBL's Board Technical and Investment Committees.



Mr. Ahmed Hayat Lak
GM (Legal Services)/Company Secretary
Oil & Gas Development Company Limited

Mr. Ahmed Hayat Lak joined MPCL Board on June 26, 2014 representing OGDCL. He is a Non-Executive Director and a Member of the Audit and HR&R Committees.

He holds a Master's Degree in Law from University of Wolver Hampton and Bachelor Degree in Law (Honours) from University of London, United Kingdom.

He previously served in Pakistan Oilfields Limited as Head of Corporate and Legal Services Department. He also worked in the National Accountability Bureau as Advisor to the Chairman and as Consultant in the Office of the Prosecutor General.



Mr. Adnan Afridi
Managing Director/CEO
National Investment Trust Limited

Mr. Adnan Afridi joined MPCL Board on March 21, 2019, representing shareholding interest of General Public (Minority Shareholders). He is an Independent, Non-Executive Director, Chairman of the HR&R Committee, and a Member of the Audit, Technical and Investment Committees.

Mr. Afridi assumed the position of Managing Director NITL on February 21, 2019. He has 24 years' international experience in Change Management, business transformation, innovation and profitability enhancement in blue chip companies, public sector

and start-up situations. He has led a distinguished career in financial services and capital markets including serving as Managing Director of the Karachi Stock Exchange, CEO, Overseas Chamber of Commerce and Industry, Chairman of National Clearing Corporation of Pakistan and Member of Board of Directors of Central Depository Company. Mr. Afridi has also served on the Board of Silk Bank Limited and Gul Ahmed Textile Mills Limited.

Mr. Adnan Afridi has a degree in Economics (A.B, Magna Cum Laude, 1992) from Harvard University and

a degree in Corporate Law (JD, Magna Cum Laude in 1995) from Harvard Law School.

Currently, he is on the Boards of Bank Al Habib Limited, Habib Sugar Mills Limited, International Industries Limited, Dynea Pakistan Limited, Lotte Chemical Pakistan Limited, Bulk Transport Company PVT. LTD, The Kidney Centre Institute. He also serves as the Chairman Board of Governors of The Kidney Centre Institute and is a Member of the SECP Policy Board.



Mr. Abid Hasan
Non-Executive Director
Mari Petroleum Company Limited

Mr. Abid Hasan joined MPCL Board on June 24 2022, representing shareholding interest of General Public (Minority Shareholders). He is an Independent, Non-Executive Director, Chairman of the Audit Committee, and a Member of the HR&R Committee.

He possesses over 30 years of experience as a development banker and served in the World Bank Group from 1975 till 2006. He served as the Operations Advisor, Pakistan Program (1997-2006), Principal Financial Sector Specialist (South Asia Region), (1992-97), Chief of Industry and Energy Unit, Bangladesh

(1988-92) and Senior Financial Analyst (East Asia Region) (1975-88).

During his association with the WBG, he was responsible for relationship management with cabinet and senior policy makers, multilateral and bilateral agencies, banks, private investors, and media, overseeing implementation of World Bank programs for macroeconomic, sectoral reforms covering energy, banking, private, development, water resources, agriculture, infrastructure, SOEs, and social sectors.

After retirement from the WBG, he held a number of positions including: Member of the Government of Pakistan's Economic Advisory Committee (2010-2018), Member of the Boards and Chairman of the Board's Audit Committees in Pakistan Tobacco Company (2007-2016), Khushali Bank (2007-2009), and Wateen Telecommunications (2012-2107).

Currently, he is a Member of the Board of Governors of two NGOs: Hunar Foundation and Chal Foundation.



Ms. Seema Adil
Non-Executive Director
Mari Petroleum Company Limited

Ms. Seema Adil joined MPCL Board on June 24, 2022, representing the shareholding interest of General Public (Minority Shareholders). She is an Independent, Non-Executive Director, and a Member of the Technical and Investment Committees.

She is a qualified Chemical Engineer and possesses 33 years' experience in oil & gas industry in Pakistan.

She served in Shell Pakistan for 30 years in various capacities in marketing, supply, distribution, technical support, and business process re-engineering. She also served as a management team member and as Shell appointed Director on PAPCO Board.

Later, she served in Pakistan Refinery Limited for 3 years as Deputy Managing Director. As a senior member of the refinery leadership team, she carried direct responsibilities of plant operations, oil movement, commercial activities, crude economics, pricing, HSEQ and was the Management Representative ensuring ISO qualification.

She is a leader focused on achieving results in highly competitive and diverse environments that demand continuous improvement. She is skilled in building and motivating cross-functional and cross-regional teams performing towards achieving corporate goals and expectations. She is also a skilled program/project manager.

She also possesses hands-on experience of corporate governance of medium to large sized organizations.

Ms. Seema Adil is currently a director on the Board of Wyeth Pakistan limited.



Mr. Nabeel Rasheed
Chief Financial Officer
Mari Petroleum Company Limited

Mr. Nabeel Rasheed joined Mari Petroleum in June 2021 and presently occupies the position of Chief Financial Officer. Mr. Rasheed is a Fellow member of the Institute of Chartered Accountants of Pakistan.

Mr. Rasheed has worked in Asia, Africa and Europe specializing in financial management, commercial structures and mergers & acquisitions. He had a long association with Eni and his last assignment was as Director Finance & Control for a SPE established to build a 3.4 MPTA FLNG.

He brings with him 15 years of post-qualification experience and holds a Post Graduate Diploma in Oil and Gas Law along with a MBA in Oil and Gas Management from Robert Gordon University, U.K.



Mr. Muhammad Sajjad
Acting Company Secretary
Mari Petroleum Company Limited

Mr. Muhammad Sajjad is a Member of the Association of Chartered Certified Accountants (ACCA) with over 23 years of diversified experience with reputable national and international organizations.

He joined MPCL in 2015 and was appointed Acting Company Secretary on July 2, 2022. He brings in rich experience of Petroleum, Real Estate Development, and Hospitality industries.

He has attended numerous courses and trainings in Pakistan and abroad on Corporate Governance, Leadership and Strategy, and Enterprise Risk Management.

Chairman's Review



Dear Shareholders,

I am delighted to present this review of the financial year 2021-22 that saw Mari Petroleum Company Limited (MPCL) further consolidating its position as a leading E&P Company and a premier corporate entity of the Country.

Mari has a vibrant Board with four permanent Committees of Audit, HR&R, Technical and Investment. The Board held seven meetings during the year to review and approve the periodic financial statements, annual budget, business plan and other important matters. The Committees also held regular meetings to perform their duties under their respective terms of reference as approved by the Board.

The Board provided expeditious support and guidance to the management in robust capital allocation for different projects to create value in short, medium and long-term. The oversight provided by the Board ensured optimal use of resources, enhanced transparency and disclosures, and improvement of governance around different processes.

The Company's organizational transformation program is satisfactorily progressing. A lean and more efficient organizational structure has been introduced to foster the environment for delegation of responsibility and empowerment, cultivate a performance-driven culture and empower people to take lead in delivering end results.

The robust financial results of FY 2021-22 are backed by the Company's excellent operational performance.

The first-ever hydrocarbon discovery in Bannu West Block located in North Waziristan is a milestone achievement and the Company is pursuing for early monetization of the discovery.

What distinguishes MPCL from others is the fact that while delivering consistent value to its stakeholders, MPCL is also playing a key role in ensuring the Country's food and energy security which is challenged by high oil & gas prices, international geopolitical situation and the onerous macroeconomic challenges we face as a nation.

The independent evaluation conducted by the Pakistan Institute of Corporate Governance (PICG) in FY 2020-21 confirmed the Board's effectiveness and compliance with the best governance practices. The recommendations of the evaluators were implemented to further improve the governance processes and Board operations. For the FY 2021-22, the Board has again decided to engage the services of PICG to conduct the Board evaluation and make suggestions for further improvement.

To ensure continuous professional development of the Directors, mandatory Directors Training Program from PICG was arranged for the Directors and executives of the Company in February 2022. Currently, 10 out of 11 directors on MPCL Board and several Company executives including female executives are certified from SECP recognized institutes.

To further improve the Board's cohesiveness and efficiency, the number of directors on the Board has been reduced from 14 to 11. Now the Board will comprise 4 directors representing Fauji Foundation, 2 directors each representing the Government

of Pakistan and OGDCL, and 3 independent directors. After the election of directors, the new Board has been constituted with effect from June 24, 2022. The permanent Committees of the Board have also been reconstituted, and their TORs have been updated to ensure they are in-line with best national and international practices.

I take this opportunity to express my gratitude to the directors who retired during the year for their services and invaluable contributions towards creating a cordial board room environment. On behalf on the Board, I wish them well for their future endeavors. I also welcome the new directors and hope that they will provide consistent and thoughtful guidance to help the organization through various transitions.

We highly value our stakeholders' confidence in us to lead the Company to greater corporate success. I want to assure you that the Board will proactively safeguard and promote your interests.

As always, it is an honor to serve you all!

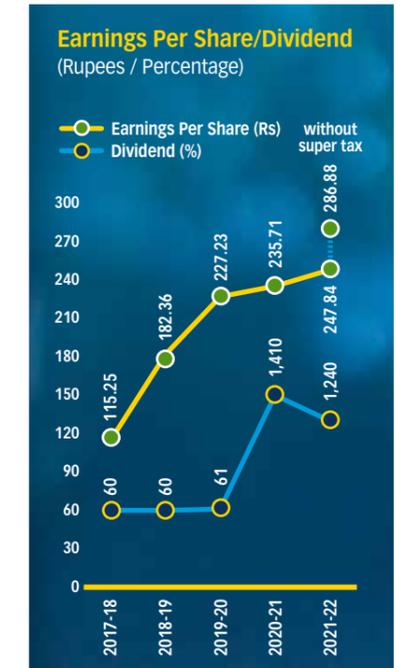
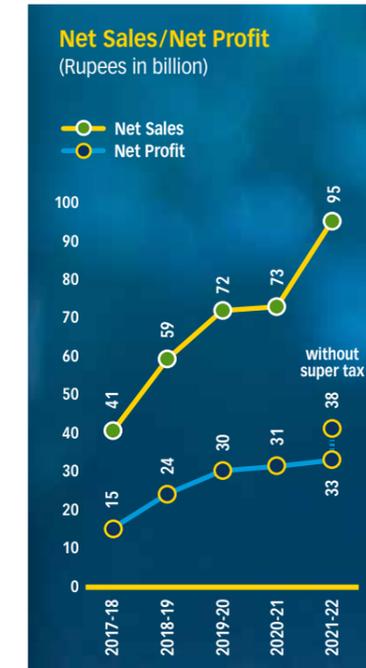
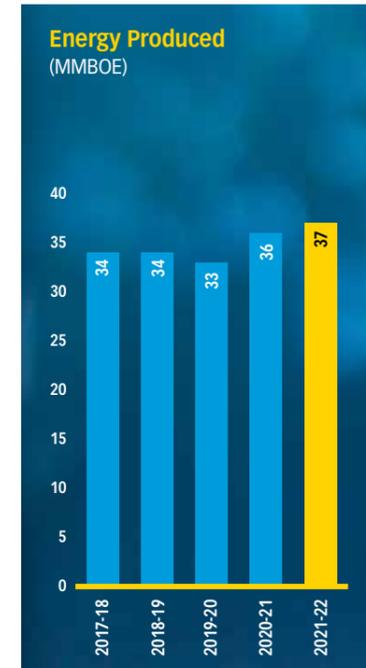
Waqar Ahmed Malik (SI)
Chairman
MPCL Board of Directors

Managing Director's Outlook



Dear Stakeholders,

I am honored to present a review of the recently concluded financial year that stands witness to MPCL's continued pursuit of business growth and value-creation while maintaining and further augmenting its role as one of the Country's top energy companies.



MPCL's operations are of immense significance to the Country's food and energy security. This single consideration is a constant source of motivation for the MPCL team to demonstrate resilience in the face of adversity and still achieve excellent financial and operational results.

One of the key highlights of the year is the landmark discovery made at our exploratory well Bannu West-1 in the North Waziristan District. This was one of the most challenging wells ever drilled by the Company in a security-sensitive environment. But it has demonstrated our ability to plan and drill challenging wells, use advanced technologies, and successfully apply post-well stimulation treatments to maximize the well's flow capacity.

Our aim is to put this well on early production in the wider national interest and we are working to install early production facilities

as soon as possible. In parallel, SNGPL is laying the export pipeline to provide connectivity with the national grid. The production commencement, however, depends on a conducive security environment, timely completion of the transmission pipeline and fast-track regulatory approvals.

Having a sizeable inventory of prospective blocks is pivotal for our exploratory efforts and organic growth. Locally, we won five new exploration blocks in the last bidding round undertaken by the Government. Additionally, we farmed-in into Margalla Block and acquired additional working interest in Bela West Block. Exploration programs for newly acquired blocks are being carved-out to expeditiously commence exploration activities.

Internationally, we won a prospective offshore block in Abu Dhabi in August 2021 as part of a consortium of four Pakistani

companies. The block provided us with immediate resource addition with upside potential. Acquisition of this block is an important step towards realizing our long-term vision of becoming an international energy company.

Our total acreage now stands at over 58,000 sq. km (29 blocks in Pakistan and 1 block in Abu Dhabi, offshore).

Besides our new exploratory efforts, there is significant room for maximizing production from Mari Field. Our production enhancement efforts were complemented by the construction of our own 20 inch, 25-km long cross-country gas transmission pipeline to connect Mari Gas Field with the SNGPL network. This pipeline is a strategic achievement that will provide flexibility and options for maximizing gas production from the County's largest gas field.

During the year, we also completed Phase-1 of Sachal Gas Processing



HRL Swing Volume Project - Mari Gas Field, Daharki, Sindh



Sachal Gas Processing Complex - Daharki, Sindh



Sachal Gas Processing Complex - Mari Gas Field, Daharki, Sindh



Measuring Angles and Elevation for Civil Foundation - Mari Gas Field, Daharki, Sindh

Complex and achieved first gas by commencing supply of 20 MMSCFD of gas to SNGPL. The construction and commissioning activities of the Phase-II of the project along with the integration of Phase-I are progressing well to bring additional volumes into the SNGPL network. There have been some delays due to shipping constraints, and extremely hot weather followed by torrential rains, but we are making every effort to complete the project at the earliest.

The asset integrity assessment and maintenance campaign at Mari Field

to prolong the life of the Field's aging infrastructure is progressing well. Additionally, Mari Field revitalization studies have revealed various opportunities for long-term sustainability of Mari Field, which is critical for providing food and energy security to the Country.

While focusing on the core E&P business, we did not lose sight of the need for organizational development. We have implemented international best practices in different spheres of the Company's operations to support our operational achievements by

introducing result-oriented culture and putting in-place appropriate systems.

In line with the strategic vision provided by the Board and good HR practices, we have already revamped our compensation policies and implemented a pay-for-performance system to inculcate a culture of competitiveness. Need-based training programs within the Country and abroad are arranged to bridge the competency gaps. We are also rolling out an extended leadership program and dual career ladders for technical departments

to prepare the next generation of organizational leaders.

Our average daily production during the financial year crossed the six-figure mark of 100,000 BOEs for the first time ever in the Company's history. After building the swing volume capability, we now have the flexibility to divert the undrawn HRL volumes of the power customers towards the SNGPL network. This not only allows us to maximize our production but also ensures that incremental volumes eligible for incentive price are maximized.

Increased production and better prices drove the net sales to the highest-ever level of Rs. 95.1 billion and the net profit to the

highest-ever mark of Rs. 33.1 billion, showing a YoY growth of 30% and 5%, respectively. The net profit would have crossed Rs. 38 billion, had the super tax not been levied by the Government. The EPS reached Rs. 247.8 per share from Rs. 235.7 per share in the previous year.

With the addition of around 12 MMBOE in net reserves and around 67 MMBOE in new resources, we have achieved adequate reserves replacement, which is essential for replenishing our production. Net Reserves & Resources of the Company now stand at 642 MMBOEs as on June 30, 2022.

A well-equipped and capable Mari Services Division (MSD) at par with

international service providers is an integral part of our operational strategy. The capability of MSD has been further enhanced by adding gravity and magnetic survey unit. For the first time since its inception, MSD undertook two third-party projects in addition to providing unmatched services for our internal projects. MSD also saved us precious FOREX of about USD 130 million over a 3-year period.

It is also a matter of great satisfaction that the Company adhered to the highest standards of HSE and maintained an enviable record of a safer work culture. The Company stood-out amongst local and international E&P Companies with regards to HSE KPIs which were



Drilling of Test Holes - Bannu West, North Waziristan



Gas Pipeline Construction - Mari Gas Field, Daharki, Sindh

Separation Battery of MDCPF - Mari Gas Field, Daharki, Sindh



ICCI Business Excellence Award for Top Taxpayer Company (Private Sector) - Islamabad Region (2021-22)

well within the targets and IOGP matrices worldwide.

We also consider CSR as an important and intrinsic part of our business culture and regularly contribute towards the improvement of the quality of life of the people living in remote and under-developed areas of the Country. During the year, we spent around PKR 4 billion on our CSR activities.

In the coming year, our priorities include the completion of Sachal Gas Processing Complex, installation of early production facilities at Bannu West-1, Mari Field plateau extension projects, strategic exploratory wells in Bannu West, Block-28, and Margalla Block, and expansion of the exploration portfolio. In addition to the operational priorities, we will continue with organizational and HR transformational initiatives along with the focus on training

and development and succession planning.

I assure my worthy stakeholders that we will continue with the same focus and out-of-the-box strategies to propel the Company to new heights of corporate success.

I want to appreciate and thank our top-notch professionals and committed workforce for achieving phenomenal performance over a sustained period of time.

I am grateful to the directors, shareholders, partners, customers, suppliers, the Petroleum Division and other stakeholders for their continued confidence in and support to the Company. We are indebted to our Law Enforcement Agencies, who, despite their extensive operational commitments, rendered whole-hearted support to MPCL and ensured foolproof security for us in the most challenging areas.

Without their continued support, MPCL would not have been able to operate to its fullest as it is now. We look forward to continue working together with the same commitment in the best national interest.

Faheem Haider
Managing Director/CEO



World Environment Day 2022 - Islamabad



Dispensary at Mari Gas Field - Daharki, Sindh



Noor-e-Sehar Special Education School - Daharki, Sindh



Signing Ceremony, Ambassador for Inclusive Education - Head Office, Islamabad

Success Stories

Significant Hydrocarbons Discovery at Bannu West Block, KP

June 01, 2022 will be remembered as a momentous day in the hydrocarbon exploration history of the Company. On that day, Mari Petroleum Company Limited announced a large gas and condensate discovery at its exploratory well Bannu West-1, in Bannu West Block, located in North Waziristan district of KP Province.

By way of background, Bannu West Block was granted to Tullow Pakistan (Developments) Limited (TPDL) in 2005. Later on, MPCL, OGDCL and SEL (now ZPCL) farmed-in as joint venture partners. Despite its best efforts, TPDL was unable to commence exploration activities due to challenging security situation in the area. Keeping the national

interest supreme, MPCL increased its working interest in the Block and took over the operatorship from TPDL in March 2017 remaining steadfast to unlock the highly prospective area for hydrocarbon exploration, which could go in long way for overcoming the energy crises in the country. Soon after becoming the operator, MPCL showing its commitment pursued fast track exploration activities in the Block including the first on-ground geological field activity since the grant of the Block, reprocessing/interpretation of 425 line km vintage 2D data and acquisition of new 99 line km 2D data. Thereafter, the Company embarked upon 836 sq.km 3D seismic data acquisition campaign, which was completed in March 2020.

Based on the seismic data processing and interpretation, the location of first exploratory well Bannu West-1 was marked on ground. The well was spud-in on June 06, 2021 and successfully drilled down to the depth of 4,915 meters. During drill stem testing (DST), Lockhart Limestone Formation flowed gas @ ~25 MMSCFD with wellhead flowing pressure (WHFP) of 4,339 Psig and around 300 barrels per day (BPD) condensate at 32/64" choke size, before acid job. Hangu Formation also flowed gas @ 1.6 MMSCFD with WHFP of 297 Psig

at 32/64" choke size. Post acid stimulation results from Lockhart reservoir were even more impressive with gas flow rates of 50 MMSCFD at WHFP of 5,500 Psig at 40/60" choke size.

Bannu West-1 is one of the largest hydrocarbon discoveries in the Country in the last many years. It is also the first-ever gas and condensate discovery in North Waziristan area, which has extended hydrocarbon plays toward

western part of KP and opened-up new avenues for hydrocarbon exploration not only for MPCL but also for other E&P Companies operating in the area. The discovery after development will help to mitigate demand and supply gap from indigenous resources and will add to the hydrocarbon resource base of MPCL, JV Partners and the Country. It will also help to save the precious foreign exchange that is incurred on imported petroleum products.

But this success did not come easily. Bannu West Block is characterized by rough, rugged mountains and deep gorges which, coupled with constant security threat made the exploration activities a daunting task. Massive earthwork on hard stratum for preparation of the well location and diversion of many seasonal water channels had to be performed to get the well-site ready for drilling of well.

Bannu West-1 planned as a wild-cat high pressure, high temperature well posed massive technical challenges for the exploration and drilling teams. These challenges were overcome with sheer commitment and dedication of our technical professionals under senior managements guidance.

It is a matter of great pride for MPCL that the seismic data acquisition and the drilling operations were completed by MPCL's own resources. This technically complex project in a geographically challenging and security-sensitive area is a testament to Mari's technical acumen and courage of its leadership. This achievement demonstrates our capacity to create value in new frontiers, thanks to its risk-taking approach, in-house capabilities, and always keeping national interest at the forefront of its decision making.

Bannu West-1 is also a story of sacrifices. During the seismic operations, on-ground teams



SUCCESS STORIES: Significant Hydrocarbons Discovery at Bannu West Block, KP

faced multiple terrorist attacks which resulted in loss of precious lives and injuries to MPCL crew members and security personnel. The nation is indebted to these brave men who laid their lives for this project of national importance.

The Company has chalked out a comprehensive plan for installing early production facilities to bring Bannu West-1 gas on-stream as soon as possible. For this purpose, availability of rental processing plant is being explored. The Honorable Prime Minister of Pakistan has constituted a Steering Committee to oversee the laying of the pipeline on war-footing basis to connect the Bannu West-1 Well with the national pipeline network and development of production facilities.

MPCL's activities have already made a positive economic impact by generating business and job opportunities for the locals in this remote, far-flung and under developed area. Commencement of production from Bannu West-1 will not only benefit the Company but will also change the fortunes of the local populace and the shape of this entire region.

The story of Bannu West-1 will be incomplete without highlighting the role played by two of the former MDs of MPCL in this success. It was Lt Gen Nadeem Ahmed (Retd) who decided to acquire more working interest in this strategic Block and take-over its operatorship, while Lt Gen Ishfaq Nadeem Ahmed (Retd) (Late) executed and oversaw the seismic data acquisition project in the Block.

MPCL is thankful to its Joint Venture Partners, Federal and Provincial Governments, Pakistan Army and FC for their support in achieving this feat and hopes that this discovery ushers in an era of development and prosperity for the residents of this area.



Camp Site, Bannu West, KP



Vibroseis Trucks at Bannu West Block, KP



Seismic Data Recorder - MSU



Chairman Board and MD MPCL's meeting with the Prime Minister to discuss Bannu West-1 way forward



Celebration of Bannu West-1 Discovery at MPCL Head Office



Celebration of Bannu West-1 Discovery at FF Head Office



Success Stories

Expansion of Exploration Acreage

Adding Prospective Blocks to Portfolio

National Operations

- Concessions and D&PLs Area: 52,028 Sq. Km
- 28 Exploration Licenses
- 13 Development & Production Leases

International Operations

- Offshore Block-5, Abu Dhabi

Discovery of new oil and gas deposits is one of the primary pursuits of every E&P Company, and is crucial for its sustainability and future growth. Success of Exploratory efforts, at large, depend upon availability of prospective acreage. MPCL is fully cognizant that having a sizeable inventory of prospective blocks is imperative to implement its aggressive exploration program to achieve an adequate reserve replacement ratio and long

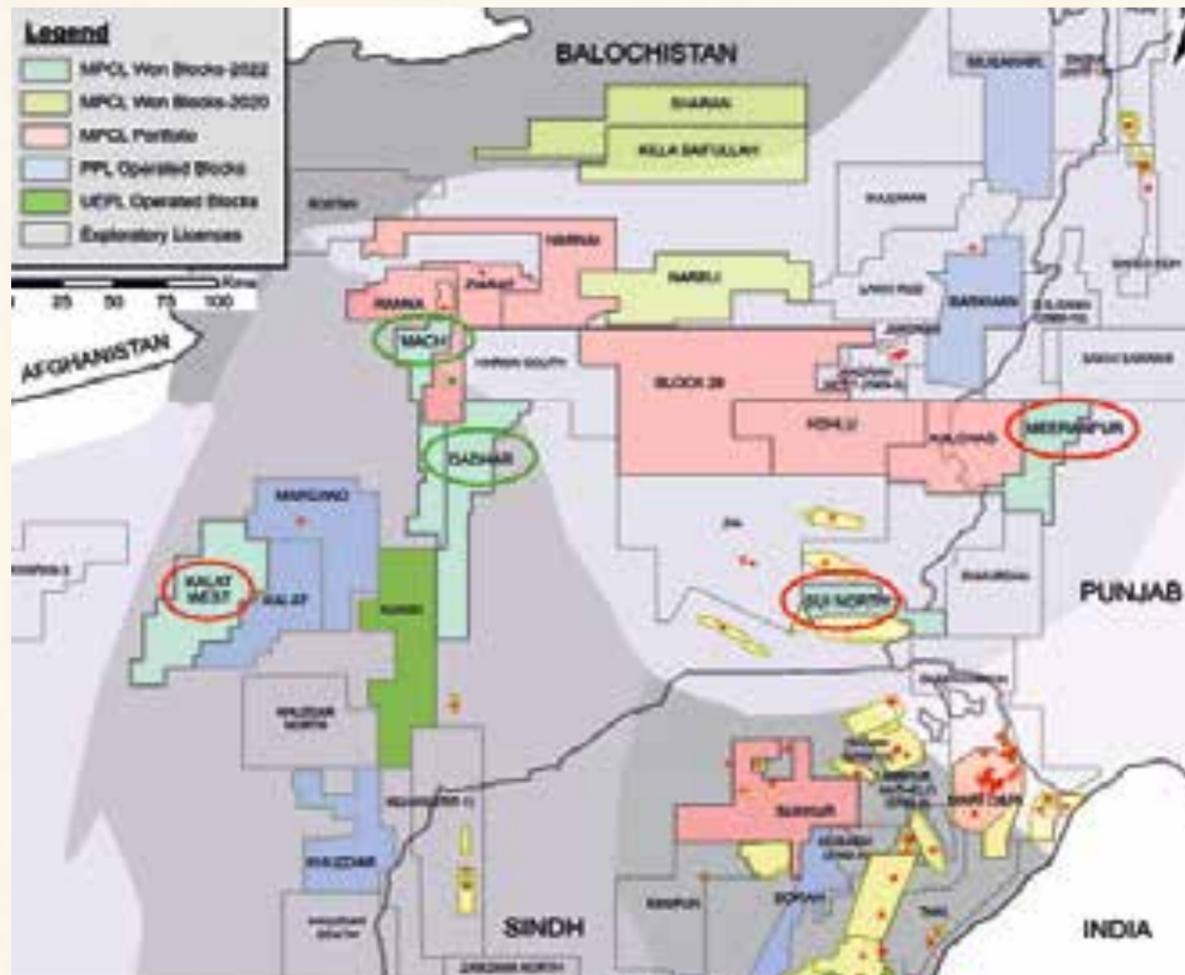
term sustainability. The Company pursues different strategies to expand exploration acreage to add prospective blocks to its portfolio.

Using its in-house capabilities, the Company regularly carves out prospective blocks and submits applications over them to the DGPC for future block bidding rounds. It then actively participates in the bidding rounds arranged by the Government from time to

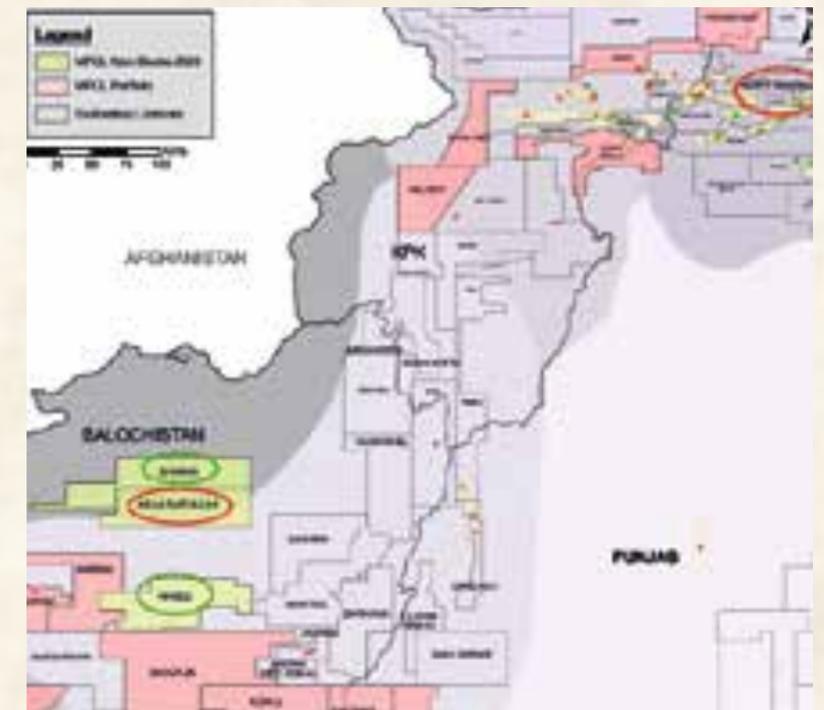
time. Sometimes, it engages other reputable E&P companies for joint bidding over blocks. The Company also evaluates prospective blocks of other E&P Companies for acquisition of share in line with Corporate objectives.

The Company's strategy for acquisition of new blocks has been quite successful in last two years, wherein; it added 10 new exploration blocks to its portfolio by way of participating in the bidding rounds. Four blocks were won in bid round 2020 while 5 blocks in bid round 2022. One Offshore Block in Abu Dhabi was won by a consortium of Pakistani E&P Companies on a competitive bidding. Working interest in one more block is being acquired through farm-in opportunity.

S.No	Block	Province	Operator (Working Interest)	JV Partner(s) (Working Interest)
Bid Round 2022				
1	Dadhar	Balochistan	MPCL (40%)	PPL (30%) UEPL (30%)
2	Mach	Balochistan	MPCL (40%)	PPL (30%) UEPL (30%)
3	Kalat West	Balochistan	PPL (50%)	MPCL (50%)
4	Sui North	Balochistan	PPL (50%)	MPCL (50%)
5	Meeranpur	Punjab	UEP (50%)	MPCL (50%)
Bid Round 2020				
6	Nareli	Balochistan	MPCL (39%)	POL (32%) Spud Energy (29%)
7	Sharan	Balochistan	MPCL (60%)	OGDCL (40%)
8	Killa Saifullah	Balochistan	OGDL (60%)	MPCL (40%)
9	North Dhurnal	Punjab	POL (60%)	MPCL (40%)
Farm-in				
10	Margala	Punjab/ICT/KPK	MOL Pakistan (40%)	MPCL (30%) POL (30%)
International Acquisition				
11	Block-5	Abu Dhabi	PPL (25%)	MPCL (25%) OGDCL (25%) GHPL (25%)



Blocks Won in Bid Round 2022



Blocks Won in Bid Round 2020

MPCL Reserves & Resources

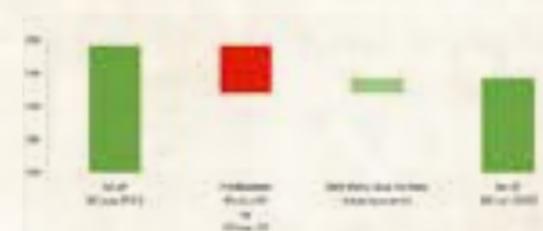
An estimated 12 MMBOE net MPCL proved and probable reserves have been added during FY 2021-22. Primary contributors included progression of contingent resources to reserves as a result of bringing new discoveries of Hilal, Iqbal, Bolan East, Togh, Bashar X-1 and Benari on commercial production. These additions equated

to a Reserves Replacement Ratio (RRR) of around 32% during the year.

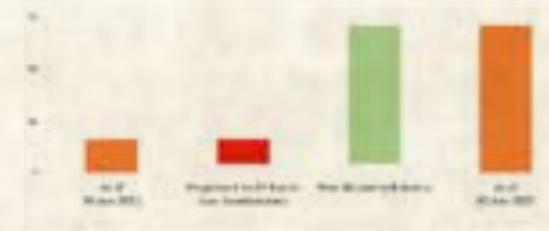
In addition, MPCL added net contingent resources of ~ 55 MMBOE during the fiscal year. The main contributors to the resource addition included a new gas discovery in Bannu West Block

and access project. The resource changes also include revision of ~12 MMBOE resources which have been progressed to reserves as a result of new developments. Overall, these additions and revisions resulted in an increase of around 345% in the contingent resources compared to the start of fiscal year 2021-22.

Estimated Proved + Probable Reserves
(2P) MMBOE NET



Estimated Contingent Resources
(2C) MMBOE NET



Proved and Probable (2P) Reserves denote the best estimates of reserves to be commercially recoverable from known reservoirs under defined economic conditions, operating methods, and government regulations.

Contingent (2C) Resources denote the best estimate of contingent resources to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.

(Reference: SPE Petroleum Resources Management System, June 2018)

Risks and Opportunities Report

MPCL recognizes that its ability to manage risks across the organization is central to the success of its business and the continuous delivery of value to its stakeholders. The Company, therefore, supports a comprehensive Enterprise Risk Management program aimed at proactively identifying and mitigating risks that can threaten its targeted business model, future performance, sustainability and capital availability.

ERM Policy

MPCL's ERM Policy establishes the basis for management and governance of risks faced by the Company, outlines minimum expected standards, and practices that the Company should have in place to manage enterprise risks within defined risk appetite.

Board's Efforts for Determining the Company's Level of Risk Tolerance

The Company's Board is responsible for providing strategic oversight and is also responsible for ensuring that a sound risk management and internal control system is in place. Listed Companies (Code of Corporate Governance) Regulations 2019 also reiterate this requirement and assign the overall responsibility for governance of the company's risk to the Board.

The Board's Audit Committee facilitates the Board in discharging this responsibility.

The Audit Committee ensures that an appropriate control environment is established and maintained, covering the Company's operations, strategy, finances, reporting and compliance activities. This is further driven by identification of risks and alignment of risks appetite and tolerance levels to strategic and departmental targets, bringing to view the essence of the applicability and benefits of formalized ERM process

within the organization. The Audit Committee through the Internal Audit Department also provides assurance of the effectiveness of ERM in the organization to the Board.

The Committee further provides the necessary link between ERM, strategy and performance and further strengthens the integration of risk management within business functions.

Enterprise Risk Management Framework

MPCL's Enterprise Risk Programme has been developed in line with the Risk Management Guidelines in ISO 31000:2018. Its architecture in the Company also complies with the Institute of Internal Auditor's (IIA) 'Three Lines of Defense' model, ensuring assurance at all levels of risk management. A dedicated ERM Department facilitate the Board's Audit Committee to have an efficient

and effective oversight on company's risk practices. The Department also has the important role of facilitating business decision-making process for the management. This involves equipping the management with a 360° view of the risks and opportunities attached with the decision at hand so that they are able to make risk-informed decisions, resulting in outputs with limited potential for surprises. A robust ERM programme in the Company also ensures that the Company unlocks the true value of ERM, which includes contribution in business performance, achievement of organizational objectives, resilience and adherence to corporate governance standards.

To fulfill this objective MPCL's ERM process is applied at both the Departmental level of the organization and at the Enterprise level. This approach recognizes that risks are different at varying levels of management due to the different focus,



strategic vs. operational, differing tolerances for risk and levels of management authority to deal with unacceptable risks. This MPCL ERM hierarchy is outlined in the schematic.

This hierarchy directs the escalation of risks between the different levels of the organization and facilitates risk reporting requirements.

Risk Management Framework in MPCL comprises of an inclusive process with the philosophy that respective domain heads are primarily responsible for all the risks in their domain. Key aspects of the risk management framework/ methodology can be summarized as below:

- The Company's risk management strategy is to create a positive risk culture throughout the organization and to integrate risk management into activities at all levels of organization from strategic planning to business unit processes.
- The approach employed in MPCL for risk management ensures that risks are identified in both a 'top-down' and a 'bottom-up' manner from the various management

levels of the organization to give assurance that no significant risk has been missed out.

- Risk identification encompasses review of MPCL's internal and external risk environment for changes that can affect MPCL's defined Strategic and other Business objectives. Furthermore, review takes both forward-looking view (to try to identify what could happen) as well as a historic view (to look backwards as a means of identifying what could happen and how likely it is).
- Risk assessment and analysis involves the consideration of causes of risk events and their uncertainties, their positive and negative impacts, and the likelihood that those impacts can occur. Consideration is also given to identify the control measures that act to prevent risks and control measures that act to mitigate the impacts.
- Risk treatment comprises of measures and strategies that can include actions aimed at terminating (avoiding), optimizing (mitigating), transferring or retaining risk (tolerating).

Assessment of the Principal Risks facing the Company

The Board carries out periodic assessment of the principal risks faced by the Company, including those that would threaten its business model, future operational and financial performance, and solvency and/or liquidity issues. The Board also reviews the risk mitigation strategies proposed/adopted by the Management, provides guidance and accords approval where required. ERM Department reviews and prepares update of Enterprise Risk Profile of the Company consisting of various strategic, compliance, operational and financial risks on quarterly basis. The update is also presented to the Board/ Board Committee on a periodic basis or as and when required. The ERM department also prepares periodic compliance status update of the Risk Appetite and Tolerance Statement for the Board/ Board Committee.

Key Risks Faced by MPCL

A brief account of key risks faced by the Company along with an assessment of its likelihood & magnitude and an overview of mitigation strategy is presented below:



Seismic Activities in Ziarat Block - Balochistan

Risks and Opportunities Report

A. Strategic Risks

Internal

- High dependency on Mari Field: Reservoir failure/security issues in Mari Field could affect the long-term sustainability of the business.
- Impending production decline from Mari Field due to natural depletion could result in loss of conventional, as well as incremental price revenue.
- Challenges in achievement of adequate resource addition on a consistent basis.
- Delay in commercialization of existing discoveries affecting achievement of organizational objectives.

External

- Fast emerging new technologies, trends and regulations that may gradually replace the use of fossil fuels.

Likelihood & Magnitude:

Strategic risks are both internal and external in nature with the potential of threatening our future business model and growth targets in the short, medium and long term. The magnitude and likelihood of each such risk is closely monitored and reviewed periodically by the management and is reported to the Board. Appropriate mitigation plans are devised to keep the likelihood and magnitude within the agreed tolerance levels.

Mitigation Strategies:

- Exploration lead growth strategy to enhance Company's resource base and attaining sustainable future growth in production and revenues.
- Active participation in domestic bidding rounds for exploration acreage enhancement.

- Evaluation of shallow offshore prospects to identify potential areas, within Company's risk appetite, as targets for future exploration activities.
- Active scanning of domestic farm-in opportunities to enhance exploration acreage.
- In view of the limited indigenous hydrocarbon potential, the Company is also evaluating the strategy of farm-in opportunities in overseas exploration and producing assets to augment its reserves base and achieve sustainable future growth.
- Efforts are underway to extend current plateau period of existing reservoirs.

- Apart from efforts in core business, the Company is also actively seeking near core diversification opportunities to augment and act as a hedge for our core business.
- MPCL strives to hire the best human capital available in the industry and is continuously working towards the development of their technical skill sets through extensive training development. It further encourages and facilitate them to utilize state-of-the-art technology. This allows development of intellectual capital within the Company and ensures that the human capital remains abreast with and adopts state-of-the-art techniques and concepts in all aspects of the business.

B. Operational Risks

Internal

- Probability of major accidents due to natural causes, aging infrastructure, human error or negligence, which can result

in injuries, deaths, disruption of operations and associated losses.

External

- Challenges of precarious security situation, difficult terrain, extreme weather conditions, lack of basic infrastructure at remote and frontier regions locations where the Company operates or holds working interests.
- Challenges in maintaining optimal production levels at Mari Field due to fluctuating customer off-takes.
- Breach of digital security compromising the Company's cyber security and/or technology resilience with loss or misuse of data or sensitive information, business/production disruption.
- Disruption in company's production operations, processes and activities/projects due to COVID19 related factors.

Likelihood & Magnitude:

Operational risks are inherent to the E&P sector and can never be fully avoided. Due to the nature of such risks, the magnitude and likelihood varies and the management actively works on new and improved control and mitigations to maintain the likelihood and magnitude within the agreed tolerance levels.

Mitigation Strategies:

- Multi-tier security arrangements along with continuous coordination and engagement with relevant LEAs to ensure safety of personnel and assets in the security sensitive areas.
- The Company follows best industry practices vis-à-vis use of technology, due diligence in decision-making and strict compliance with HSE standards and practices.

- Development and implementation of comprehensive Asset Integrity Management System
- HSE related evaluation of contractors during award of new contracts
- Development of pipeline infrastructure for sale of excess/underutilized production volumes to swing customers
- Information Security Management System 27001:2013 certification and its strict compliance.
- Proactive identification of COVID-19 related disruptions in company's processes/supply chain and development

of appropriate action plans, where required, to deal with the identified challenge effectively.

C. Regulatory & Compliance Risks

External

- Current economic situation/strict foreign exchange regulations inhibiting Company's ability to capitalize on profitable opportunities outside Pakistan
- Adverse impact on long-term strategies and business performance due to unfavorable/unanticipated changes in government regulations (fiscal/regulatory/tax).
- Delays in requisite approvals from the Government in allocation

of gas/condensates from new discoveries depriving the Company of early revenues.

Likelihood & Magnitude:

Regulatory and Compliance related risks are extraneous in nature and have the ability to significantly impact the Company's business model. Likelihood and magnitude of each risk is closely monitored due to its potential high impact on the Company. These are periodically reported to the Board for effective planning.

Mitigation Strategies:

- The Company keeps a close watch on changes in regulations and promptly adjusts its business strategy and operations to



Gas Flow Adjustment - Halini Oil Field, Karak Block, KP/Punjab

Risks and Opportunities Report

take advantage of the offered incentives. Furthermore, maximum efforts are undertaken to protect Company's business interest from adverse regulatory changes through representations at appropriate forums, as and when needed.

- Continuous follow-up with concerned authorities for approval of foreign investments when required.

D. Financial Risks

External

- Risk of unfavorable fluctuations in reference crude prices compared to planning assumptions.
- Credit risk/ slow-recovery of receivables due to systematic inter-corporate circular debt issue resulting in challenges in liquidity and working capital management for the Company.

Likelihood & Magnitude:

The Company has a strong liquidity position with adequate equity capital for both medium and long term in the form of sufficient retained earnings after distribution of dividend to shareholders. This acts as a cushion to absorb any potential adverse impact in cash flows. Furthermore, the financial projections indicate adequacy of the capital structure for the foreseeable future. The Company plans to meet its entire financing requirement during the next year through available reserves and internal cash generation, however, borrowing from banks can be evaluated, if required.

Mitigation Strategies:

- Actions aimed at improving the financial resilience, flexibility (in terms of investment decisions) and efficiency (capital discipline and action on structural costs) of the company to deal with lower



Zarghun South Gas Field - Balochistan

than expected oil price scenario or low oil price over an extended period of time scenario.

- Active scanning of diversification opportunities in related business for portfolio optimization in order to hedge low oil price shock risk
- Active follow-ups at appropriate levels are kept to ensure timely payments of government related dues and company's receivables.

Key Opportunities for MPCL

MPCL is currently pursuing opportunities to create value in the short, medium and long term through identification of potential areas of investment associated with its strategic objectives, policies and targeted growth.

- Offshore exploration in Pakistan is a relatively lesser-explored front. MPCL is actively evaluating

shallow offshore potential for opportunities having associated risk which is within the appetite of the Company. This can potentially expand the prospect inventory of the Company greatly and can contribute towards its growth in the longer term.

- Capacity enhancement of Mari Services Division through initiatives like acquisition of drilling rigs, mud logging unit, directional drilling etc. shall allow the Company an opportunity to explore security sensitive but high potential areas in the wider national interest. With enhanced capacity and proven record of accomplishment, MSD would be able to offer its services to other E&P companies operating in the country.

- With a significant reserve base along with a strong equity and cash position for both medium and long

term allows MPCL to enjoy a greater degree of operational freedom and flexibility in the pursuit of its diversification plan. The Company can readily raise sufficient debt capital when needed at the most competitive terms.

- Incremental pricing incentive for HRL & Goru B Gas presents the company with an opportunity wherein profits can be maximized if the production volumes are enhanced, with no damage to the reservoir.

Creating Value from Opportunities:

The Company has processes in place to actively seek and evaluate potential investment and diversification opportunities. The Company's strategic business plans are accordingly reviewed under guidance of the Board to ensure that identified opportunities come to fruition and adequately contribute towards value creation and achievement of the Company's vision.



MD's Visit to Bannu West Block, KP

Strategic Business Plan and Resource Allocation

The core business has been the focus area of management's business strategy which include optimizing the hydrocarbon production from existing fields and increasing exploration acreage in the pursuit of new hydrocarbon discoveries. In parallel, evaluating the diversification opportunities mainly in energy value chain shall continue to be an important driver of business strategy.

Short-Term (1 - 3 years)

MPCL will optimize production from its existing discoveries and pursue early commercialization of projects. The company will initiate seismic projects and drilling of wells in growth areas to tap large prospective resources. MPCL will also initiate work to realize its long-term objective of becoming a truly integrated energy company by concluding diversification deals in energy and associated infrastructure.

Medium-Term (3 - 6 years)

The company will focus on frontier regions for exploring

medium to high risk- high reward prospects. Achievement of 100% reserve replacement ratio is the cornerstone of medium-term strategy, which the company is committed to achieve through its local and international exploits. Diversification will be another area of interest focusing on renewable energy projects.

Long-Term (7 - 10 years)

The company will optimize its assets portfolio to realize its vision in the long term. We will keep pursuing high-ranked local and international prospects matured during short and medium terms. Our diversified investments in energy sector projects will realize added revenues, making MPCL one of the country's largest sustainable energy producers.

Management Strategies to meet the objectives

A. Production Enhancement

The Company ensured uninterrupted gas supplies from Mari and other fields through:

- Drilling of development wells to ensure the plateau extension.
 - Prioritize projects for monetizing the discoveries awaiting commercialization due to technical constraints.
 - Coordination with the customers to plan their annual turnarounds/shutdowns to ensure optimal gas production.
 - Timely implementation of the field development projects.
- B. Revenue Enhancement**
- Evaluate investment opportunities in mid and downstream energy projects, e.g., renewables, infrastructure, terminals, oil storage, and pipeline projects for vertical business integration.
 - Deliver a more significant shareholders' value by leveraging earnings to improve future revenues and maximize returns on an accelerated timeline. Every opportunity, aligned with its business strategy, will be

exploited to increase revenues and grow cash flows more quickly with a competitively lower unit cost.

- Identification and tapping of new exploration prospects within existing fields to generate additional revenues using available infrastructure.
- Effective funds utilization.

C. Exploration Strategy

- Pursue high-ranked international opportunities that expand our portfolio beyond the national boundaries.
- Accelerated exploration and drilling campaigns in operated blocks.
- Expansion of exploration acreage through farming in highly prospective blocks and participation in future bidding rounds, within the country and abroad.
- Undertaking projects in security sensitive but highly prospective blocks.
- Re-balance portfolio by acquiring a working interest in potential blocks and farming-out working interest to reputed companies in our operated blocks as part of the risk-sharing strategy.

D. Cost Cutting/Budgetary Controls

- Utilization of in-house expertise and resources, wherever possible.
- Fiscal tightening measures without affecting the productivity.
- Negotiated savings in procurement of goods and services.

E. Operational Strategy

- Capitalize on our strengths and capability of operating in challenging and security-sensitive areas of Pakistan, which are less explored and potentially may offer higher returns.

Effective collaboration with law enforcement agencies to ensure safety of personnel and assets in security sensitive areas.

Adherence to highest HSE standards and practices at all employee levels and locations.

Engagement of locals through provision of jobs and business opportunities and high impact Social Welfare Projects.

Adoption of latest technology and continuous improvement of internal processes.

Key Performance Indicators

In order to ensure achievement of corporate goals within stipulated time-frame, Management Control System (MCS) has been implemented. Besides monitoring corporate performance under each corporate objective, a set of "look-behind" Key Performance Indicators (KPI) covering a larger spectrum of performance measures, is also used to study the overall performance of the Company.

The formulation of the business plan draws input from the preceding year's performance on the KPIs listed below:

1. Finding and Development Cost per BOE of new reserves added
2. Reserves Replacement Ratio (%)
3. Exploration success rate
4. Drilling cost per meter
5. Production cost per BOE produced
6. Production growth (%)
7. EBITDA per employee
8. Reserve growth rate (%)





Block 28, Balochistan



Seismic Activities - Taung Block, Sindh

Major Plans and Decisions

A. Corporate Restructuring

The Company is performing exponentially well in all spheres of its operations. With a robust balance sheet and strong operational cash flows, there are no plans for organizational restructuring.

B. Business Expansion – Core Operations:

The Company has been substantially enhancing its exploration and development portfolio and spent Rs. 51 billion on exploration and prospecting new hydrocarbon resources during FY 2021-22.

To achieve optimal production from HRL reservoir, two compression batteries and a dehydration unit were procured, installed and commissioned on fast-track basis at CMF-II to inject up to 50 MMSCFD gas into SNGPL system. An agreement was put in place to supply gas to SNGPL through PFL’s pipeline under Third Party Access Arrangement. This arrangement has offered a flexibility to ensure continued gas production when any of MPCL’s existing customers are unable to off take allocated gas volumes.

Currently, seismic data acquisition is in progress in Block-28 and Taung. The Company plans to drill 9 exploration / appraisal wells in operated blocks in the coming year.

The Company is continuously evaluating acquisition of additional exploration acreage through active participation in the block bidding rounds as well as through farm-in opportunities

C. Discontinuation of Operations

The Company has no plans to discontinue any of its major operations.

Significant Changes in Objectives and Strategies from the Previous Year

The Company’s main areas of focus are the same as those in the previous year, however, the targets are revised in line with the strategic priorities set by the management for the FY 2022-23.

Effect of Seasonality on Business in Terms of Production and Sales

Today, oil and gas companies form a vital part of the global economy and

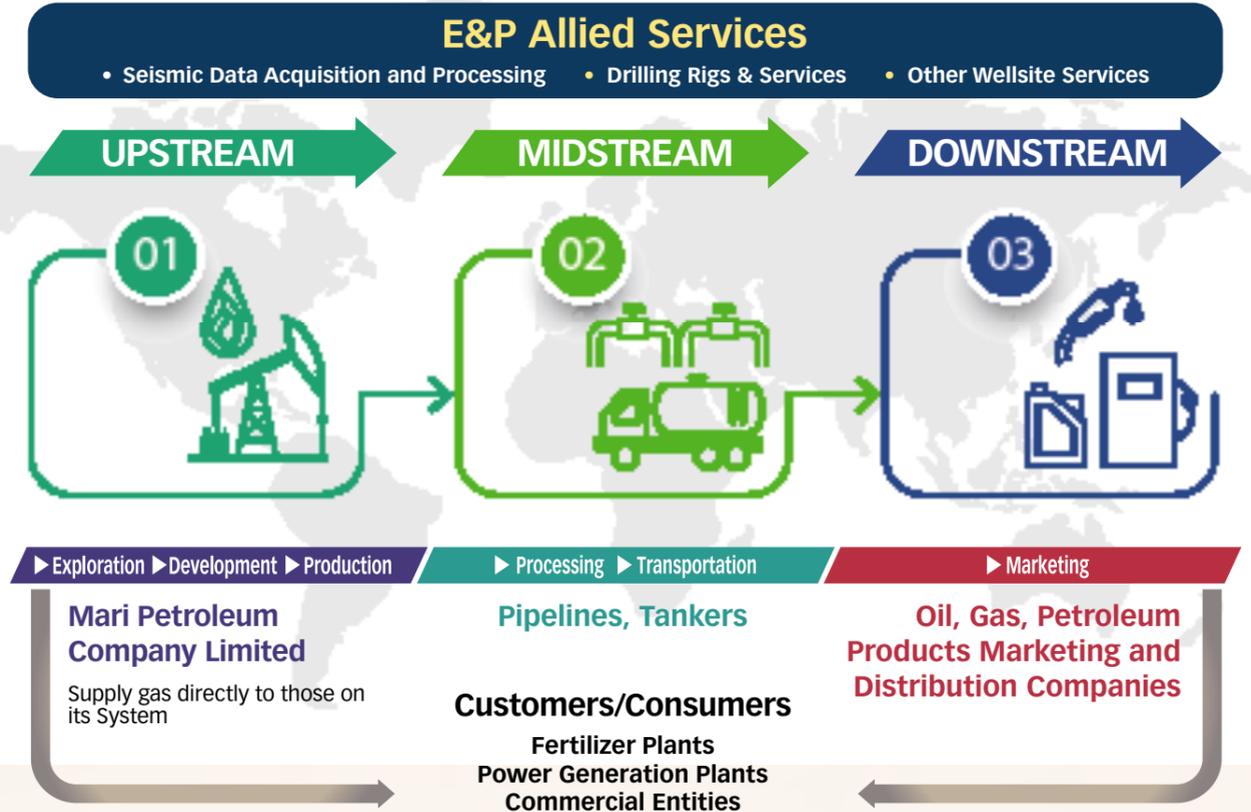
contribute significantly towards the GDP. The energy industry has seen a significant shift in its demand-supply trend due to increase in the adoption of renewable energy sources and the growing trend towards alternative energy sources as significant contributor for fulfilling consumers energy requirements. Though such shifts may cast an unfavorable spotlight upon oil and gas companies but since Pakistan is an energy deficient country and renewable energy sources are not able to support base load energy supply, therefore inclusion of alternative energy sources in consumers’ energy basket may not have any significant impact in the coming decade.

Demand for oil and gas in Pakistan generally follows a seasonal trend i.e. demand for natural gas increases in winter mainly due to space and water heating requirements and demand for oil increases in summers due to increased requirement of fuel for power generation. Therefore, the Year-to-Year demand-supply gap remains almost constant throughout the year. Seasonality has limited impact on the operations of MPCL as most of its customers are fertilizer companies having stable gas demand



Seismic Activities - Block 28, Balochistan

MPCL's Position in Petroleum Value Chain



year around and only small volume of the gas is being supplied to power sector and national grid which is more prone to seasonal trends.

The Company is continuously evaluating acquisition of additional exploration acreage through Active participation in the block bidding rounds as well as through farm-in opportunities

Company's Most Significant Resources

The Company’s most significant resources include the following:

Human Capital: The Company has a dynamic and diverse workforce contributing to the exceptional performance and growth of the Company. The Company’s workforce is gradually expanding in line with its growing operations. Further details on the Company’s human resources can be found in the HR section of this Report.

Hydrocarbon Reserves: The Company has substantial hydrocarbon reserves to meet its long-term supply commitments. As of June 30, 2022, the Company had reserves of 570.8 MMBOE. The Company has the second highest reserves base in the Country. Concerted efforts are being made to maintain reserves replacement ratio at 100% to ensure the long-term viability of the Company.

Financial Resources: The Company had Rs. 130.9 billion in shareholders’ funds at its disposal as of June 30, 2022. A strong balance sheet allows the Company a greater flexibility to pursue expansion and diversification opportunities.

E&P Allied Capabilities: In-house seismic data acquisition, processing and drilling capabilities at par with international standards provide the Company with greater flexibility and assurance of required services

especially in security-sensitive areas and geographically challenging terrains. The Company further augmented these capabilities by acquiring two more land drilling rigs and a mud logging unit during the FY2022.

Reputational Resources: MPCL is one of the premier corporate entities in the Country. The Company’s corporate image and market reputation, reliability, and relationship with its customers, suppliers, JV partners and local communities etc. are quite valuable for its corporate success.

Resource Allocation

At MPCL, strategic planning and budgeting are interlinked and integrated for optimum allocation of resources. The allocation of resources for various activities is driven by the priority set in the Strategic Business Plan of the Company. Accordingly, the Company has allocated the maximum amount

of budget for development projects, followed by exploration activities. Apart from financial capital, other resources, particularly human resource are also allocated in line with corporate objectives and targets for short, medium and long terms. Accordingly, most of the growth in the Company's human capital has been in Operations, Reservoir, and Mari Services Departments in consonance with the expansion of these core operations. There is a proportionate increase in human capital in finance, procurement and administration departments to provide expedient support to the core functions.

Organizational Overview

Significant Factors affecting the External Environment and Organizational Response

Like other organizations, MPCL's operations are susceptible to the changes in external environment which are ably managed by employing various strategies as explained below;

Political Environment: The socio-political landscape is a combination of risks and opportunities. The company operates without any political affiliations, but any change in the political climate vis-à-vis its policies is sure to affect the company business operations.

MPCL Response: MPCL is a key player in ensuring the food and energy security of the country which requires elaborate integration amongst itself and its customers such as fertilizer and power producers. Any change in the government's policy towards any of these players has an impact on each of them. In order to overcome such challenges and minimize the



Noor-e-Sehar Special Education School - Daharki, Sindh

impact of change in the government policies, MPCL maintains a cordial and professional relationship with all its stakeholders in the value chain so as to shape up the opinion for positive changes in policies which can be leveraged to the benefit of the each stakeholder.

Economic Environment: Oil and gas are extremely volatile commodities. Any change in economic environment has a potential impact on the Company's financial performance and stability. Oil price volatility was on full display during recent times due to various factors including OPEC quota restrictions, sanctions on Iran, dwindling demand for oil due to economic slowdown caused by COVID-19 and most recently Russia's invasion of Ukraine, which pulled some three million barrels a day of Russian oil from global supplies.

MPCL Response: A dynamic portfolio becomes almost a necessity for financial stability in volatile markets. The company proactively aligns itself with the market through its ever evolving growth strategy for enhancing production and efficient use of its resources. In order to achieve this, Company is actively pursuing opportunities both in national and international markets. In addition,

MPCL is also pursuing diversification opportunities in the near-core and non-core business areas where renewable energy (wind, solar and hydro) and energy infrastructure projects are the primary focus of interest.

Social Environment: MPCL's operations are directly affected by the social environment with regards to the local inhabitants of the areas where Company undertakes its E&P activities.

MPCL Response: MPCL is not just cognizant but also sensitive to the needs of the local population inhabiting its areas of operations. The company strive to align itself with the demands of the locals for the social uplifting and economic development. The company understands and accustoms itself with local norms and traditions while engaging the communities and involving them not just in the employment opportunities, but also in the process of on boarding them before commencing operation. This instils a sense of goodwill in the hearts and minds of the communities thus enabling the Company to fulfil its CSR objectives in a fruitful and long-lasting manner while ensuring healthy social environment for its employees.

Technological Environment: E&P is a technology driven industry. New technologies can enhance chances of success, reservoir recovery, and help unlock the potential of unconventional resources. Efficient use of technology can help reduce the costs and bring in more productivity in operations.

MPCL Response: Technology has shaped and will continue to shape E&P industry in many ways. Recent technological advancements have enabled the industry to find and develop oil and gas resources at much lower costs than before and recover more from existing reservoirs. In accordance to this, MPCL constantly keeps itself abreast with advanced/current technologies to further increase chances of success, reduce costs of finding and producing hydrocarbons and improving recovery factor. Technological advancement has also allowed to tap unconventional resources that were earlier unfeasible to explore, drill and produce. Moreover, MPCL also employs latest technologies for gaining access to advanced information data to develop its processes and improve upon its mechanical efficiencies.

Environmental Factors: Finding and producing oil and gas has several ecological effects which include air and water pollution, damage to land and loss of life due to oil spills, gas leakages, accidents or fires etc. These environmental impacts need to be meticulously identified, managed and mitigated.

MPCL Response: Environmental stability is amongst the top millennium development goals set by the UN and the World Bank. This priority cascades into MPCL's business plan as we pride ourselves as being socially aware and environmentally responsible given the nature of our business. HSE is



Noor-e-Sehar Special Education School - Daharki, Sindh

amongst the management's top priorities and all possible measures are taken to identify the risks involved and their mitigation plans before undertaking any project. MPCL management is fully aware of the level of risk that E&P activities pose to life, nature and reputation. Any incident of minor negligence can have catastrophic impact not only on the environment but also on company's operations and reputation. Therefore, management takes all the requisite monitoring reviews, studies and coordinates with the relevant government bodies on environment and agencies as well as JV partners for seamless implementation of the relevant policies and SOPs. Being a responsible eco-friendly company, MPCL is currently evaluating implementing projects, through its own investment, that may allow the Company to reduce its operational carbon foot print (Scope-1 & Scope-2) to a large extent. The company is also aggressively engaged in tree plantation drives in and around its areas of operations. At Mari Field, Daharki, MPCL is making efforts in the form of planting multiple forests using the Miyawaki Forestation technique. Over 45,000 trees, sub-trees and shrubs have been planted.

Legal Environment: In-house

legal, commercial and technical professionals thoroughly review all agreements and contracts before finalizing to shelter the company from any techno-commercial, financial or legal exposure. Furthermore, the Company's in-house legal team is well-versed and able to handle all legal matters and potential litigation whether it be with any party. Where needed, external legal counsels are also engaged to support the Company to deal with legal matters/issues.

MPCL Response: In-house legal, commercial and technical professionals thoroughly review all agreements and contracts on behalf of the Company to shelter the company from any techno-commercial, financial or legal exposure. Furthermore, the Company's in-house legal team is well-versed and able to handle all legal matters and potential litigation whether it be with any party. Where needed, external legal counsels are also hired to support the Company to deal with legal matters/issues.

Analysis of the Company's Current Performance Vis-À-Vis Targets

The Financial year 2021-22 witnessed an extraordinary upsurge in petroleum prices. It was a prolific year for the company both in terms

Strategic Business Plan and Resource Allocation

of revenues and profitability. Other performance parameters also followed a progressive trajectory. MPCL also boosted its production during the year which contributed in bridging the energy demand and supply gap of the country.

A. Core Activities

Seismic Activities : The Company carried out seismic data acquisition activities in several blocks. Mega seismic campaigns were completed by MSU crews, in highly challenging and security sensitive areas. Based on processing, interpretation and integration of acquired seismic and G&G data, a number of high potential exploration wells are planned to be drilled during the FY 2022-23.

Drilling Campaign: The Company drilled 9 exploratory wells during the FY 2021-22. In addition, exploratory well Sundha Thal (Kalchas Block) is in progress and is expected to be completed in FY2023. Whereas 4 wells were drilled in company's non-operated blocks by JV partners.

New Hydrocarbon Discoveries and Reserves Addition: The Company made a large gas/condensate discovery in Bannu West-1 exploratory well in Bannu West Block during the financial year. In non-operated blocks, MPCL's JV partner OGDCL made a gas discovery at exploratory well Kaleri Shum-1 during the financial year. Evaluation of Kaleri Shum-1 discovery is in progress.

Production of Hydrocarbons: The Company produced a total of 36.9 MMBOE, as compared to 35.87 MMBOE produced during last year. The Company was able to maintain incremental production from HRL Reservoir as per plan and the total incremental production of gas

was 51.63 BCF as compared to 42.50 BCF produced in the last year.

Expansion of Exploration

Acreege: MPCL was provisionally awarded five new exploration blocks in Pakistan by the Directorate General of Petroleum Concessions (DGPC) in the Block Bidding Round held in March 2022. MPCL will be the operator in Dadhar and Mach Blocks with working interests of 40% with PPL and UEP having 30% working interest each. MPCL will hold 50% working interest with PPL in Sui North and Kalat West blocks in Balochistan as non-operator, while it holds 50% working interest with UEP in Meeranpur Block in Punjab.

B. Diversification

The Company is constantly evaluating potential means / diversification opportunities in near-core (within energy value chain) and non-core sectors to mitigate crude oil price risks and to add value to the core

operations. The Company is evaluating and conducting due diligence of various projects and plans to invest in those projects subject to their economic feasibility and requisite government approvals.

C. Financial

Gross Sales reached the highest ever level of Rs 108.97 billion from Rs 82.69 billion last year. Similarly, Net Sales reached unprecedented level of Rs 95.13 billion from Rs. 73.02 billion during last year. The impact of increase in Net Sales was reflected in Net Profit which jumped by 5% to reach Rs 33.06 billion compared with Rs 31.44 billion of the last year.

Earnings Per Share also increased to Rs 247.84 from Rs 235.71. After payment of final dividend, total dividend to the shareholders will amount to 1240% (Rs 124 per share) for the year. The Company maintained its distinction of being the most cost effective E&P Company in the Country with operating expenses around 16%



Session on Procurement



Fuel Gas Package - Sujawal Field, Sindh



Celebrating Successful Completion of Seismic Project in Taung Block, Sindh

of the gross sales. The Company reduced overall administrative costs by 26% against the target of 10%. Similarly the Company was able to ensure that at least 90% of the cash calls from JV partners were collected.

D. Internal Processes

The Company continuously improved its internal business processes and successfully implemented:

- Business Intelligence (BI) Dashboards: To help management make well informed decisions in a complex business environment.
- Process Automation: In order to improve Company's operational efficiency, implemented e-forms and process automation systems at departmental level.
- Annual Procurement Plan: For visibility of the Company's future procurement requirements and their proper planning, the company successfully implemented APP (Annual Procurement Plan).

E. Stakeholders

HSE: The Lost Time Injury Frequency (LTIF) was 0.12 during FY 2021-22

against the target of 0.32, whereas Total Recordable Case Frequency (TRCF) was 0.12 against the target of 0.43. Process Safety Event Rate Tier 1 was 0.00 against the target of 0.24. Process Safety Event Rate Tier 2 target was 0.48 and the Company managed to achieve 0.09.

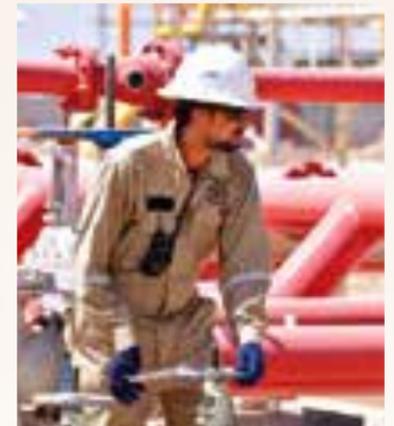
CSR: The Company contributed Rs 4.15 billion for social welfare and community development during the year, as compared to Rs 0.52 billion contributed in the previous year.

Contribution to the Government

Exchequer: The Company contributed around 78 billion rupees to the Government exchequer in the form of royalty, taxes, levies and duties.

Analysis of Prior Period Forward-Looking Disclosures

In the previous year, it was informed that the going forward, the Company will continue aggressive exploratory efforts in existing blocks, maintain uninterrupted supply of hydrocarbons to its downstream customers, while at the same time explore farm-in and selected farm-out options, acquisition of international blocks, and selected diversification projects.



The actual performance of the Company and status of projects as explained in the section titled "Analysis of the Company's Current Performance vis-à-vis the Targets" indicate that the Company's priorities were in line with the forward looking statements and its performance was on target in all areas.

Status of the projects in progress and were disclosed in the forward-Looking Statement in the previous year.

The status of the projects has been disclosed in detail in the Managing Director's outlook and Director's Report.

FORWARD-LOOKING STATEMENT

The Company is steadily expanding its operations and building its human, technical, financial and social capitals to fuel and sustain its future growth trajectory. The company intends to enhance its production from the Mari D&P lease and increase its existing exploration acreage by acquiring both local as well as international blocks through participation in bidding as well as M&A efforts.

Mari Field has been the mainstay of the Company's production and revenues since inception and is expected to remain so in the coming years. Therefore, a significant portion of the Company's efforts and resources including drilling of wells and measures to achieve optimal production will be expanded in Mari Field. The Company will carry out exploration activities in current and prospective blocks on priority with an aim to discover more hydrocarbon resources, which can be immediately brought on stream by utilizing existing infrastructure. Infrastructure-led investments in the exploration and development projects in Mari Field will hopefully add significant value to the Company for passing-on to its stakeholders.

MPCL is also constantly looking for potential means to mitigate the pricing risks generally faced by the E&P sector as a whole and realizes the importance of diversifying to manage potential risks in the rapidly changing market dynamics. MPCL has successfully drilled its first exploratory well (BW-1) in Bannu West Block with significant resource of hydrocarbon in the area. The Company is also vigorously completing its pre-spud activities in Block-28 in Balochistan for start drilling its first exploration well in February next year. These two blocks have the

potential to significantly Enhance the Company's reserves-base with expected production commencement in 2024-25. Furthermore, MSU seismic data acquisition capacity has been enhanced with the addition of third seismic crew. MSD has enhanced its resource capacity by adding two rigs (Rig 4 and Rig 5) each having 2000 HP to its portfolio.

The Company is pursuing the signing of PCAs/ELs over Dadhar, Mach, Meeranpur, Sui North and Kalat West Blocks, which it won in the block bidding round held in 2022. The company is also expediting its exploratory efforts in Sharan and Nareli Blocks that were won in the bidding round held in 2021.

MPCL along with consortium of Pakistani companies, OGDCL, GHPL and PPL has been awarded Offshore Block 5 in Abu Dhabi's second competitive exploration block bid round.

The consortium incorporated a Company named Pakistan International Oil Limited (PIOL), in Abu Dhabi Global Market, in which each consortium member has 25% shareholding.

Offshore Block-5 is located 100 kilometers north east of Abu Dhabi city. The award of offshore Block-5 in Abu Dhabi will augment the Company's reserve- led growth strategy and will also serve as stepping stone for the Company's internationalization efforts.

The Company is continuously scanning for opportunities in core and non-core sectors and a number of projects are at different stages of evaluation. The Company is conducting due diligence and feasibility studies of various projects and plans to invest in them, subject to their economic feasibility and requisite approvals.



Strategic Business Plan and Resource Allocation

Source of Information and Assumptions used for Projections/Forecasts in Forward-Looking Statements

The information and assumptions used for projections and forecasts are sourced from PPIS reports, Economic Survey of Pakistan and several international oil & gas industry-specific sources such as IEA publications and websites. The data from external sources is combined with in-house exploration, production and financial data. After extensive examination and deliberations by the area experts, the Company's business plan is developed to set the objectives and targets for the coming year, providing a foundation for developing an effective strategy for growth.

Competitive Landscape and Market Positioning

MPCL manages and operates the largest recoverable gas reservoir of the country at Mari Gas Field, Daharki in Sindh. MPCL is the second largest gas producer in the Country with a market share of around 22% and cumulative hydrocarbons production of over 100,000 BOE per day.

MPCL is uniquely positioned in the petroleum exploration and production business in Pakistan having the largest dedicated customer base comprising mainly of fertilizer manufacturers where natural gas is primarily used as feed stock. The chemical composition of the gas produced from Mari Field is ideal for urea manufacturing and does not require any processing for utilization in the fertilizer sector. More than 90% of the urea production in the Country is based on natural gas supplied by MPCL. The composition of the gas produced by MPCL, and the cost at which it is produced, gives MPCL an advantage over other gas producers/sources.

There is no imminent competition from any of the other exploration and production companies operating in Pakistan especially when the gas utility companies are faced with widening gas demand supply imbalance consequently resorting to heavy reliance on import of RLNG, which is priced under a ring-fenced full cost recovery mechanism. Gas pricing for indigenous supply for fertilizer sector is subsidized which effectively eliminates any competition with RLNG.

The situation is unlikely to change in the foreseeable future as indigenous gas production is on the decline and there is a widening gap between demand and supply. The remote possibility that could arise for the Company could be its inability to sell gas, if the Government pushes for preferential use of RLNG leading to pipeline capacity issues.

How the organization is currently equipped in responding to the critical challenges and uncertainties that are likely to arise

MPCL has the requisite expertise and is well equipped to deal with the critical challenges and uncertainties that it is currently facing. At the same time, the Company is enhancing its human, technical, financial and knowledge resources to deal with uncertainties and risks of the future. The expertise and strengths of MPCL are enumerated below:

1. A pool of highly qualified and experienced professionals who are strategically focused and dedicated to achieving excellence in each sphere of the Company's operations.
2. Operatorship of Mari Field which contains the Country's largest gas reservoir (in terms of current reserves).
3. In-house seismic data acquisition, processing and

drilling capabilities at par with international standards.

4. Ability and track record of operating in security-sensitive areas where other service providers and E&P companies are reluctant to venture.
5. Ability to operate on thin margins being low cost operations.
6. Strong balance sheet and cash flow generation ability.

Business Model

Business model is a system of transforming inputs, through its business activities, into outputs and outcomes that aim to fulfil the organization's strategic purposes and create value over the short, medium and long term.

The Company provides raw material to the fertilizer sector and plays significant role in ensuring food security of the country. The Company also provides gas to domestic and power generation consumers.

MPCL's Business Model objectives are aligned with its operational priorities. Its gives in-depth strategic roadmap that will calculate internal and external market dynamics of MPCL and evaluate strategic opportunities based on but not limited to the below given main areas;

- Strengthening the E&P core – Local expansion of drilling blocks onshore and offshore.
- Production enhancement from existing reservoirs.
- Explore adjacent industries – Setting up renewable projects.
- Cost cutting and budgetary control measures especially in finding, development and operating costs
- Optimize field productions especially from Mari D&PL area so as to generate

MPCL Business Model



- International growth – Acquire international drilling blocks focusing on short cycle, low cost assets.
- Keep pursuing exploration-led growth strategy to achieve 100% reserves replacement ratio.

To ensure a balanced growth of the Company, the following strategic areas shall be the focused while developing the business model:

- a. Core Business/E&P
- b. Diversification
- c. Financials
- d. Internal Processes
- e. Stakeholders

1. Core Business/E&P:

This area covers the Core business of E&P e.g 2D/3D seismic data acquisition, it's processing, drilling of

wells, hydrocarbon reserves enhancement, production of hydrocarbons and acquisition of exploration acreages. Core business also includes replacement of depleting reserves by making new discoveries and Reserve Replacement Ratio growth.

2. Diversification:

This area mainly covers the diversification business of the Company as the oil & gas business dynamics are constantly changing. The Company is evaluating different opportunities in entire energy value chain.

3. Financial:

The focus in this area include increasing return to the shareholders, enhancing net profit by increasing sales, receivable recoveries, budgetary control measures and achieving financial self-sufficiency for

all sections of the Mari Services Division.

4. Internal Processes:

This area mainly emphasize on re-structuring of internal business processes by adopting the latest technology and techniques. The ultimate objective is to improve Company's operational efficiency.

5. Stakeholders:

This area cover the expectations of Company's stakeholders e.g joint venture partners, shareholders, customers, employees and specially the local communities in different areas of the Company's operations.

The business model is reviewed and monitored on quarterly basis against targets vs achievements. The Company's short, medium and long term business strategy has already been provided in Strategic Business Plan and Resource Allocation section.

The Effect of Technological Change, Societal Issues and Resource Shortages, on the Company Strategy and Resource Allocation



Discussion on Technological Utilisation - Head Office, Islamabad

Effect of technological change

MPCL has an agile working environment which is powered by latest technological tools. COVID-19 has forced MPCL to accelerate the adoption of technologies and the company is now a remote ready organization which has allowed operations of the company to continue without interruption. In the core business area, Technology has the potential to enhance performance across the entire upstream oil and gas value chain by enabling optimization and automation. MPCL is cognizant and increasingly focused to be at par with the leading upstream companies of the world. MPCL has kept itself abreast with implementation of cloud networks and data automation. With the help of highly qualified in-house IT workforce and industry experts, SCADA systems have also been installed in Mari field with plans for installation in other fields.

An increased effort has been put in to enhance reservoir analysis. Company also intends to adopt latest machine learning and AI

driven tools in its operations. Digitalization of the rig is another area which the company is studying closely for possible adoption. Needless to say that the company is both willing and ready to adopt latest technological trends while being cognizant of the cyber security risks.

Societal issues (population and demographic changes, human rights, health, poverty, collective values and educational systems)

The Company responds to societal issues by carrying out high-impact projects in the thematic areas of education, health, water supply schemes, infrastructure development etc. for the uplift of the local communities in its active areas of operations, which are mostly far-flung and generally devoid of even basic necessities.

Corporate Social Responsibility is a significant instrument to achieve MPCL's goal of sustainability and business continuity. Sustainability at MPCL means a commitment towards country "to develop and explore resources responsibly and

profitably" while making a positive contribution to communities, environment and creating value for all stakeholders. MPCL has longstanding pledge to achieve well-being of all the stakeholders in its value-chain through continuous engagement with relevant departments / stakeholders by upholding best practices in social responsibility as laid down in the ISO 26000 guidelines. Our Core Values revolve around inclusive business, responsible investment, triple bottom line and innovation for sustainability.

MPCL spent around Rs 800 million on different CSR (Corporate social responsibility) Projects during the FY 2021-22.

Moreover, significant amounts of Rs 2,601 and Rs 522 Million were deposited as Production Bonus and Social Welfare Obligations for Mari Field Daharki.

Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages:

Miyawaki Forestation in Daharki. Pakistan is extremely vulnerable to climate change impacts because of its geographical location, high population and low technological and resource base. In line with Pakistan's national goals for climate action, MPCL is aggressively engaged in tree plantation drives in and around its areas of operations. Adopting the latest technique of afforestation, Miyawaki Forest has been established in Daharki on an area of over 20 acres. Over 45,000 trees, sub-trees and shrubs have been planted which will significantly contribute towards carbon neutrality.



Training on Professional Etiquettes to Trainees - Head Office, Islamabad

Specific processes in making Strategic decisions and monitoring the culture of organization

Balance Scorecard:

In order to evaluate the organizational performance, management has introduced the Balanced Scorecard approach. Selected financial and non-financial metrics have been monitored for evaluating the corporate performance.

Management believes that long-term business success will not be achieved if the focus is only on near-term financial gains. With the balanced scorecard approach, an array of performance measurements indices both operational as well as strategic have been developed. Each indicator is congruent with the overall objectives of the company.

Business Planning Process:

The process adopted by the management for developing Company's Business Plan is participative, consultative and result oriented. While the overall

direction is provided by the Managing Director, the strategies and corporate objectives are evolved at the departmental levels to ensure ownership and commitment of those charged with implementing the plan.

The overall planning approach employed is systematic and rational, based on the guiding principle that "planning process is as important as the plan itself and hence needs to be carefully chosen". All possible efforts are made to keep the process open, iterative and flexible so that it remains substantially evolving over time while keeping all the stakeholders on-board.

Each year before initiating work on setting corporate goals, management feedback is gathered through a structured questionnaire highlighting the strategic outlook of the Company and seeking input from management employees about their aspirations about company's future, their perception of challenges company is facing and the potential strengths and weaknesses etc. Subject feedback serves as basis of discussion among the senior

management during strategy sessions, which are convened to review and update short as well as long-term strategic outlook of the company. Finally, a strategic workshop, presided by the Managing Director, is arranged to hold a joint session of HODs to collect their feedback and finalize MPCL's future strategy and the business plan is essentially extracted from those strategies.

Attitude towards risk and mechanisms employed by MPCL to mitigate risks and address issues of integrity and ethics.

Individual's attitude towards risk at operational level or organization's collective attitude at the macro-level forms the overall risk culture of the organization. A progressive risk culture is the product of individual and group values, of attitudes and patterns of behavior that lead to a commitment to an organization's risk management policy. Organizations with a positive risk culture are characterized by communication founded on mutual trust, by shared perception of the importance of risk management and by compliance

of the devised processes and reporting requirements. To this end, MPCL puts great stress on initiatives and measures focusing on positive changes in the organizational behavior that contribute towards a progressive risk culture.

Dealing with the issues of ethics and integrity: We maintain the highest ethical, moral and legal standards in all our dealings without compromise. Integrity is the foundation of who we are and what we stand for. There is no gap between what we say and what we do and there is a conformity between our thoughts and actions.

Similarly, ethics and transparency guide our daily activities. We believe in doing what is right, whether or not that is required under the law. We maintain honest and open communication with our internal and external stakeholders about our actions and operations.

The issues of ethics and transparency are dealt with in line with our Code of Conduct, which all the employees have to commit to. An effective Whistleblowing Policy is also in place to provide a platform to all stakeholders of the Company to voice their concerns where they genuinely believe that the Company's business is not being carried out in an appropriate manner or any suspicious or undesired event/activity is being carried out in violation of the applicable laws or Code of Conduct of the Company or which may have an adverse impact on the business or goodwill of the Company or the society at large.

The Policy has recently been revised to introduce important changes to encourage whistleblowing. Now the complaints and concerns are directly dealt with by the Chairman Audit Committee instead of any executive of the Company.

Anonymous complaints have been allowed and rewards have been introduced for the whistleblowers.

The initiatives taken by the company in promoting and enabling innovation.

MPCL introduced 1st ever engineered Road Hazard Management System (RHMS) with the support of ADCR in the E&P sector of Pakistan.

- MPCL developed fit-for-purpose Well Delivery Process & Well Engineering Management System (WEMS) to Plan, Execute and Evaluate well construction business cycle aligned with international standards.
- Several technologies were introduced in drilling operations e.g. managed pressure drilling, oil based mud, sidewall coring, through bit logging etc. to deliver the well objectives.

SWOT Analysis of the Company

Strengths:

- Large reserves base with strong financial outlook
- Low operating cost among peer companies
- Gas player operating Pakistan's biggest gas field
- Ability to operate in security sensitive areas
- Reputed mgt. practices/goodwill among local/international circles
- Efficient & highly resilient Services Division
- Experienced & highly qualified work-force with positive work attitude
- Strategic position as backbone of national food security
- Diversified shareholding

Weaknesses:

- Over dependency on Mari field for production and revenues
- Dependence on the local geology with limited prospectivity for organic growth
- Fast depleting reserves

Opportunities:

- M & A opportunities in the oil and gas value chain
- Investment opportunities in near core and related business
- Opportunity to leverage position in the associated gas value chain
- E&P growth potential available in existing D&PL areas
- Substantial demand for oil and gas in the country

Threats:

- Low oil and gas prices: Geopolitics and other factors negatively impacting oil and gas prices
- Foreign exchange restrictions on investment in international projects.
- Economic slowdown.

STRENGTHS S

WEAKNESSES W

OPPORTUNITIES O

THREATS T

Celebration of World Environment Day - Islamabad

Composition of local versus imported materials and sensitivity analysis due to foreign currency fluctuations

Substantial portion of our annual procurement spend comprises of foreign materials and services, while our major spend is in USD. Continuous deterioration of PKR to USD parity has increased the economic volatility and uncertainty to unprecedented levels. Foreign currency fluctuation is one of the major barriers faced by our global sourcing initiatives aimed at acquiring quality materials and services, while achieving cost savings wherever possible, resultantly, our efforts may yield zero or even negative results. Furthermore, exchange rate fluctuation also adversely affect the local sourcing initiatives as our key suppliers import a significant portion of their raw materials from abroad. Consequently, the prices denominated in PKR are also impacted and increased risk premium is built into the prices.

Supply Chain Management

To keep up with the growth plans of MPCL and best practices globally, the department has been renamed from Procurement to Supply Chain Management. The SCM department is now responsible to manage end to end process of requirements covering Procurement, Demand Planning, Logistics, Warehousing, Contracts and Quality. This change will bring in well-coordinated integrated services and will result in better planning and efficient services to the stakeholders.

Supply Chain Department is undergoing transformation to become a strategic business unit, capable of providing maximum support to MPCL's operations. A clear strategy and roadmap is defined to enhance capacity and capability. New systems and procedures have been implemented and all functional units within the supply chain have clearly defined objectives and priorities.

In a short span of time, SCM has been able to successfully complete several initiatives, including roll-out of SCM Manual, Implementation

of MRP for automated replenishment of inventory, SCM Dashboard for improved visibility into spend areas, and several quick-win initiatives under project "Fast Forward".

In addition, a performance management framework consisting of key performance indicators and a data-driven reporting mechanism for performance monitoring and visibility have been implemented, which will facilitate the strategic allocation of time and resources to the areas where they are most needed, thereby enhancing the overall operational efficiency.

SCM team is now fully equipped to maintain and further enhance service levels and to establish a reputation of a business partner and source of competitive advantage for the stakeholders.

Business Rationale of Major Capital Expenditures / Projects during the year and for those Planned for next year

All major capital expenditure/projects during the year were in line with the

Company's strategic objective of reserves replacement, production enhancement, expansion of exploration acreage and capacity enhancement of MSU. To achieve early monetization of HRL gas, two compression batteries and dehydration unit were procured and installed on fast-track basis at CMF-II and commissioned in mid-June 2021 to inject up to 50 MMSCFD gas into SNGPL system. An agreement was put in place to supply gas to SNGPL through PFL's pipeline under Third Party Access Arrangement. This arrangement has offered a flexibility to ensure continued gas production when any of MPCL's existing customers are unable to off take allocated gas volumes.

Major capital expenditures planned outside Mari Field include exploratory wells in Block-28, Sujawal, Sukkur, Bannu West and Karak Blocks and completion of current seismic data acquisition campaign in Block-28, Ziarat, Wali West and Taung.

The Legislative and Regulatory Environment

MPCL operates in a heavily regulated environment and is

required to ensure compliance with applicable E&P, environmental, corporate, commercial, and taxation laws as well as directions of various regulatory bodies. In addition to the federal laws, MPCL has to comply with the applicable provincial laws, while its international operations in the UAE are subject to the relevant corporate and other laws of the UAE.

The legal and regulatory environment can have significant influence on MPCL business model and its operations. A change in the applicable laws can create uncertainty, change the basis of investment decisions, and even invalidate what initially were very sound business decisions.

GoP Policies and Impact on the Company's Business Performance

During the year, there was no significant change in the government policies related to the E&P Sector. The Petroleum Division is working on revising the Petroleum Policy 2012 to offer more incentives to foreign and local exploration and production companies to

encourage investment in the E&P Sector. These changes will be implemented after approval by the relevant forums. Apart from E&P Industry specific policies, the imposition of super tax has impacted the Company's bottom-line, while lack of a clear and effective strategy on part of the Government to deal with the rising circular debt may impact the Company's liquidity and availability of funds for future exploration and development projects.

Sustainability and CSR Initiatives



1. Health, Safety and Environment
2. Human Resource
3. Value Addition to Shareholders
4. Corporate Social Responsibility



MPCL while conducting business & operational activities is committed to promote & pursue excellence in the Health & Safety of everyone impacted by our activities. We will take all necessary measures to protect the environment in our surrounding areas with key focus on the development & welfare of communities in our operational areas. Establish accountability & responsibility for HSE within line management for equal importance as all other business processes.

We will ensure continuous improvement by measuring & analyzing our HSE performance during the implementation of Integrated Management Systems in all our activities. Everyone who works for MPCL should go home in good physical & mental health, which will be achieved by identifying and eliminating risks related to Health, Safety, Environment and Quality for our people, assets, environment and company reputation.

We believe that all incidents are preventable and relentless efforts by all responsible employees and contractors are required to collaborate in achieving this ambition. Everyone working on behalf of MPCL shall comply to this policy and proactively contribute to achieve zero incident goal. We will comply with all applicable laws, regulations and standards while conducting our business.

Faheem Haider

Mr. Faheem Haider
Managing Director/CEO
Mari Petroleum Company Limited

Health, Safety & Environment Policy

HEALTH

- Identify, evaluate and control operational health risks through safety reviews along with health programs implementation;
- Communicate in a reasonable manner to potentially affected individuals or organizations about health risks gained from our health programs;
- Determine at the time of employment & thereafter the medical fitness of employees to do their work without undue risk to themselves or others;
- Arrange for medical services necessary for the treatment of employee occupational illness or injuries & for handling of medical emergencies;
- Monitor health related performance to ensure compliance with this policy;
- Implement Alcohol and Drug Abuse Policy among employees and contractors.

SAFETY

- Design & maintain facilities, establish management systems, provide trainings & conduct operations to safeguard people.
- Respond swiftly & effectively to crisis & emergencies or operational incidents;
- Conduct & support safety analysis to extend operational safety effects' knowledge, applying findings and sharing;
- Keep informed all concerned about their responsibility and accountability for safe performance on the job and encourage safe behavior off the job;
- Ensure operational integrity throughout each business activity's life cycle by carrying safety reviews & evaluations, operation's reliability & availability coupled with high quality assurance at all times;
- Ensure that HSE takes priority over production, cost & schedule. We will ensure stop work policy's implementation when unsafe act / condition occurs.

ENVIRONMENT

- Encourage concern and respect for the environment, emphasize every employee's responsibility in environmental performance and ensure appropriate safe operating practices & trainings;
- Work with government & industry groups to foster development of effective environmental laws & regulations based on sound science & considering risks, costs & benefits & effects on energy & product supply;
- Manage its business with the goal of preventing environmental incidents, controlling emissions & wastes to below harmful levels; design, operate and maintain facilities to this end;
- Respond quickly & effectively to environment related operational upset incidents, cooperating with relevant government agencies & others;
- Communicate with the public on environmental matters & share its experience with others to facilitate improvement in environmental performance.

Health, Safety and Environment

MPCL HSE PERFORMANCE

In every Oil and Gas Company devoted and committed leadership, management commitment & participation at every individual level to ensure true implementation of HSE systems all across the organization must have high visibility; which was witnessed during the FY 2021-22. MPCL's HSE objective of "no harm to people, environment, asset and reputation" was achieved through Implementation of robust HSE Management system; which is a vital and one of MPCL's core values towards continuous improvement of our HSE goals, objectives and performance.

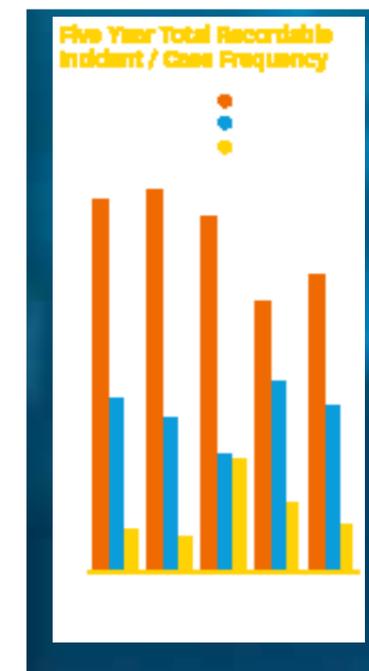
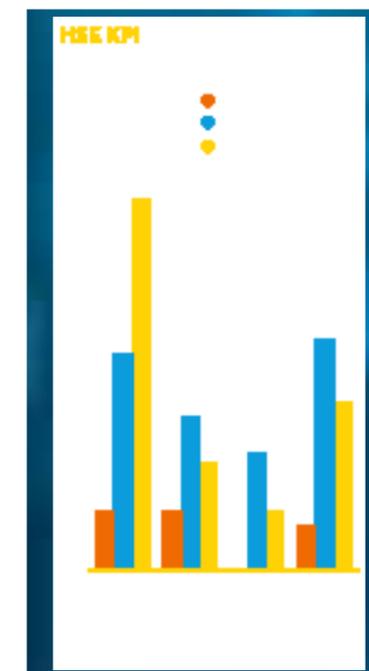
This is a remarkable achievement by MPCL's permanent and contractual staff at all locations while working in extreme working conditions, especially the Projects, Seismic & Drilling crew who are experiencing and managing severely harsh terrain coupled with continuous extreme environmental conditions.

In FY 2021-22; MPCL recorded combined (employees and contractual workforce) 0.12 Total Recordable Case Frequency (TRCF) against set target 0.43, 0.12 Lost Time Injury Frequency (LTIF) against set target 0.32, 0.00 Process Safety Event Rate (Tier I) against set target 0.24 & 0.09 Process Safety Event Rate (Tier II) against set target 0.48.

MPCL's last five year performance of Total recordable Incident / Case frequency is elaborated in the graph below:

PROCESS SAFETY MANAGEMENT

In the Fiscal Year 2021-22, enhanced focus was given to process safety management for strengthening Safe Operations strategy. This includes developing hazard mitigation plans to bring risk to ALARP levels. Other key activities include increased focus



on Management of Change (MOC) process, Pre-Startup Safety Reviews (PSSR), Hazard Operability (HAZOP) and other process safety related studies at appropriate phases of the projects and operations.

The reporting culture of Process Safety Incidents also improved, with special focus on leading indicators. The Incident Investigation approach is further enhanced by employing the Tripod Beta methodology, ensuring that latent failures are identified and processes are improved as part of the management system. Process Safety Event Rates were calculated and accordingly risk mitigation measures were taken with high focus on system development for assuring asset integrity. In addition, high potential process events were kept under high focus and accordingly lesson learnt were shared to avoid repeatability of the undesired events.

Further, Process Safety Fundamentals were launched

that includes 10 basic process safety management guides that must be followed by all concerned operations, projects and drilling teams.

CONTRACTOR HSE MANAGEMENT

MPCL believes in keeping Contractors and MPCL Safe-Partnering for Win-Win.

Being a responsible E&P business organization, MPCL is committed to creating a strategic contractor safety management program for all contractors and subcontractors working for MPCL. Contractor engagement and management are critical to achieving high technical, commercial, and safety performance. At MPCL, contractors make up to 75 to 80% of the workforce; some contractors are long-term, working alongside permanent staff, while others are short-term, brought in for a specific project for a few weeks or months.

To overcome the integration challenges of two organizations

Ten Process

Safety Fundamentals

- 

Ensure Proper **EQUIPMENT ISOLATION** for normal operations and maintenance works
- Manage **OVERRIDERS** of safety critical systems 
- 

Establish **SAFE OPERATING LIMITS** for key process variables and for all operating phases.
- Identify **SAFETY CRITICAL EQUIPMENT** and report on their deficiencies 
- 

Empty and De-Energize before **FIRST LINE BREAK**
- Verify **LEAK TIGHTNESS** after maintenance work or modification 
- 

Identify, eliminate or control the full range of potential **IGNITION SOURCES** during task risk assessments and execution
- WALK THE LINE** (to ensure operational readiness via pipeline and valve line-ups) 
- 

Monitor **OPEN DRAIN**
- Ensure a health Culture of **PROCESS SAFETY EVENTS REPORTING** 



Fire Fighting Drill



HSE Activities focusing emergency preparedness, care for people and environmental protection

with different workplace cultures, mindset, work planning and methodology, differences in language, and managing competency, a comprehensive Contractor HSE Management Framework has been developed. HSE contractor management is mastered through various dedicated and strategic programs. MPCL organized and conducted multiple HSE workshops, seminars, Lifesaving rules campaigns, kick-off meetings, pre-mobilization workshops, hazard-hunting surveys, Control of Work (COW) workshops, Simultaneous Operations (SIMOPS) Workshops, road safety workshops, Walk around audits, hazard hunting surveys, reward and recognition programs, and service quality meetings.

On HSE front, capacity building of local contractors and sub-contractors, while enhancing their working standards to international level, to achieve a mutual benefit

for the contractors and MPCL. This will ultimately benefit the HSE management at National level.

CRISIS & EMERGENCY MANAGEMENT

Our structured crisis and emergency management plan, that includes a detailed and structured way to tackle unplanned events, is revamped in the FY 2021-22. The plan covers a detailed role based plan for rapid response teams, Emergency Response Teams, Incident Management Teams, Emergency Management Teams and Crisis Management Team. The plan enables us to deploy a quick and effective response, preventing a crisis that could adversely affect the image and reputation of the Company. This plan caters to activities including Offices, field operations, drilling, seismic activities and all projects. Number of Management drills were conducted for multiple scenarios that mainly covered fire, oil spill, gas release, natural disasters, earthquakes, civil

unrest etc., at all MPCL locations for ensuring the preparedness level of our teams.

ENVIRONMENTAL MANAGEMENT & COMPLIANCE

MPCL is ISO 14001:2015 (Environmental Management System) certified and is an environment-friendly Oil & Gas Company in Pakistan that complies with maximum environmental standards. Our IMS Audit against the EMS Standard resulted in zero non-compliance & observations. Emission control measures, preferably using environment-friendly equipment and solar powered systems, are the basic and important measures that have been practiced since long.

On the environmental front for calculation of Green House Gases (GHG) emissions, MPCL continued the emissions monitoring project, which is the baseline for gauging margins of improvement for Carbon footprints reduction.

Health Safety and Environment

At present MPCL network comprises many sites, including settled, unsettled, rigs, and seismic operations, which are operating in all provinces of Pakistan, which are mostly in remote areas with barren lands. Management of all the locations has put a lot of effort into improving environmental sustainability and contributing to climate change through plantation, and avoiding loss of vegetation during operational activities at its best. Currently, despite the huge pressure on land resources, large areas of land are in a degraded state, where plantation can be an effective way to bring degraded land back into productive use.

Surveillance audits by Governmental bodies; that includes, CIM, provincial EPA's, Wild Life etc. on environmental front have shown good results with no major area of improvement in this regard.

MANAGEMENT SYSTEM (INTERNATIONAL STANDARDS)

To achieve excellence in HSEQ performance, in 2007, ISO certification of the HSEQ Management System was introduced as one of the core management systems of MPCL. Since then, MPCL has maintained its ISO standards implementation with ZERO significant Non-Compliance during the surveillance audits by the external body.

MPCL is maintaining the following ISO Standards after IMS certification:

- ISO 9001: 2015 (Quality Management System)
- ISO 14001: 2015 (Environmental Management System)
- ISO 45001: 2018 (Occupational Health & Safety Management System)
- ISO 27001: 2013 (Information Security Management System)

Further, external bodies reviewed HSEQ procedures to ensure World's best safety practices and accurate implementation at all MPCL sites.

OCCUPATIONAL HEALTH MANAGEMENT

For organizations that are serious about improving employee health and safety, reducing workplace occupational health hazards/risks, and creating better, healthier and safer working conditions; complying with safety standards is the only way forward. During COVID-19 situation when various activities were jeopardized due to constraints in mobility, lock down etc. MPCL employees showed true reflection of dedication and commitment to the required protocols and came out of the situation at our locations. Safe distancing, mask compliance, medical screenings, vaccination campaigns were one of the key initiatives that were taken to ensure health of our employees.

MPCL developed a special procedure for business continuity during the pandemic disease. MPCL ensured that all employees are vaccinated and awareness were given time and again with proper isolation rooms well designed and maintained for abatement of COVID spread. Ultimately MPCL ensured zero downtime due to COVID.

HSE WORKSHOPS AND TRAININGS

We believe that through effective teamwork, HSE requirements can be easily implemented, through which we can reduce HSE incidents and bring Risks to ALARP (as low as reasonably practicable). HSE trainings imparted by the HSE department enabled employees at all locations to work safely without any major incident.

We achieved the following objectives through trainings:

- Understanding HSE requirements for the E&P life cycle.
- Understanding HSE roles & responsibilities.
- Enhanced performance for high level of performance.
- Continuous improvement of our system with value added comments.
- Clarity on Incident Reporting requirements.

Further, 42,780 Training man-hours were recorded for 1,960 HSEQ trainings, and 578 HSEQ Crisis & Emergency Drills were organized for employees at all locations in FY 2021-22.

HSEQ trainings mainly covered Life-Saving Rules, Permit to work system, Fire Fighting, HSE Risk Identification, Assessment & Control, Incident Investigation & Reporting, Behavior-Based Safety, Safe food handling, General HSE awareness, HSE Laws & Regulations, IEE / EIA awareness, Defensive driving, Stress Management, Chemical handling, Job Safety Analysis, Waste Management, Crisis & Emergency Management, Pre-Startup Safety Reviews & Process Safety Management.

HSE IMPROVEMENT ORIENTED PROGRAMS & INITIATIVES:

Our Safety Performance with a TRCF of 0.12 is reflective of the following initiatives that were taken during our operational activities:

- HSE climate survey
- Behavior based safety leadership programs
- Treatment of oil based mud (OBM) through bio-remediation

- Implementation of Life Saving Rules
- Implementation of New HSE policy
- Implementation of Operational Integrity Management Standards
- Monitoring and controlling Air emissions & other Environmental regulations
- Annual Medical Check-ups of all Employees
- Adopting a Risk-based approach
- Fire & gas Management at all Sites
- Conducting HAZOP at Operational Studies
- Carrying out Health Risk Assessments
- Performing HSEQ Audits & Inspections
- Ensuring Incident Investigation & Reporting
- Carrying out Noise & Ambient Air Monitoring

- Carrying out Pandemic COVID-19, Malaria & dengue prevention campaign at all locations
- Performing Project & Task Risk Assessments at desired phases
- Road Safety Management
- Development of Pre-startup Safety Review Program

INSTILLING HSE CULTURE:

Leaders see organizational culture as a powerful ally for sustainable business growth, according to recent global surveys of more than 40 countries, strong cultures drive better business outcomes. In fact, the majority (69%) of senior leaders credit much of their success to a healthy culture. During recent years that necessitated major changes for companies around the world, more than two-thirds of respondents believe that their culture helps change initiatives

happen. More generally speaking, the majority (67%) of survey respondents said safety culture is equally important to business strategy or operations. They also agreed that top cultural priorities should include health, safety & environment as integrated business part.

Healthy participation from MPCL employees and their constructive feedback, with high value adding comments towards healthy cultural establishment / improvement was observed. The result clearly established that MPCL is at in the phase of transformation from Calculative to PROACTIVE, which indicates that "Safety leadership and values are driving continual improvement.

To summarize following are the major areas of strengths and accordingly improvement areas were also highlighted to the management, out of 12 areas which were analyzed, by majority of MPCL people:

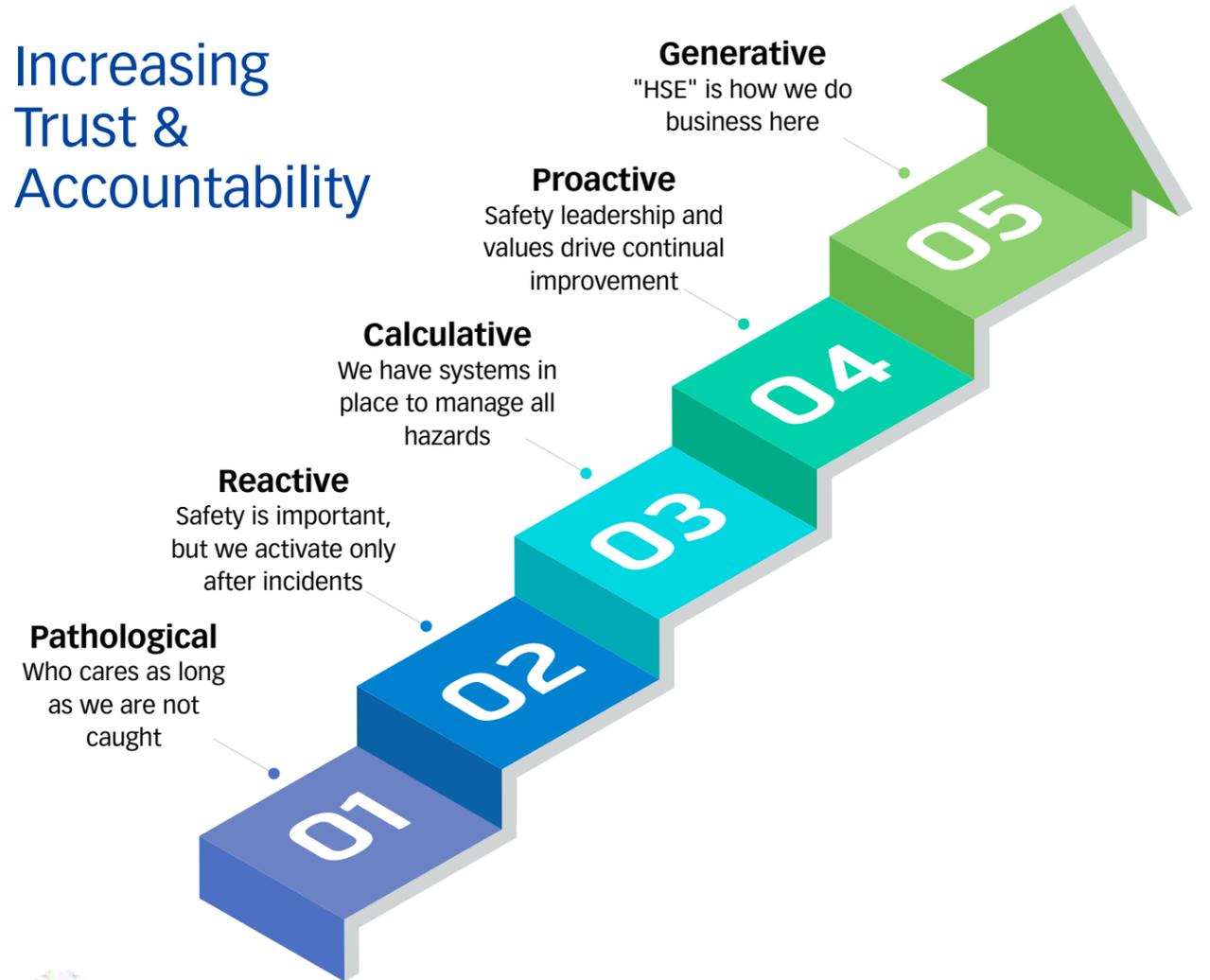
- Management Commitment
- High standards of performance
- Training & development

Going forward, as MPCL take on a long list of business imperatives, organizational culture can provide the difference between thriving and surviving. Further, our ultimate aim is to transform from the PROACTIVE to GENERATIVE Culture and that will be the time when we all can proudly say that "HSE is how we do our business activities here".

Utilizing hearts and mind tools management training program was developed and trainings/ workshops were conducted to enhance the HSE Culture.



Increasing Trust & Accountability



HSE Drill - Managing an Oil Spill

Human Resource Management & Development

OUR PEOPLE

We put people first and strive to provide them a safe work environment that is enabling & inclusive on one hand and rich with development opportunities on the other. At MPCL, we employ innovation and excellence to enhance growth and realize human potential. We nurture our employees' inclusivity, performance, and development with well-thought processes and policies focusing on digital transformation and employee experience. Our structured framework and processes are benchmarked with the best industrial practices while keeping employee wellbeing at the core of our philosophy.

RE-THINKING HR

We believe that work dynamics are changing rapidly after entering of Generation Z into workplace. We reviewed our HR Strategy with the focus of making

it business driven, employee-centric and making HR function agile. Human Resource Business Partnering model was introduced to have strategic and operational interaction with business and to ensure that HR speaks same language. HR Business Partners are enabled to fully focus on their core business, supporting managers and employees on various topics. HR policies and processes were revised with the aim to have better employee experience through efficient and robust support mechanism. Performance management mechanism was revised to inculcate performance driven culture. Business driven goal setting, regular development feedback & coaching and objective review of performance were made key pillars of this system.

LEADERSHIP OFF-SITE

We believe that when companies strive to build competitive advantage in today's world, they

find that what they need from their leaders is changing. The leadership team must be able to reimagine the company's place in the world and transform it to live up to a more ambitious purpose by collectively managing and leading. To enable such transformation a 2-day leadership offsite themed as "the power of winning together" was arranged to reflect on how the skills that leaders need for success have evolved. The leadership team ensured that these learning are cascaded to their teams to ensure that same message of winning together by embracing greater responsibilities with commitment, enhanced ownership and engagement is being carried out all across the organization.

TALENT ATTRACTION AND RETENTION

Our talent attraction strategies with the aim to be the employer of choice, help us to attract, engage and retain industry leading talent



Women's Day Session - Head Office, Islamabad

Human Resource - Management & Development



Leadership Off-Site

to contribute in company's growth. We were successful in on-boarding right candidates and providing them with the opportunities to perform at their maximum which yielded significant business result in form of commissioning of our new Gas Processing Plant.

MANPOWER

as on June 30, 2022

Management	691
Non-Management	772
Trainees	96
Total	1,559
Average No. of Employees	1,414
Male Employees	1,485
Female Employees	74

Our Talent Acquisition team engaged candidates in a variety of ways that included strong foot prints in social media particularly on LinkedIn, strong industry – academia linkages, active participation in career fairs, apprenticeship programs and employee referrals.

TOTAL REWARDS TRANSFORMATION

To retain our workforce, we provide our employees with competitive total reward structure benchmarked internationally and tailored to address the needs of our diverse workforce and their families. We reviewed our total reward framework in line



Training on Fundamentals of Reservoir Engineering, Islamabad

with the best industry practices and implemented a holistic and standardized total reward strategy successfully. This total reward framework includes market driven remuneration benefits along with comprehensive health and terminal benefits. Employees grading structure has been restructured and transformed. This transformation helped us to inculcate a performance driven culture, keeping pay for performance as one of the core deliverables.

INVESTING IN FUTURE TALENT

MPCL offered program at entry level with the aim to ensure future employees can have the start of career which they envisioned. Our Management Trainee Program SEED (Skills Enhancement & Employee Development) attracted a number of young graduates this year and after rigorous and holistic assessments, successful graduates made into the two year Management

Trainee Program. We have wide variety of on the job learning and mentoring opportunities available for management trainees to build on their strength and improve their professional skills.

TALENT IDENTIFICATION AND SUCCESSION

Over the years, MPCL has created a dynamic environment and organizational climate that enables its people to apply their knowledge, skills and creative energies to support its vision. MPCL always focuses on developing its key talent with leadership skills which help them to focus on their roles as managers and leaders and the transition from self-management to management of individuals and managers.

We introduced specifically designed talent management tools to identify talent at all levels of our company who have the potential to become future leaders or key players within



Best Departmental Performers with the Managing Director

the organization. We ensure that we have bespoke development programs in place to prepare these hi-potential individuals for more complex future roles.

Our talent identification and development approach aims to ensure sustainable business operations through the development of strong internal talent pipelines for our critical leadership positions.

CAPABILITY DEVELOPMENT

Our skilled and developed workforce is a key to our growth and success. We are committed to provide our employees with continual learning and development opportunities encompasses technical, professional and leadership trainings. We ensure that we provide employees with trainings to master their current jobs, broaden their skills, and advance in their career. We encourage our employees to contribute their best and to avail the opportunities for development and growth. We continued to explore and offer different training delivery methods for maximum flexibility, including virtual, self-paced, and hybrid formats.

Summary of number of employees who participated in learning & development in 2021-22 is shown below.

Training Status 2021-22 (Technical & Non-Technical)			
S.No.	Training	Sessions	Participants
1	Technical	39	317
2	Non-Technical	30	420
3	HSE	44	1,171
Total		113	1,908

EMPLOYEE ENGAGEMENT AND WELLBEING:

We strive to inculcate a culture of collaboration, trust, creativity and high performance. Our culture and people are our key enablers in envisioning our future. We are mindful of employee physical, social, emotional and psychological wellbeing and conducted various sessions on these topics. We have platforms which help employees

constructively deal with physical well-being issues that may arise.

We continued to have employee engagement workshops where we seek feedback from employees. We are aware that employee feedback will play a critical role in our quest of creating an excellent employee experience and continuing to attract and retain talent.

WORKPLACE INCLUSIVENESS:

We are strong advocate and practitioner of workplace inclusiveness. We realize that diverse workforce with different ideas, interests, background and experiences will benefit us in achieving our short and long term goals. We strive to provide a working environment where all our employees' contribution are heard and appreciated – regardless of age, gender, ethnic origin, religion and different abilities.

As part of our inclusive program we revised leave policy with extension in existing maternity and paternity leave days. We at MPCL understand that increasing women participation is a key to enhance inclusivity and we take pride in inducting female engineers in our Management Trainee Program. Our female engineers constitute 25% of total MTOs inducted.

Another step towards addressing the minimal representation of women in the Oil & Gas industry and to mark the International Women's Day students from leading schools and daughters of our employees had a session with our Managing Director, top executives and MPCL's extraordinary women. The session which centered on enhancing awareness about STEM careers (Science, Technology, Engineering and Mathematics), their importance in promoting innovation in the world and to learn more about the oil and gas industry.

Value Added to the Shareholders' Net Worth

One of the Company's greatest achievement over the years has been to maintain a balance among the varying and often competing expectations of its different stakeholders. The Company has consistently delivered long term value to its shareholders without compromising on sustainability practices.

	Sponsor Shareholders	General Public
Total Holding (Shares)	104.5 million	28.9 million
Current Worth of Holding (Rs)*	181.8 billion	50.3 billion
Total Value Addition		
Actual Investment	367.5 million	
Current Worth	232.1 billion	

Total dividend approved / recommended by the Board for the FY 2022 is Rs. 16.5 billion.
*Based on closing share price of Rs. 1739.74 on June 30, 2022.



MD MPCL with Shareholders - Head Office, Islamabad

Contribution to the National Economy

- Ensuring Country's food security: More than 90% urea production based on MPCL supplied gas.
- Providing gas to WAPDA for power generation.
- Providing gas to distribution companies for domestic/ commercial consumers.
- One of the highest contributors to Government exchequer on account of various taxes and levies.
- MPCL produced hydrocarbons helped save foreign exchange equivalent to Rs. 1.7 trillion during the last five years.



Corporate Social Responsibility



CSR Vision

Enabling people by improving their socio-economic status to ensure inclusive and sustainable development while building community trust, mitigating business risks and assuring sustainable continuity of the operations benefitting all stakeholders.

Sustainability at MPCL means a commitment towards country, "to develop and explore resources responsibly and profitably," while making a positive contribution to communities, environment and creating value for all stakeholders. Our Social Policy and CSR Programs are designed for well-being of our communities, who are the fundamental stakeholders.

CSR is a continuing commitment to improve the quality of life of MPCL's workforce, local community and the society at large. The company aims to produce sustainable impact by not just mitigating negative impacts of its operations on environment but also by adhering to the highest standards of health & safety and contributing towards betterment of communities through sustainable social investment programs .

MPCL has longstanding pledge to achieve well-being of all the stakeholders in its value-chain through continuous engagement with relevant departments/stakeholders by upholding the best practices in social responsibility as laid down in the ISO 26000 guidelines.

Policy on Social Responsibility

To ensure sustainability, we continually take steps for local communities through quality products and services, creation of employment opportunities, contribution to provincial and national exchequers and meaningful CSR interventions in priority thematic areas of health, education, water supply and communication infrastructure.

Core CSR Values

a) Inclusive Business

Being an inclusive business entity, MPCL duly involves local deserving deprived communities into its value chain to create shared value by providing income generating opportunities and adopting nondiscriminatory policies towards such local populations.

b) Responsible Investment

MPCL holds itself responsible for its environmental and social footprint, therefore ensures that it not just mitigates the negative impacts but also positively contribute towards all stakeholders in the business value chain.

c) Triple Bottom Line

Right from the planning phase to hardcore operations, MPCL strategize every matter with the triple bottom line concept where it secures substantial profit, develop people and strives to save planet.

d) Innovation for Sustainability

Sustainability is achieved by doing good business and to do good business MPCL keeps its policies open for innovation and improvement.

MPCL Aims

We aim to create and maintain the conditions under which humans and nature can co-exist in productive harmony to support present and future generations.

a) Impacting Positively

Benefiting communities through Corporate Social Responsibility (CSR) Programs to improve their socio economic conditions by ensuring sustainable development.

b) Creating Shared Value

Sustainably delivering on shareholders' expectations while addressing most pressing social, economic and environmental issues with an inclusive approach.

c) Saving Nature

Saving the planet by investing in renewable energy and green

Corporate Social Responsibility

projects while accelerating the energy transition to achieve Net Zero.

Approach

MPCL's Sustainability & create an enabling environment for our business to sustain and develop. To achieve the scale and sustained impact, cross sector partnerships & building collaborations is our strategy and thus the partners are among the most valued stakeholders in the value chain to achieve sustainability through strategic CSR initiatives.

a) NGOs/INGOS

MPCL's partnerships with Non-Governmental Organizations go beyond philanthropy while generating shared value. Such partnerships also stimulate innovative ways of working and mobilize expertise and resources to create shared accountability.

b) Government

To achieve the goal of inclusive development and to create

positive impact, MPCL focuses on collaborating with Federal, Provincial, District and Local Government thus supporting the most deserving communities across Pakistan.

c) Private Sector

To ensure quality and sustainability of our social investment programs, MPCL is partner with multiple local, regional and global organizations, such partnerships create positive impact for all the stakeholders in our value chain.

Engagement with Local Communities

Following DGPC Guidelines on Utilization of Social Welfare Obligations, MPCL engages with local communities and relevant stakeholders on regular basis through public hearings, consultation session and outreach programs.

Adoption & Compliance to Social Guidelines

MPCL's CSR functions as per the existing guidelines issued by regulatory authority of Ministry of Petroleum. However, CSR initiatives go far beyond the obligations as these programs serve all segments

of the society in every possible way, thus projecting the benevolence and philanthropy MPCL extends to the society it serves, whether it is its obligation or not.

a) Advanced Level in ISO 26000 (Social Responsibility Guidelines)

MPCL was placed at "Advanced" Level of performance against global guidelines of ISO 26000:2010 (Social Responsibility Guidelines), in 2017. MPCL is the only Oil & Gas Company in Pakistan to be formally assessed for ISO 26000, and the only Company to have achieved the Advanced Level rating. The Company achieved the highest rating of "Role Model" in Accountability, Ethical Behavior, Respect for Stakeholders Interests, Respect for the Rule of Law, Respect for International Norms of Behavior and Respect for Human Rights.

b) Aligned with UN Sustainable Development Goals (SDGs)

United Nations 17 SDG's set the holistic approach to address world's most pressing social, economic and environmental challenges. At MPCL, all our activities, businesses and social investments are aligned with the global compact principals, ISO 26000 and thus with the UN SDGs 2030. Through our wide ranging social investment and CSR programs, we are committed to contribute directly towards 7 SDGs while 6 SDGs are overreaching.

Sustainable Development Goals with Direct Contributions

Following are the few UN SDGs 2030 in which we contribute directly by the



Free Eye Treatment Camp - Daharki, Sindh

virtue of MPCL's business, multiple social investment & CSR programs;

- No Hunger:** Goal No 02 calls to end hunger, achieve food security, improve nutrition and promote sustainable agriculture. MPCL plays a pivotal role in ensuring the food security of Pakistan as more than 90% of the urea production in the country is based on MPCL supplied gas..
- Climate Action:** Goal No 13 calls for urgent action to combat climate change and its impacts. It is intrinsically linked to all 16 of the other goals of the 2030 agenda of sustainable development.

Projects;

- Miyawaki Forestation at Mari Field Daharki
- Tree Plantation at Surghar

- Quality Education:** Goal No 4 calls for upward socio economic mobility and is a key to escaping poverty.

Projects;

- Noor-e-Sehar Special Education School
- Mari Education Complex
- Mari Model High School
- Multiple Scholarship Program & Donations for deserving students

- Decent Work & Economic Growth:** Goal No 8 calls for sustained and inclusive economic growth which can drive progress, create jobs for all and improve living standards.

Projects;

- SARBULAND – An Economic

Empowerment Initiative in Collaboration with AKHUWAT

- Employment opportunities for locals at all MPCL's operational sites.
- Clean Water & Sanitation:** Goal 6 ensures access to water and sanitation for all to enhance quality of life by preventing diseases.

Projects;

- Installation of RO/Filtration Plants and Hand pumps at Daharki
- Installation of RO Plant at Turbat
- Water Supply Scheme at Village Karrera, Tehsil Shewa, North Waziristan
- Water Supply Scheme Awal Jan Kalley, North Waziristan District
- Water Supply Scheme Shewa, North Waziristan District
- Water Supply Scheme Khargai Shaheed, North Waziristan District

- Water Supply Scheme Sabir Jan Kot, North Waziristan District
 - Water Supply Scheme Almara, North Waziristan District
- Affordable & Clean Energy:** Goal No 7 ensures access to affordable, reliable, sustainable and modern energy resources.

Projects;

- The Company launched GHG emissions monitoring for calculation of environmental impact of its operations. The Company aims to minimize its carbon footprints by investing in renewables. The Company's aim is to become one of the largest sustainable energy producers of the Country by 2030.
- Under MPCL's recent investment in clean energy projects through its Solarization Program "Roshan Ehd", company has initiated 101 projects in its operational areas.



Noor-e-Sehar Special Education School, Daharki, Sindh

Corporate Social Responsibility

Roshan Ehd is a landmark step towards climate change supporting community uplift by providing them affordable, reliable and sustainable energy resources;

- 76 RO/Filtration Plants
- 9 Educational Institutes
- 8 Dispensaries
- Gurdawara Baba Nanak Shah, Daharki
- Solar Street Lights at multiple locations
- Public Park, Daharki
- Public Park, Mirpur Mathelo
- District Jail, Ghotki
- District Administration Offices, Ghotki
- Institute of Religious Education, Mirpur Mathelo
- Public Library, Ghotki

Note:

MPCL has planned to enhance its Roshan Ehad program's footprint for the areas of North Waziristan where recently company successfully discovered new gas reservoirs

- 7. Good Health and Well Being:** Goal No 3 ensures healthy lives and promote wellbeing at all ages essential for sustainable development by helping lives of millions

Projects;

- Contribution for treatment of deserving patients at AFIC, Rawalpindi
- Mari Medical Complex, Mari Field Daharki
- TB/Asthma Clinic, Mari Field Daharki
- Mother & Child Healthcare Centre, Dad Laghari (Mari Field)

- Dispensary at Well#8, Mari Field Daharki
- Mobile Dispensaries, Mari Field Daharki
- Financial assistance for treatment of underserved local community

- 8. Reduced Inequalities:** Goal No 10 reduces inequalities and ensures that no one is left behind. This goal is integral to achieve all other sustainable development goals by preventing humanitarian crisis.

Projects;

- Noor-e-Sehar Special Education School
- Scholarships & Donation for Education purposes
- MPCL Ambassador for Inclusive Education

Overarching Sustainable Development Goals with Indirect Contributions

Following are the few UN SDGs 2030 in which social investment & CSR programs are contributing indirectly through the impact Company creates;

- 1. No Poverty:** Goal No 1 calls to end poverty in all its form everywhere ensuring social protection to all vulnerable groups of society.

Projects;

- SARBULAND – Economic Empowerment Initiative
 - Employment Opportunities
- 2. Partnerships for the Goals:** Goal No 17 aims for stimulating the global partnerships and cooperation to achieve all other Sustainable development goals.

Implementing Partners;

- STEP, TCF, CDRS, LUMS, NUST, IBA Sukkur, Akhuwat

- 3. Zero Hunger:** Goal No 2 calls for swift action which provides food and humanitarian relief to the most at-risk regions by nourishing millions of people to help alleviate the perils of hunger.

Projects;

- Mari Mobile Dastarkhawan
 - Ramadan Ration Distribution Drive
 - Regular Ration Distribution at multiple locations
- 4. Gender Equality:** Goal No 5 calls to achieve gender equality and empower the women and girls to attain peaceful, prosperous and sustainable world for all.

Projects;

- 25% female representation is marked for MPCL SEED (Skill Enhancement Employee Development) program for year 2022-23.
- Gender inclusive job advertisements are created to encourage women to apply. Selection, however is based purely on merit.
- An Anti-Harassment policy is in place, demonstrating zero tolerance for sexual or gender based harassment.
- Fully equipped day care center with trained staff is available for MPCL's working mothers.

CSR Commitments

Production Bonus and Social Welfare Obligations for Mari Field Daharki were deposited amounting to Rs. 2,601 million and Rs. 522 million respectively in the Joint Account with



Deputy Commissioner Ghotki. This amount is being utilized to carry out projects for community welfare, as approved by the respective Social Welfare Committees, headed by a nominated political representative.

Moreover, around Rs 800 million has been spent on various voluntary CSR initiatives during the year.

Significant CSR Projects

1. Mari Mobile Dastarkhawan (MMD)

MMD has been providing free meals to underserved community for over one year, whereby it has distributed over

220,000 meals in Islamabad. MMD was also mobilized to provide meals and humanitarian relief to the people affected by natural disasters like flooding in Sector E-11 Islamabad on 28 July 2021 and more recently on 8 January 2022 to the tourists stranded in Murree due to unanticipated heavy snowfall. In collaboration with CDRS and Raza Welfare Foundation, MPCL distributed 1800 dry ration bags to the deserving community during the month of Ramadan.

Purkhuloos Campaign

A campaign was designed to give special treat and hygiene sessions

to the children of underprivileged neighboring communities. SOS Village, House of Blessings, Noreen Zindagi Trust, Pehli Kiran School #3 and several other orphanages have been visited for distribution purpose. MPCL shared Eid with orphan children as under:-

- Shoes distribution at Pehli Kiran School, Islamabad.
- Iftar Party and gift hamper distribution at Dur-e-Yateem Welfare Trust, Bacho ka Ghar and Noreen Zindagi Welfare Trust. Chaand Raat celebration including activities like Henna application for girls and haircut/grooming for boys.

Corporate Social Responsibility

- Grand Iftar party of 1000 beneficiaries at PIMS Hospital and Jaffar Chowk Mehrabad.
- 2. **Sarbuland – MPCL Initiative for Economic Empowerment (Collaboration with Akhuwat for Microfinance Lending)**
In collaboration with Akhuwat MPCL initiated a project “Sarbuland” for Economic Empowerment. The pilot project “Sarbuland” has disbursed Microloans among deserving beneficiaries for economically viable entrepreneurial/small scale ventures, as verified by Akhuwat assessment team. Fifty micro-loans have been distributed to entrepreneurs and small business owners, out of which 17 are women.

the noble cause of inclusive education. This is a state-of-the-art facility that will cater to all types of disabilities, while preparing them for mainstreaming and becoming self-sustainable. With a Vision of “Leaving No One Behind”, it is our earnest desire and effort to provide an environment, which is the best in Pakistan, so as to harness the abilities of disabled children and to provide them with opportunities for becoming useful and esteemed members of our society. The school currently has an enrollment of over 200 students with diverse disabilities and it has implemented modern rehabilitation techniques to provide premium services to the students.

unserved and underserved. With this, MPCL not only resolves the issue of poor communities who are either deprived of this basic facility or have to face long hours load shedding. In the first phase, company is focusing on the public places where people come for multiple purposes. Over 100 projects of solarisation have been initiated in the operational area of Daharki, which will be soon followed by the similar interventions in North Waziristan.

CSR Awards and Recognition

MPCL’s CSR innovative initiatives and best practices were duly recognized at the 14th National Forum for Environment & Health CSR Awards 2022, held at Serena Hotel Islamabad in February 2022. The Company won the following awards at the ceremony:

- 1- Best CSR practices and Sustainability Initiative
- 2- Outstanding Contribution for National Game

4. Roshan Ehd: The concept of Roshan Ehd begun with the idea to lighten up the country by providing clean affordable and reliable energy resources (solarisation) specially to the ones who are

3. **Noor-e-Sehar Special Education School – A Success Story**
The establishment of “Noor-e-Sehar Special Education School” at Mari Field Daharki is a practical manifestation of MPCL’s commitment to



Noor-e-Sehar 100 Days Celebration for Inclusive Education - Daharki, Sindh

- 3- Economic Empowerment Initiative during Covid-19
- 4- Inclusive Education

MPCL Contributions for Miscellaneous Social Initiatives

- 1- 3-Day Free Eye Camp at Mari Field Daharki.
- 2- MPCL IBA Sukkur Scholarship Program.
- 3- Renovation of Levies Infrastructure, Kohlu.
- 4- Donation to Armed Forces Institute of Cardiology for purchase of expensive heart implants.
- 5- Donation to government schools for uplifting of infrastructure.
- 6- Mari hockey team’s participation in “All Pakistan Commissioner Gujranwala Gold Cup” and winning gold medal.
- 7- Selection and participation of six MPCL hockey players in National training camp for preparation of “Asia Cup” played in May 2022.
- 8- Conducted Light & Sound Show at Pakistan Monument on 14 August 2021 to commemorate Independence Day of Pakistan.



Sustainable Development Goal 2 – Zero Hunger

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.



Sustainable Development Goal 3 – Good Health and Well Being

With the aim to ensure healthy lives and promote well-being for all of all ages.



Sustainable Development Goal 4 – Quality Education

To ensure inclusive and equitable quality education for lifelong learning opportunities for all.



Sustainable Development Goal 6 – Clean Water and Sanitation

To ensure availability and sustainable management of water and sanitation for all.



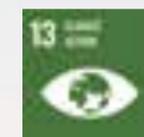
Sustainable Development Goal 7 – Affordable and Clean Energy

To ensure access to affordable, reliable, sustainable and modern energy for all.



Sustainable Development Goal 8 – Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Sustainable Development Goal 13 – Climate Action

To take urgent actions to combat climate change impacts.



Distribution of Ramazan Food Packages - Rawalpindi



Flood Relief Initiatives by MPCL

MPCL Flood Relief Activities

Since mid-June 2022, Pakistan has witnessed extreme monsoon rains that have led to the Country's worst flooding in a decade.

According to National Disaster Management Authority, the floods have affected more than 33 million people, destroyed or damaged more than 1 million houses, and killed at least 1,100 people. The affected population is in dire need of humanitarian assistance to avoid malnutrition and waterborne diseases.

MPCL is responding to this disaster by providing ration packs and fresh meals to the flood affected people and arranging free medical camps in the flood affected areas.

Balochistan Flood Relief

- 928 people treated at MPCL free medical camp organized from August 4-6, 2022, at Aab-e-Gum in the Balochistan district of Kacchi
- 650 dry ration packs distributed



KPK Flood Relief

- Mari Mobile Dastarkhawan (MMD) distributed 1000 meals at two villages in Charsadda, KPK
- MMD will continue to provide 1000 meals every day at Charsadda, Noshera, and Swabi for one week

Sindh Flood Relief

- Providing ration bags, fresh meals and tents to the affected families
- Free medical camps and mobile dispensaries are providing checkups and free medicines to sick / patients.
- Kept Mother and Child Health Center, TB and Asthma Clinics fully functional for essential free medical care to patients
- Restored local routes/tracks infrastructure to keep them use-worthy for public
- Provided 2x new water lifting pumps to Daharki Administration for de-watering of urban areas and 4x4 vehicle for relief activities



Sustainable Development Goals



SDG 5 (Gender Equality)

It is the policy of the Company to provide employment opportunities without regard to race, religion, color, age or disability subject to suitability for the job. Specific measures taken by the Company to encourage gender diversity are listed below:

- HR policies introduced to further promote diversity and inclusiveness and to enable women to in STEM roles, benefits such as extended maternity leave, and work from home options have been passed-on.
- An Anti-Harassment Policy is in place, demonstrating zero tolerance for sexual or gender based harassment.
- 24% females inducted in SEED to promote women in STEM (Science, Technology, Engineering and Mathematics) roles
- Gender inclusive job advertisements are created to encourage women to apply. Selection, however, is purely based on Merit.
- Fully equipped day care center with trained staff is available for MPCL's working mothers.
- A female director has been appointed on MPCL Board of Directors.
- Women's Day is celebrated every year in the Company to acknowledge the contributions of female workforce of MPCL.

- Awareness sessions like "Breast Cancer" are arranged for female employees of the Company.
- Gym facility with dedicated timings for female employees is available.



SDG 7 (Affordable and Clean Energy)

- Natural gas is a cleaner source of energy compared with coal and other fossil fuels. Indigenous gas produced by MPCL is much cheaper than the imported RLNG, which is priced under a ring-fenced full cost recovery mechanism. MPCL is contributing to meet affordable and clean energy requirements of the Country by supplying gas to IPPs for electricity generation and fuel gas to fertilizer sector.



- The Company monitors its GHG emissions for calculation of environmental impact of its operations. This help in gauging the margins of improvement for carbon footprints reduction.
- Going forward, the Company aims to minimize its carbon footprint by investing in renewables. The Company's vision is to become one of the largest sustainable energy producers of the Country by 2030.



SDG 8 (Decent Work and Economic Growth)

MPCL is an employer of choice for the young and the experienced alike and provides a work environment that ensures employee dignity, self-respect, fair pay and sustainable growth opportunities.

- The companies' compensation plans are benchmarked against industry practices to ensure equity across organization as well as the oil & gas industry.
- All MPCL offices, operational sites and company provided accommodations offer the best facilities.
- Food and accommodation is provided to the non-

- management and outsourced workers at Islamabad.
- Putting safety first, all employees ensure safe working conditions at all times.
- Apart from collaborating with the Country's top universities to provide scholarships to the deserving students, the Company has launched SEED Program (Management Trainee Program) to impart necessary skills in the young graduates and prepare them to join the Company in future.

- Selection however, is purely based on merit.
- With the aim of enhancing employment opportunities and alleviate poverty amidst the onslaught of Covid-19, the Company has disbursed 50 x microloans in district Mianwali for economically viable entrepreneurial/small scale ventures under MPCL's Initiative for economic empowerment called "Sarbuland".



SDG 9 (Industry, Innovation and Infrastructure)

MPCL seeks to continuously enhance exploration and production of hydrocarbons by exploiting breakthroughs in knowledge, innovations in technology and adopting competitive industrial practices. The Company employs

state-of-the-art equipment and technology in its seismic, drilling and production operations to enhance efficiency and safety of operations and minimize their impact on ecosystem. HRL Debottlenecking, GTH and Asset Integrity Campaign at the Company's principal Mari Field at Daharki are a few examples of the Company's efforts for finding innovative solutions to emerging challenges and infrastructure development for greater good.



SDG 12 (Responsible Consumption and Production)

- Pakistan has the sixth largest fertilizer industry in the world. Agriculture accounts for over 20% of Pakistan's GDP which employs 42% of the labor force. MPCL is contributing around 18% in the GDP through supplying uninterrupted feedstock and fuel gas to the fertilizer industry.
- In the continuous pursuit of meeting the energy requirements of the Country, MPCL is undertaking a mammoth project of gas processing facilities which will add 110 MMSCFD of pipeline specs gas in the National Grid is expected to completed by Q2 of FY 2023.

Information Technology

Information Technology & Digital Transformation at MPCL

MPCL's commitment to leveraging latest technologies for improving transparency, reporting and governance

Mari Petroleum has been a leader in adopting technological innovations as a frontrunner in sustainability and operational excellence. The Company strongly believes in heightened collaboration between its technical and other functional areas which help steer the selection and implementation of its information systems. The latter provides greater integration amongst cross-functional teams to induce effective planning, coordination and decision making during various E&P related activities.

Our exploration and reservoir departments use industry leading G&G interpretation and reservoir modeling software suites developed by renowned companies like Schlumberger and Halliburton. Integrated workflows provide geophysicists and geologists with critical collaborative capabilities

that yield better geological insights. These systems help improve discoveries' success rates thus making the Company well distinguished, in the E&P sector.

Mari Seismic Data Processing Center (MSPC) plays a vital role by providing high quality and state of the art 2D and 3D data processing facility, which helps the Company in making more cognizant decisions on the technical front. It's scalable infrastructure greatly helps in the application of latest geophysical technology across the full spectrum of seismic imaging and reservoir characterization. In view of growing expansion in MPCL's exploration activities which demand a steady increase in MSPC's computation capabilities, the system has been upgraded from 96 cores to 1024 cores for time, depth and parallel processing simultaneously. Advanced processing modules coupled with increase in computational power will enable MSPC to provide depth and time processing services with improved quality and in reduced time, as well as acquire the capability of handling multiple 2D's and 3D's time and depth projects simultaneously.

The availability of accurate and good quality data is the life blood of Exploration and Production (E&P) companies. Effective E&P data management plays a crucial role in analysis of large volumes of data, correct selection of drilling targets and efficient management of oil and gas producing reservoirs. Implementation of state of the art integrated E&P data management system has led MPCL to the introduction and adoption of industry's best practices regarding standardized data management related workflows.

To support high performance systems and fulfill infrastructure requirements of G&G software/ applications, Virtual Desktop Infrastructure (VDI) System was indigenously designed and implemented by MPCL's in-house IT team. This not only helped in saving the potential capital investment required for acquisition of high end workstations hardware, but also enhanced MPCL's centralized processing capability for high performance demanding technical software applications, in addition to making MPCL a pioneer in implementation of VDI infrastructure within the local E&P Industry. During COVID-19

outbreak, the VDI System enabled the users to securely connect to MPCL's network and complete their tasks seamlessly, while working from home, thus helping them meet deadlines without any productivity & efficiency loss.

In pursuance of gaining process efficiency & paperless office operations, digital transformation is part of Company's IT Strategy. In this regard, SAP modules including Master Data Governance (MDG), Health, Safety, Environment and Quality Management Systems, Cross Application Timesheets (CATS), Plant Maintenance at Rig 4, MSUs (Alpha, Beta, Charlie) and SGPC (GTH), Ariba-Sourcing and Success Factors are being implemented. During COVID-19 breakout, the Company automated a number of manual processes, such as SAP System integration with banks for online payments/transfers instead of cheque issuance, invoice verification and payment approval, online minutesheets, and transformed various paper based approvals to online workflows. The Company has also initiated a project for Enterprise Data Management and Analytics for helping the management in making data driven decisions. In this regard, various business intelligence (BI) dashboards are developed for MPCL's senior management and operational staff, to facilitate insightful decision making.

Enterprise Resource Planning (ERP)

To streamline its core business processes and operations with a view to optimize performance and productivity, the Company has

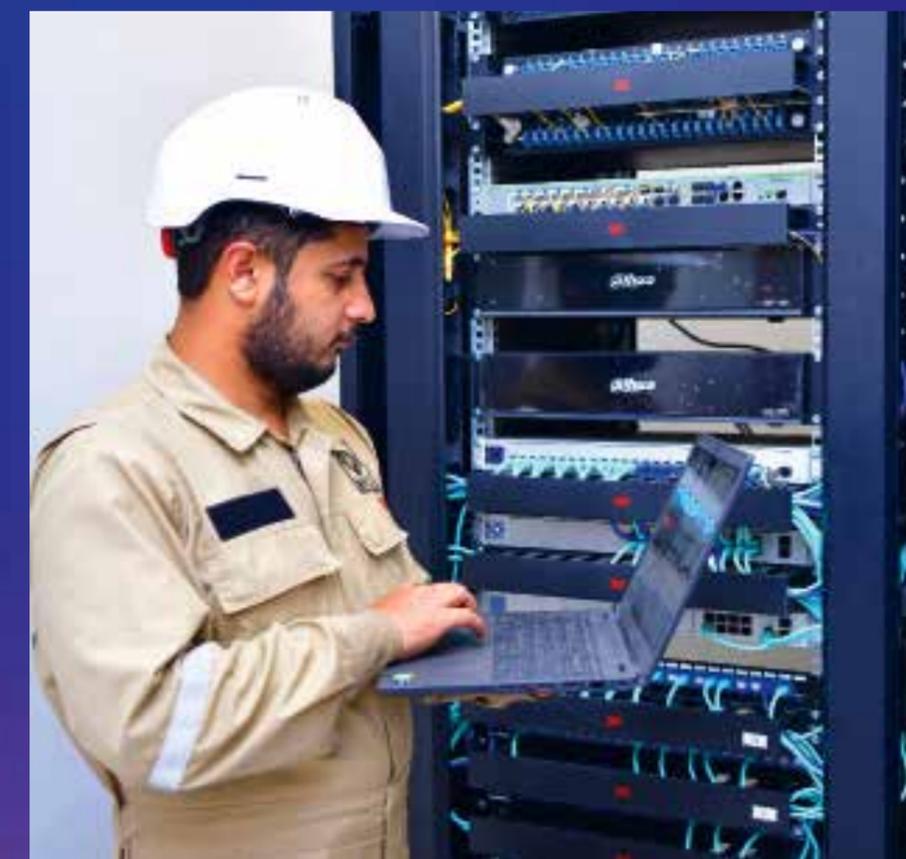
automated and brought together its key workflows using latest ERP solutions. A dedicated team has been assigned the mandate for maintaining and expanding the ERP deployments across the Company. Keeping in view the overarching nature of ERP solutions, MPCL places serious consideration in identification and management of risks associated with its ERP projects. To avoid innate risks of excessive customization, the Company tries to achieve balance between customization of its existing systems to facilitate seamless integration of the ERP solution, thus leveraging the benefits of tried and tested business processes from the industry. Keeping in view the significance of senior management's support towards the success of an ERP project, MPCL follows a systematic approach towards building use cases and

conducting feasibility analysis for incorporation of newer and better modules within its ERP toolkit. The adoption of latest ERP features and functionality is undertaken by the Company after thorough testing, skills development, user training and through a comprehensive change management process to mitigate the risks generally associated with ERP projects.

Policy for Safety of Records

Value creation through data governance

MPCL adopts industry leading software systems to ensure secure and fast transmission of financial data for recording and reporting of financial transactions. The Company has implemented Microsoft





SharePoint System that extends technological edge for safe and fast data storage and retrieval.

The system is an effective business productivity platform equipped with well-integrated set of technologies to bring information management, access, collaboration, people driven processes and business critical document management to a single environment, while ensuring strict access control for its users on need-to-know basis.

The Company securely maintains soft copies of supporting financial documents and records in its SAP System, which is only accessible to authorized users. Regular backups of SAP System are also secured.

The Company has categorized its various information assets on basis of their significance and criticality towards achievement of Company's corporate objectives, and has subsequently devised security controls for ensuring confidentiality, integrity and availability of its assets in accordance with their respective criticality levels. Assignment of access privileges and segregation of information residing on these assets is based on identification of asset owners, risk owners, information custodians and users along with

labeling the information with predefined sensitivity classification levels, thus ensuring the availability of Company's critical information only to authorized users.

Disaster Recovery Plan (DRP)

Resilience and contingency planning for information security incidents

MPCL's DRP provides a structured approach for responding to unexpected events which threaten Company's IT infrastructure encompassing hardware, software, networks, processes and people. Priorities and recovery time objectives for critical systems are developed in light of business impact analysis. DRP is periodically tested and improved to help enhance the efficacy of recovery procedures and processes to ensure Company's readiness in terms of infrastructure capabilities, in order to minimize system downtime during disaster situations. A state of the art remote Disaster Recovery site has been established at one of MPCL's field locations.

IT Governance & Information Security Strategy

Enforcement of policies, procedures, responsibilities and regulatory frameworks

MPCL's initiatives on IT Governance provide necessary guidelines to ensure effective input and decision-making, improve the overall management of IT and optimize value creation from Company's IT investments, through a specialized framework

comprising of IT policies, standards, processes and procedures. The Company's IT related initiatives and functions are overseen by a Steering Committee headed by the Managing Director with all Heads of Departments as its members. The Committee meets on quarterly basis to evaluate and ensure that the IT Strategy is aligned with Company's business objectives, and effective controls are in place to safeguard its information assets. The Committee also ensures that the requirements of Information Security Management System (ISMS 27001:2013) are adequately met and identifies and oversees implementation of continual improvements in the ISMS systems. IT Governance, being an integral part of MPCL's corporate governance, helps the Company in creating value using IT systems and assets towards achievement of business strategies and goals, complying with legal, statutory and regulatory obligations, providing assurance to stakeholders and increasing returns on IT investments. Fully understanding the interdependent connection between IT Governance and cybersecurity, the Company keeps cybersecurity and various strategic elements including long term and short term organizational goals, IT vision and mission, assumptions, limitations, requirements, critical projects, and timelines, fully aligned with each other. This commitment is put into effect through the amalgamation of processes, procedures, resources and technologies. MPCL's ISMS Policy, Vision and Mission, Core Values, Code of Conduct, Growth Strategy and Management System Procedures, along with cybersecurity hardware and software solutions, third party services, skilled human resources and industry collaborations,

are the core pillars upholding MPCL's strategic pursuits vis-a-vis cybersecurity.

Risk Based Approach

Overseeing risks and IT governance for prompt resolution of security matters

Following a proactive risk based approach, MPCL identifies and records risks to its information assets, in departmental risk registers which are regularly updated and subjected to review and audit during internal management reviews as well as third party external audits.

Within the rapidly evolving cyber threats landscape, the Company's IT team regularly undertakes operational and technical measures like penetration testing, security hardening and capacity development to reduce technology related risks in a timely manner. The findings and results of management reviews and compliance audits, both internal as well as external, are presented to MPCL's Senior Management for timely rectification of cybersecurity risks and futuristic planning for preparedness and prompt incident response. As mandated by Company's internal audit charter, the results may also be presented to the Board's Audit Committee during quarterly committee meetings and exclusive committee meetings, which helps the Company in swiftly addressing high priority risks and adopting better and innovative approaches to risk management.

In view of its fast growing operations, MPCL further extended the scope of its risk management activities through conducting the first in-house cybersecurity audit of its SCADA installation at MDCPF during FY

2020-21. Having identified the need and usefulness of cybersecurity audits of Company's operational assets like SCADA systems characterized by an immaculate configuration of IT and OT solutions, the Senior Management has issued the mandate of conducting in-house cybersecurity audits of such installations, at least once a year. During FY 2021-22, the in-house cybersecurity audit was conducted at the SCADA installation at Sujawal Field.

Security Assessment

Evaluating and securing technology, environment and infrastructure

MPCL has devised comprehensive management system procedures to incorporate provisions for third party independent security assessments of its technology environment. As part of MPCL's compliance management program, surveillance audits are conducted every year and recertification audits are conducted after every three years by the international assessment and certification company named SGS. The Company also regularly engages with leading cybersecurity companies and third party solution providers for penetration testing, security assessment and hardening of its information systems, and plans to continue expanding its professional associations in future as well. Since FY 2020-21, the Company has adopted an ongoing methodology for regular penetration testing of its information assets by cyclically testing client and server computing machines and communication and storage devices using its in-house resources and globally renowned specialized vulnerability



assessment and security testing tools which are widely adopted and endorsed by various Fortune 500 companies.

Cybersecurity Training and Education

Staying abreast with latest concepts and technologies

MPCL is fully cognizant of its responsibilities towards imparting knowledge about latest risks and cybersecurity trends to its employees, realizing the role of human beings in upholding the efficacy of a cybersecurity program. In-house awareness sessions covering various aspects of cybersecurity, are regularly conducted for all employees. Latest cybersecurity news and international developments are closely monitored for staying abreast with global trends. Employees are also exposed to test scenarios, without being aware of the activity, in order to assess their understanding and commitment to Company's cybersecurity related guidelines. The results of all activities pertinent to training and awareness, are regularly reviewed by the senior management.

Awards and Recognitions

During the year, the Company won a number of awards from various independent bodies not only for its financial and operational performance and reporting but also for its management, HSE, and CSR practices. Major awards won by the Company included:



MPCL won 1st Prize for the "Best Management Practices" in Oil & Gas Sector, at 36th Corporate Excellence Awards Ceremony arranged by the Management Association of Pakistan (MAP) on Oct 28, 2021



MPCL won "All Pakistan Commissioner Gujranwala Gold Cup Hockey Tournament- 2022" organized by Pakistan Hockey Federation on February 19, 2022



MPCL Annual Report 2020 won 1st Position in Fuel & Energy Category Best Corporate and Sustainability Report Awards arranged by ICAP and ICMAP and announced in the Business Recorder on August 27, 2021



MPCL won four prestigious awards for (i) Best CSR Practices and Sustainability (ii) Inclusive Education (iii) Outstanding Contributions to National Game, and (iv) Economic Empowerment Initiatives, at 14th Annual CSR Summit & Awards 2022, organized by the National Forum for Environment & Health on February 24, 2022



ICCI Business Excellence Award for Top Taxpayer Company - Private Sector, Islamabad Region (2021-22), awarded by President of Pakistan on July 17, 2021



MPCL won "All Pakistan Commissioner Gujranwala Gold Cup Hockey Tournament- 2022" organized by Pakistan Hockey Federation on February 19, 2022



MPCL ranked 7th Top Company among the top 25 companies on Pakistan Stock Exchange for the Year 2020 announced by the PSX on March 28, 2022

Major Social Events

It is important for an organisation to provide employees with ample opportunities to build quality relationships with their co-workers. Although, such opportunities can be provided on-the-job and in more formal ways, however, arrangement of informal get-togethers away from work undoubtedly are the most effective ways of bringing employees from various departments together to know one another in an informal environment, to interact and to have fun and entertainment. Relationships built in informal settings such as dinners, Light and Sound show, Ramadan Get together, corporate retreats, Eid Milan etc. have more personal touch, are deeper, longer lasting and easily carried into work life Living by the above philosophy, the Company arranged following major events during the year.

Light & Sound Show
Aug-2021



Quaid-e-Azam Day
Dec-2021



Ramadan Get Together
Apr-2022



Eid Milan
May-2022



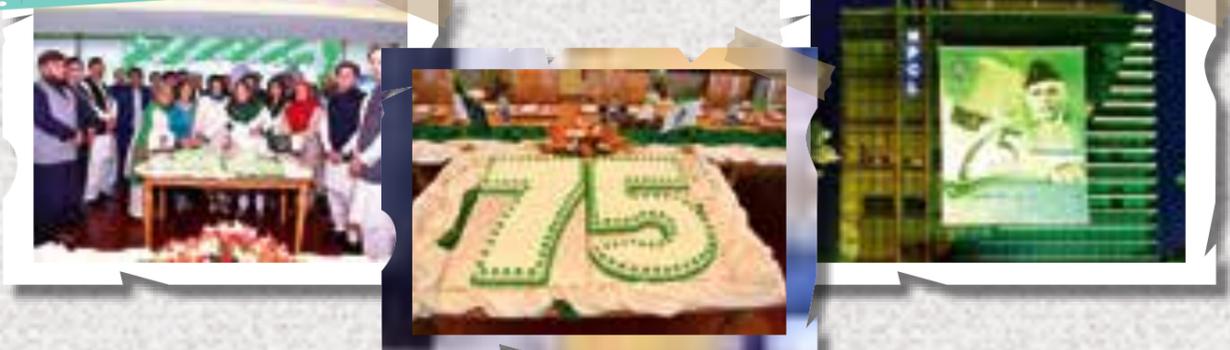
Table Tennis
JUNE-2022



Non-Mgt Annual Function
Jun-2022



Independence Day
Aug-2022



Corporate Governance



MPCL Board of Directors

Roles of the Chairman and the MD/CEO

The Chairman of the Board and the Managing Director/CEO of the Company have well defined, separate but complimentary roles in line with the Companies Act 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Chairman MPCL Board

The Chairman is responsible for providing effective leadership to the Board, particularly during the Board and the shareholders' meetings. He sets the agenda of the Board meetings and ensures that reasonable time is available for discussion on each agenda item.

He ensures a conducive environment for overall effectiveness of the Board, and facilitates and encourages the contribution of executive, non-executive, and independent directors in carrying out the Board's business in line with the

applicable laws, rules and regulations. At the start of the term of newly appointed directors, the Chairman informs them about their roles, responsibilities, duties and powers to help them effectively discharge their duties and responsibilities.

Managing Director/CEO

The Managing Director is responsible for providing effective leadership to the management team and employees. He oversees the day-to-day operations and management of the Company's business and affairs by ensuring that the executive team implements the policies and strategies approved by the Board. He keeps the Board updated on significant and sensitive issues that might affect the Company's operations, reputation, or financial standing. He ensures that operational plans and control systems are in place, and regularly monitors actual performance against plans and takes remedial actions, where necessary.

Operations of the Board

The Board is responsible for setting strategic objectives, overseeing the effective management and control of the Company, and identifying significant business risks and ensuring that policies and mechanisms are in place to adequately manage those risks.

The Board has delegated certain responsibilities to its Committees for review of relevant matters and making recommendations to the Board. All Committees operate in accordance with their TORs approved by the Board. The permanent Committees of the Board are the Audit Committee, Human Resource & Remuneration Committee, Technical Committee, and Investment Committee.

Any agenda or matter that requires Board's approval is first presented to the relevant Committee which, after thorough deliberations, presents its recommendations to the Board for final decision.

The Board has delegated the day to day management of the affairs of the Company to the management through the MD/CEO, subject to the agreed authority limits as provided in the Articles of Association of the Company, the Managing Director's General Power of Attorney, and the Limits of Authority Manual, which is revised from time to time.

However, the following matters of strategic, sensitive or extraordinary nature are reserved for the Board to ensure the highest level of oversight and control in line with good governance practices or as required under the relevant corporate laws or where these exceed the thresholds set in the authority delegated to the management.

Matters Reserved for the Board

- a. All matters listed in Section 183 of the Companies Act 2017, Clause 10 of the Listed Companies (Code of Corporate Governance) 2019, and any other provisions of the applicable laws, rules and regulations.
- b. Appointment and removal of:
 - i. Members of the Board and its Committees including the Chairman
 - ii. CFO, Head Internal Audit and Company Secretary
 - iii. Senior Management Staff reporting directly to the Managing Director
 - iv. Statutory Auditors*
- c. Directors' remuneration
- d. Annual review of the performance of the Board, Committees and individual Directors
- e. Approval of quarterly and annual financial statements, dividends* and bonus shares, and significant change in accounting policies or practices

- f. Strategy and direction, financial controls, legal and regulatory compliance, risk management, related party transactions, company's significant policies, changes to the company's capital structure, diversification projects, acquisition and relinquishment of working interests, major capital expenditures, annual performance incentives for the employees
- g. Major transactions which exceed MD's authority or which are outside the ordinary course of business
- h. Delegation of authority to the Management
[*final dividend and appointment of statutory auditors is subject to approval by the shareholders]

Chairman's Significant Commitments

Mr. Waqar Ahmed Malik, Chairman MPCL Board of Directors is the Managing Director of Fauji Foundation. In addition, he is the Chairman of the Boards of all Fauji Foundation Associated and Subsidiary Companies. A list of these companies is included in the Chairman's Profile in this Annual Report as well as on MPCL Website.

Mr. Waqar Ahmed Malik was appointed as Chairman of the Board in April 2020 (re-appointed in July 2022) and since then there has been no change in his significant commitments.

Attendance at Board Meetings

Seven Board meetings were held during the financial year 2021-22. The attendance of directors in the meetings was as under:

Sr#	Name	Meetings Attended
1	Mr. Waqar Ahmed Malik	06
2	Mr. Faheem Haider	07
3	Dr. Nadeem Inayat	07
4	Syed Bakhtiyar Kazmi	07 ¹
5	Maj Gen Ahmed Mahmood Hayat (Retd)	06
6	Maj Gen Naseer Ali Khan (Retd)	07 ²
7	Mr. Ali Raza Bhutta	03 ³
8	Dr. Arshad Mehmood	04
9	Mr. Haroon-ur-Rafique	07 ⁴
10	Mr. Abdul Rasheed Jokhio	07
11	Syed Khalid Siraj Subhani	04 ⁵
12	Mr. Shahid Saleem Khan	03
13	Mr. Ahmed Hayat Lak	07
14	Mr. Adnan Afridi	07
15	Ms. Ayla Majid	07 ⁶
16	Mr. Abid Hasan	07
17	Ms. Seema Adil	08

1. Tenure completed on June 23, 2022
2. Tenure completed on June 23, 2022
3. Joined the Board in December 2021 in place of Dr. Arshad Mehmood
4. Nomination withdrawn w.e.f June 23, 2022
5. Joined the Board in October 2021 in place of Mr. Shahid Salim Khan
6. Tenure completed on June 23, 2022
7. Joined the Board in June 2022
8. Joined the Board in June 2022

Corporate Governance

Other Directorships of the Executive Director

MD MPCL is the only executive director on MPCL Board. He is the Chairman of the board of Foundation Solar Energy Limited and a non-executive director on the boards of Pakistan International Oil Limited and Fauji Akbar Portia Marine Terminal Limited.

External Search Consultancy and its Connection with the Company

The services of M/s Ward Howell were used by the Fauji Foundation for head hunting for the position of MD/CEO MPCL back in 2020. M/s Ward Howell has no connection with MPCL. No external search consultancy was used for the selection and appointment of the Chairman or any of the Non-Executive Directors on MPCL Board.

Policy for Retention of Fee by an Executive Director

As per the Directors' Remuneration Policy of the Company, the executive director is not entitled to any fee for attending the board, committee or general meetings of the Company. However, he can retain the fee received from any other company where he serves as non-executive director.

Board's Policy on Diversity

MPCL has a diverse and balanced Board that provides a mix of professional expertise in leadership, finance, economics, engineering, legal, corporate law, oil & gas exploration and production disciplines. The collective experience of the Board members adequately covers all aspects of MPCL's business undertakings.

The Board follows the diversity parameters set in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Currently the Board comprises of one executive and ten non-

executive directors, including three independent directors who represent the shareholding interest of minority shareholders.

In compliance with the regulatory requirements, a female director was elected on the Board in the elections held on June 22, 2022.

Directors' Orientation and Trainings

As on June 30, 2022, ten (10) directors on MPCL Board were certified under SECP approved Directors' Training Program (DTP). In line with the good governance practices, DTPs were arranged from the Pakistan Institute of Corporate Governance for uncertified directors and all of the Directors became certified during the year. The number of certified directors was 91% as on June 30, 2022 due to joining of new members after the election of directors just before the close of the financial year. The directors training program for one newly elected director will be arranged in due course.

In addition to the trainings within the Country, the Directors are also sent on trainings at reputable institutions abroad to acquaint them with the latest developments and trends in the areas of governance, management and leadership.

From time to time, orientation sessions are carried out to apprise the Board Members about the latest changes in corporate regulatory and governance regime in the Country.

Security Clearance of Foreign Directors

MPCL has never had a foreign director on its Board. In case a foreign director is elected on MPCL Board in future, security clearance will be obtained from the Ministry of Interior through the SECP.

A detailed SOP is in place for security clearance and provision of security to the foreigners coming into Pakistan to work with the Company. Security Section of MPCL's Administration Department undertakes coordination with Ministry of Interior for all security related matters. Supporting documentation is provided by the Corporate Affairs Department.

MD/CEO Performance Review

A Performance Scorecard is in place to objectively measure the performance of the Managing Director and top tiers of the Management on key operational and strategic parameters, and their variable pay is linked with the score achieved on the Scorecard. For the FY 2021-22, actual performance as per the Scorecard was presented to the Board on a quarterly basis, while performance for the whole year was presented to the Board through the HR&R Committee in the Board meeting held on August 04, 2022.

In addition, MD/CEO's report on the Company's operations, major achievements, and the progress on outstanding issues is presented to the Board of Directors as a regular agenda item in each meeting for review, discussion and decisions, all of which are duly recorded in the minutes.

Committees of the Board of Directors

The Board of Directors oversees the operations and affairs of the Company in an efficient and effective manner. For the sake of smooth functioning, the Board has constituted four Committees to ensure speedy management decisions relating to their respective domains.

Audit Committee: Role

The primary role of the Audit Committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls, compliance with applicable

laws, rules and regulations, and enterprise risk management of the Company.

Composition

The Committee shall comprise of five members. All members of the Committee shall be non-executive directors, at least one of whom shall be an independent director. The Chairman of the Committee shall be an independent director.

Terms of Reference

- a. Determination of appropriate measures to safeguard the company's assets;
- b. Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - going-concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards;
 - compliance with corporate governance regulations and other statutory and regulatory requirements
 - all related party transactions
 - material off-balance sheet items

- c. Review of Company's annual budget, forecasts and any budget re-appropriations.
- d. Review of preliminary announcements of results prior to external communication and publication;
- e. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- f. Review of management letter issued by external auditors and management's response thereto;
- g. Ensuring coordination between the internal and external auditors of the Company;
- h. Review of the scope and extent of internal audit, audit plan, reporting framework, audit reports significant findings, and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- i. Review training and development needs and succession planning of the internal audit function
- j. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- k. Ascertaining that the internal control system including financial and operational controls, accounting system for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and reporting structure are adequate and effective;
- l. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- m. Review significant legal, regulatory and tax matters having a material impact on the Company
- n. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- o. Determination of compliance with relevant statutory requirements;
- p. Monitoring compliance with the Corporate Governance Regulations promulgated by SECP and identification of significant violations thereof;
- q. Recommending the hiring or removal of the Chief Internal Auditor and his performance appraisal on annual basis.



MPCL Senior Management

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- r. Review whistleblowing policy and mechanism for staff and management and other stakeholders to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures; Monitor the Company's placement of funds and related policy matters on quarterly basis.
- s. Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
- t. Consideration of any other issue or matter of significant importance or matters as may be assigned by the Board of Directors;
- u. Approval of resolutions for transfer of shares and issuance of duplicate share certificates of the Company, as per provisions of the Companies Act, 2017 (resolutions to be signed by any two members).
- v. The responsibilities of the Committee with regard to Enterprise Risk Management, inter alia, include the following:
 - i. Ensure that the Company implements sound fundamental principles that facilitate the identification, measurement, monitoring and control of risks.
 - ii. Delineate Company's overall risk appetite and tolerance level in relation to risks.
 - iii. Ensure that Company's overall risk exposure is maintained at prudent levels and consistent with the Company's strategy.
 - iv. Evaluate annually the adequacy of the risk management function, including the background and experience of key senior risk officers, staffing adequacy, and the independence and authority of the risk management function.
 - v. Review periodic reports related to management's assessment of the Company's risk management performance, and any other tools or reports used by management to assess and discuss the categories of risk faced by the Company, the exposures in each category, significant concentrations within those risk categories, the metrics used to monitor the exposures, and management's views on the acceptable and appropriate levels of those risk exposures.
 - vi. Review the Company's ERM Strategy and ERM Policy to ensure their suitability, including adherence to relevant legislation and regulations.
 - vii. Ensure that the risk management function has adequate resources and has a well-defined Annual Risk Management Plan.
 - viii. Review key projects of strategic nature from risk perspective.
 - ix. Review Audit or other findings relating to management of the Company's risks and that follow-up actions

- are undertaken by the Management.
- x. Evaluate special cases where a risk (or risks) fall outside published guidelines and thresholds and make recommendations on appropriate action to the Board.

Attendance in the Audit Committee Meetings

Twelve meetings of the Audit Committee were held during the financial year 2021-22. The attendance of the directors in the meetings was as under:

Director	Meetings Attended
Ms. Ayla Majid ^{1,2}	12
Syed Bakhtiyar Kazmi ²	11
Mr. Abdul Rasheed Jakhio	12
Mr. Ahmed Hayat Lak	12
Mr. Adnan Afridi	12

1. Ms. Ayla Majid is an independent, non-executive director
 2. Ms. Ayla Majid and Syed Bakhtiyar Kazmi both qualify as financially literate
- *Committee was reconstituted w.e.f. July 02, 2022

HR and Remuneration Committee: Role

The major role of the Committee is to review HR related matters of the Company and present its recommendation to the Board for consideration and approval.

Composition

The Committee shall comprise of five members. All members of the Committee shall be non-executive Directors. The Chairman of the Board shall not be a member of the Committee. The Chairman of the Committee shall be an independent director.

Terms of Reference

Terms of reference of the HR&R Committee are as follows:

- a. Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level
 - b. Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
 - c. Recommending the human resource management policies to the board;
 - d. Recommending to the Board of Directors the employment, evaluation, compensation (including retirement benefits), and succession planning of the CEO.
 - e. Recommending to the Board of Directors the employment, evaluation, development, compensation (including retirement benefits) of the Chief Operating officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;
 - f. Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO;
 - g. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company;
 - h. Review managements proposals for the promotion of employees as direct reports to the MD/CEO and make recommendations for consideration of the Board of Directors;
 - i. Review management's proposals for changes in the compensation policy and salary structure of employees and make recommendations for consideration of the Board.
 - j. Review management's proposals for strategic changes in the Company's organogram and make recommendation for consideration of the Board;
 - k. Evaluate the candidates and make recommendations for the appointment of senior management employees reporting directly to MD/CEO and their succession planning. For this particular function, the Managing Director will be co-opted member of the Committee. The Committee may also co-opt any other director for this purpose; and
 - l. Take up any matter assigned by the Board and make its recommendations to the Board thereon.
- The primary role of the Committee is to review major HR related matters of the Company and present its recommendation to the Board for consideration and approval.

Attendance in the HR&R Committee Meetings

Nine meetings of the HR&R Committee were held during the financial year 2021-22. The attendance of the directors in the meetings was as follows:

Director	Meetings Attended
Mr. Adnan Afridi	09
Maj Gen Ahmad Mahmood Hayat (Retd)	09
Mr. Shahid Salim Khan	06
Syed Khalid Siraj Subhani	02 ¹
Mr. Ahmed Hayat Lak	09
Ms. Ayla Majid	09

1. Joined the Board in October 2021 in place of Mr. Shahid Salim Khan
- * Committee was reconstituted w.e.f. July 02, 2022

Technical Committee: Role

The Technical Committee shall be responsible to evaluate technical aspects of all projects/matters pertaining to the Company's core business i.e. Exploration & Production and allied services and make their recommendations for consideration of the Board.

Composition

The Committee shall comprise of five members. All members of the Committee shall be non-executive Directors.

Terms of Reference

- a. Annual Exploration, Appraisal and Development work program, its budget and any re-appropriations in the approved budget.
- b. Farm-in and Farm-out opportunities including acquisition of working interest in a new block, acquisition of additional working interest in an existing block, partial or complete divestment of working interest in an existing block.
- c. Relinquishment/surrender of the Company's working interest in an existing block.
- d. Acquisition or disposal of plant, machinery and equipment

Corporate Governance

pertaining to the Company’s core operations and allied services, which exceed MD’s authorized limit.

- e. Capital expenditures pertaining to the Company’s core operations and allied services, not provided for in the approved annual budget and where these exceed MD’s authorized limit.
- f. Technical aspects of the Company’s diversification projects.
- g. Any other matter that may be referred by the Board to the Committee.

Attendance in the Technical Committee Meetings

Three meeting of the Technical Committee were held during the financial year 2021-22. The attendance of the directors in the meetings was as under:

Director	Meetings Attended
Syed Bakhtiyar Kazmi	03
Maj Gen Naseer Ali Khan (Retd)	03
Mr. M. Haroon-ur- Rafique	03
Syed Khalid Siraj Subhani	03
Mr. Abdul Rasheed Jokhio	03

* Committee was reconstituted w.e.f. July 02, 2022

Investment Committee:

Role

The major role of the Investment Committee is to evaluate and discuss the feasibilities of new projects to ensure growth and diversification of the Company’s business.

Composition

The Committee shall comprise of five members. All members of the Committee shall be non-executive Directors. The Chairman of the Board shall not be a member of the Committee.



Terms of Reference:

- a. The Committee will review and recommend investment strategy relating to local and international growth in core business and/or diversification projects. The Committee shall ensure that such investments are made in accordance with the Company’s approved capital allocation framework and in line with Board’s approved Strategies and policies in force from time to time
- b. Review external growth opportunities, potential diversification projects, acquisitions, or divestment of existing projects/ventures, as proposed by the Management.
- c. Review Management’s proposals for strategic alliances with other entities/ companies to achieve growth or diversification objectives of the Company.
- d. Any other matter that may be referred by the Board to the committee.

Attendance in the Investment Committee Meetings

Two meeting of the Investment Committee were held during the financial year 2021-22. The attendance of the directors in the meetings was as follows:

Director	Meetings Attended
Dr. Nadeem Inayat	00
Maj Gen Naseer Ali Khan (Retd)	02
Syed Bakhtiyar Kazmi	02
Mr. Adnan Afridi	02
Ms. Ayla Majid	02

* Committee was reconstituted w.e.f. July 02, 2022

Reports of the Audit Committee

In accordance with its TORs, the Audit Committee reviewed the Company’s Annual and Interim Financial Statements, including the non-financial information, prior to their publication. The Audit Committee also periodically reviewed the adequacy and appropriateness of the internal controls, the matters relating to the accounting policies, the financial risks and the compliance with the applicable accounting and reporting standards, and statutory, legal and regulatory requirements. The Audit Committee also discussed with statutory auditors the issues arising from the interim and the annual audits along with the Management Letter issued by them and the management responses thereof.

Important findings, risks identified and follow-up actions were examined thoroughly in order to allow appropriate measures to be taken.

The Audit Committee reports were presented in the Board meetings on quarterly basis.

Director	Designation
Ms. Ayla Majid ^{1,2}	Chairman
Syed Bakhtiyar Kazmi ²	Member
Mr. Abdul Rasheed Jokhio	Member
Mr. Ahmed Hayat Lak	Member
Mr. Adnan Afridi	Member

- 1. Ms. Ayla Majid is an independent, non-executive director
- 2. Ms. Ayla Majid and Syed Bakhtiyar Kazmi both qualify as financially literate.

Audit Committee Views on Financial Statements

The financial statements of the Company for FY 2021-22 were presented to the Audit Committee in its meeting held on July 29, 2022. The Audit Committee reported to the Board that the statements were fair, balanced and understandable. The statements provided the shareholders and other readers with detailed information which they can use to assess the Company’s performance and financial position.

Audit Committee on Appointment of External Auditors

Every year, the Audit Committee makes its recommendations to the Board regarding the appointment of statutory auditors and their fee. The recommendations are based on performance of the Auditor, satisfactory rating under QCR program of ICAP, their eligibility to be re-appointed (including length of their term with the Company) and fee quoted for their services.

The Audit Committee in its meeting held on July 29, 2022, recommended M/s A.F. Ferguson & Co., for reappointment as statutory auditors of the Company for FY 2022-23, based on their performance, market

reputation, professional excellence and competitive fee.

Presence of Chairman Audit Committee in AGM

The Chairman Audit Committee is present in each AGM to answer the questions pertaining to the Committee’s activities during the year and other important matters which fall within the scope of the Committee’s mandate.

Internal Control Framework and Role of Internal Audit

In Compliance with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors has set up an Internal Audit function, which is headed by the Chief Internal Auditor, who directly reports to the Audit Committee of the Board.

The Internal Audit function is an independent assurance and consulting activity and is designed to add value and improve MPCL’s operations. It helps the Company accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The main objectives of MPCL’s Internal Control Framework include:

- a. Effectiveness and efficiency of the Company’s operations;
- b. reliability of the internal and external reporting;
- c. compliance with the applicable laws, rules, regulations, policies and procedures; and
- d. safeguarding of the Company’s assets.

To achieve Internal Control Framework objectives, following Internal Control components are assessed and evaluated by

the Company’s Internal Audit Department:

- a. **Control Environment:** The control environment sets the tone and influences the control consciousness of the personnel. It is the foundation of all other components of the internal control, providing discipline and structure.
- b. **Risk Assessment:** The Management of the Company is responsible for ensuring adequate risk identification and analysis of the relevant risks to achieve Internal Control Framework objectives.
- c. **Control Activities:** These are the policies and procedures that help ensure that the Management directives are carried out effectively.
- d. **Information and Communication:** Pertinent information must be identified, captured and communicated in a structured form and time-frame that enables people to carry out their assigned responsibilities.
- e. **Monitoring:** Internal Control Systems need to be monitored by Internal Audit Department. This process assesses the quality of Internal Control Framework in place.

In addition, Internal Audit also undertakes special tasks as and when directed by the Audit Committee of the Board. Internal Audit plays a central role in highlighting weaknesses in the existing system and processes and identifying required controls needed to strengthen the overall control system.



Corporate Briefing Session, June 24, 2022 - MPCL Head Office, Islamabad

Access of Head of Internal Audit to Audit Committee

Head of the Internal Audit has direct and unrestricted access to the Chairman and other Members of the Audit Committee to discuss any matter related to the internal audit function. The Audit Committee met the Chief Internal Auditor and the staff of the Internal Audit Department, without the presence of the CFO, in its meeting held on June 06, 2022.

Engagement with Key Stakeholders to understand their Needs, Interests and Trends

Major stakeholders of the Company include Shareholders (Institutional and Minority), Customers, Suppliers, Joint Venture Partners, Regulators, Banks and other Lenders, Media, Employees, Social Sector Organizations, and Communities in MPCL Concession areas.

Relationships with different stakeholders are extremely important for the Company as these relationships can impact MPCL's operations, revenues and corporate image. MPCL maintains cordial relationships with all of its stakeholders.

Engagement with Shareholders

- Relationships with the shareholders are managed in line with the provisions

of the Participation and Shareholders Agreement, applicable corporate laws, rules, regulations, and notifications, notably the Companies Act 2017, the Listed Companies (Code of Corporate Governance) Regulations 2019, the PSX Rulebook, and the Memorandum and Articles of Association of the Company.

- Annual and Quarterly Accounts of the Company are placed on the Company's Website while Annual Audited Accounts are also circulated to the Shareholders in CD and physical form (upon request).
- Besides their right to appoint directors to oversee affairs of the Company, the Shareholders are invited to all the shareholders meetings (AGMs, EOGMs) and are encouraged to present their viewpoint on important matters.
- There is an Investor Relations Section on the Company's website which contains important Investor specific information as well as an Online Complaint Form for investors.
- The Board has approved an Investor Relations & Grievance Policy which contains the mechanism for handling shareholders' complaints and queries.

- Minority investors can also lodge their complaints and submit their queries directly to the Shares Department using the conventional mail, fax, email or phone.
- Material Information pertaining to the Company's operations is circulated to the Shareholders through the PSX, as and when need arises.

Engagement with other Stakeholders

Customers: MPCL customers are mostly corporate entities in dedicated sectors of fertilizer, power and gas distribution with long term allocations. MPCL interactions with these customers are B2B in nature. The Company maintains constant contact with all of its customers through periodic meetings, official correspondences, and personal visits.

During FY 2021-22, MPCL arranged a workshop with its fertilizer customers to brief them about current and projected production profile of Mari Gas Field and the Company's ongoing as well as planned initiatives to enhance the production plateau and delivery pressures.

Suppliers/Vendors/Service Providers: MPCL segments its suppliers, and employs an appropriate interaction model for

each segment to maintain a collaborative working relationship with them. The Company treats its suppliers as strategic business partners for sustainable (reliable, ethical, cost effective) sourcing.

Media: A dedicated team of professionals maintains liaison with print and electronic media for sustained positive coverage of the Company's activities and achievements through new items, interviews, articles in special supplements, and advertisements.

Corporate Briefing Session

The Company carries out periodic briefings for the existing and potential investors and stock market participants to apprise them about the Company's operational and financial performance and the Company's future plans.

During FY 2021-22, two Corporate Briefing Sessions were arranged at the MPCL Head Office on November 24, 2021, and June 24, 2022. The sessions were attended by a large number of market analysts, members of the brokerage houses, shareholders, and employees in person as well as virtually on MS Teams.

Briefing to the Shareholders

Apart from the corporate briefing sessions, the Managing Director makes a detailed presentation during the Annual General Meeting every year to brief the Shareholders on the Company's performance and its future plans. The presentation is followed by Q&A session wherein the views of the minority shareholders are solicited, their concerns are addressed and suggestions are noted for suitable action. The briefing and Q&A session are duly minuted.

Reaching out to Shareholders for Delivery of Unclaimed Dividends/Shares

Pursuant to Section 244 of Companies Act 2017, the Company vigorously tries to reach out to its shareholders to deliver unclaimed shares and dividends that have been laying with the Company since inception. In addition to the attempts to contact concerned shareholders in person, five written reminders have been dispatched since 2016. As a result, the Company has delivered about 56,359 unclaimed shares, and dividends amounting Rs. 42.5 million in the last six years.

Understanding of Major Shareholders' Views

Major shareholders of the Company are Fauji Foundation, OGDCL and the Government of Pakistan who collectively hold 80% shares in the Company. Out of 11 directors on MPCL Board, 8 directors are nominees of/elected by the major shareholders. Hence, these non-executive directors are well aware of the views of the major shareholders about the Company and adequately share those views with other directors and management of the Company during the Board meetings.

Engagement with Regulators

- Relationship with the SECP and the PSX are managed as per the applicable corporate laws, rules, regulations, and notifications, notably the Companies Act 2017, the Listed Companies (Code of Corporate Governance) Regulations 2019, the PSX Rulebook, and the Memorandum and Articles of Association of the Company.
- Annual and Quarterly Accounts of the Company are filed with the Registrar of the Companies and the SECP and are also circulated to the PSX.

- Material Information pertaining to the Company's operations is circulated to the PSX and the SECP as and when need arises.
- The Company also participates in the trainings and awareness sessions arranged by the regulatory bodies, from time to time.

Business Ethics and Anti-Corruption Measures

MPCL conducts its business in a socially responsible and ethical manner and in compliance with the applicable laws. The Company has prepared a Code of Conduct which, inter alia, covers the matters such as conflict of interest, business integrity, gifts, entertainment and bribery, insider trading and accountability etc. Members of the Board and employees, while joining and during their association with the Company, are required to read, acknowledge, and abide by the Code.

The Board has approved a Whistleblower Policy to encourage employees, who have concerns about suspected serious misconduct or any breach or suspected breach of law or regulation that may adversely impact the Company, to come forward and express such concerns without fear of punishment or unfair treatment.

All complaints against the employees are thoroughly investigated to determine the veracity of such complaints. Inquiry reports are shared with the concerned quarters and where an employee is found guilty, strict disciplinary action is taken, including termination from the Company service.

An independent Internal Audit Department periodically reviews the conduct of the business of each department and points out the areas for improvement, if any.



MD's visit to Bannu West and Zarghun Wells, KP

Conflict of Interest

The matter of Conflict of Interest relating to Board members is dealt with in accordance with the provisions of the Companies Act, 2017 and the Articles of Association of the Company. Any person intending to become a Director of the Company has to submit a declaration that he/she is aware of the powers and duties of a Director as envisaged in the Companies Act, 2017 and has read the Articles of Association of the Company.

Further, MPCL has a Code of Conduct which covers this area. It is overriding intention of the Company that all business transactions conducted by it are on an arm's length basis. Adequate internal controls have been implemented to ensure that transactions with related parties are appropriately identified in the information system and disclosed in the financial statements.

Transactions and balances with the related parties are reviewed and approved by the Board on the recommendations of the Audit Committee.

Interested directors and executives are required to disclose their interest and withdraw themselves from the discussion or decision on any transaction in which they are interested.

Similarly, MPCL directors and executives are required to disclose buying and selling of the Company shares, within the prescribed time-frame.

Share Price Sensitivity Analysis

Investor Relations Section on the Company's website contains important information such as Share Price (along with market capitalization and graphical representation of share price movement over the period), Financial Highlights and Indicators, Pattern of Shareholders, EPS, P/E Ratio and Breakup Value etc.

All the material information that might affect the share price of the Company is communicated to the PSX and the SECP in a timely manner.

Last Annual General Meeting (AGM)

The 37th AGM of the Company was held on October 26, 2021, at 10:00 a.m., at the Registered Office of the Company situated at 21-Mauve Area, 3rd Road, Sector G-10/4, Islamabad.

Agenda, Decisions and Implementation

Agenda Item-1: To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2021 together with the Directors' and Auditors' reports thereon.

Decision and Implementation:

A detailed presentation on the Company's operations during the FY 2020-21 and the future plans was made by the Managing Director. After Q&A session, the audited accounts, the directors' and the auditors' reports were duly approved and adopted by the members.

Thereafter, the audited accounts, the directors' and the auditors'

reports were filed with the Registrar of Companies and circulated to the SECP and the PSX.

Agenda Item-2: To approve, as recommended by the Board of Directors, the payment of final dividend @ Rs. 75/- per share (750%) for the financial year ended June 30, 2021. This was in addition to the interim dividends @ Rs. 66/- per share (660%) already paid.

Decision and Implementation:

The payment of the final dividend as recommended by the Board was approved by the shareholders. It was also approved that the dividend on the 5% bonus shares that were sub-judice before the Sindh High Court be withheld by the Company till the final decision of the Court in the matter.

Accordingly, dividend was electronically transferred in the designated bank accounts of the eligible shareholders on November 04, 2021. Tax was deducted at the

applicable rates and deposited in the Government Treasury.

Agenda Item-3: To appoint auditors for the year 2021-22 and fix their remuneration.

Decision and Implementation:

M/s A.F. Ferguson & Co., Chartered Accountants, were appointed as auditors to hold office until the conclusion of the next Annual General Meeting of the Company for the year ending June 30, 2022, at the fee and other terms and conditions agreed by the Board of Directors.

Facilitation to Minority Shareholders to Attend AGMs

Both the companies and the shareholders have to play a role to make AGMs effective and meaningful. MPCL follows the legal requirements in letter and spirit to encourage participation of the minority shareholders in the AGMs. Going beyond the legal requirements, the Company even delivers Annual Reports through the Company's dispatch riders at the

shareholders request. Personal phone calls are also made to some of the shareholders to inform them about the AGM and invite them to attend in person or through proxy. Dedicated parking and security arrangements are made for the shareholders on the day of the AGM.

Compliance with the Best Practices of Code of Corporate Governance

The Company ensures full compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. Every year, the Statement of Compliance prepared by the Board of Directors is reviewed and verified by the statutory auditors of the Company.

The Statement for the year 2021-22 (included in the Annual Report) details the manner in which the Company has applied the requirements of the Regulations. The Statement also confirms that all material principles enshrined in the Regulations were complied with.



Corporate Governance

Good Governance Practice beyond the Requirements of the Regulations

Going beyond the requirements of the Regulations, the Company has adopted/ implemented following good governance practices in the Company.

- Although not mandatory under the Regulations, the Board has constituted an Investment Committee, which evaluates the feasibilities of the new projects to ensure growth and diversification of the Company's business.
- Apart from the statutory positions, employment of all executives reporting directly to the Managing Director is approved by the Board on recommendations of the HR&R Committee. This practice ensures transparency in hiring, promotion and separation of senior management.

Awareness Session on Insider Trading

Insider trading is a serious offence under the Securities Act 2015 and carries hefty financial penalties and jail time. The Company arranges in-house sessions to create awareness about insider trading and related matters. Management employees from all tiers participate in the sessions wherein they are apprised about the main concepts pertaining to insider trading, laws governing insider trading, responsibilities of the Company with regard to handling material insider information and maintenance of inside information register, penalties for non-compliance, real life case studies, and the contents of the inside information register of MPCL. Emails pertaining to the prohibition of the insider trading are also circulated from time to time to reinforce compliance.



Whistle Blowing Policy

- The Board has approved a Whistleblower Policy to encourage employees, who have concerns about suspected serious misconduct or any breach or suspected breach of law or regulation that may adversely impact the Company, to come forward and express such concerns without fear of punishment or unfair treatment. The Policy applies to all regular/ contractual Management and Non-Management employees of the Company, vendors, contractors, customers and consultants etc. The Policy also includes other personnel associated in any other manner with the Company. Salients of the policy are as under:

- Audit Committee of the Board shall be responsible for implementation of the Whistle Blowing Policy.
- Chairman of the Audit committee shall directly receive, review and decide whether a detailed investigation is needed on all whistles/complaints. The whistles/ complaints may be launched through dedicated email address (whistle@mpcl.com.pk) or through other forms like post, courier etc. directly to the Chairman Audit Committee. The aforementioned email

shall only be accessible to the Chairman.

- On the recommendation of the Audit Committee, a whistleblower may be suitably awarded according to the significance of the information he/she had provided and impact of losses averted as a result. The award may include cash prizes and/or increase in salary and/or promotion (in case of employees).
- The Policy allows anonymous whistles/complaints.

During the year, no complaint was lodged under the Whistleblowing Policy.

Investors' Grievances Policy

The Board has approved an Investor Relations & Grievance Policy which contains the mechanism for handling shareholders complaints and queries.

As envisaged in the Policy, the Company has a designated email ID as well as an online Complaint Form at its website for the Shareholders to lodge a complaint or query with the Management. Shareholders can also lodge a complaint or query using telephone, fax or conventional mail. The Policy ensures that grievances notified by the shareholders are handled and resolved efficiently at appropriate level within shortest possible time span (within 5 working

days). The Company maintains record of all such grievances along with actions taken for resolution and prepares summary of unresolved/ unsettled issues on monthly basis.

Annual Evaluation of the Performance of the Board, Board's Committees and Individual Directors along with Description of Criteria used/ Board's Performance Evaluation by External Consultant

In line with good governance practices, MPCL has hired the services of the Pakistan Institute of Corporate Governance (PICG) to independently conduct the performance assessment of the Board, its Committees, and Individual Directors for FY 2021-22. The deliverables of the assessment exercise are:

- Assessment Report of the Board and Board Committees
- Evaluation Reports of the Individual Board Members
- Analysis of the Results
- Interpretation of the Results

The evaluation is divided into two phases:

- **Phase-I** (Evaluation of the Board and Board Committees)
- **Phase-II** (Evaluation of the Individual Directors)

The evaluation is aimed at independent assessment of the strengths and capabilities of MPCL Board, its Committees and Individual Directors. It will identify the areas that may not be functioning as well as they should be, thus causing barriers to effectiveness, and recommend ways of addressing them in accordance with the best practices. PICG has developed a specialized



mechanism for conducting the aforementioned evaluation. The evaluation of the Board and Board Committees will cover 10 specific areas including: board composition, strategic planning, chairman, board procedures, CEO, board committees, control environment, board and CEO compensation, risk oversight and independent directors.

The evaluation was in progress at the time of the printing of this report, after which the complete report, analysis and interpretation of the results will be presented by PICG to the HR&R Committee of the Board.

Related Party Transactions

All transactions with related parties arising in the normal course of business are carried out on an unbiased, arm's length basis at normal commercial terms and conditions.

Any transactions with related parties, where majority of directors of MPCL are interested, are referred to the shareholders in a general meeting for ratification / approval.

Pursuant to the requirements of the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, the complete details of the transactions and balances with the related parties were placed before the Audit

Committee for review at the end of each quarter. After review by the Committee, the transactions were considered and approved by the Board keeping in view the recommendations made by the Committee.

In compliance with the requirements contained in the Fourth Schedule of the Companies Act, 2017, detailed disclosure regarding related party transactions has been presented in Note 38 of the Financial Statements.

Investors' Relations Section and Complete Accessibility of Annual Report on MPCL Website

In order to promote investor relations and facilitate access to the Company for grievance/other query registration, an Investors' Relations section (<https://mpcl.com.pk/investor-relations/>) is maintained on MPCL website. Further, annual report is also completely accessible on the website (<https://mpcl.com.pk/investor-relations/financial-reports/>)

Managing Director's/ CEO Interview

CEO's presentation regarding MPCL's performance, business overview, strategy and outlook is placed at the following link: <https://mpcl.com.pk/investor-relations/mds-video-interview/>

Corporate Governance

Board Meetings held outside Pakistan

No Board meeting was held outside Pakistan during the year.

Date of Authorization of Financial Statements

In order to timely communicate financial results to the stakeholders, Annual Financial Statements of the Company for FY 2021-22 were approved by the Board in its 202nd meeting held on August 04, 2022. Necessary disclosures to the PSX and the SECP were made on the same day after the conclusion of the Board meeting.

Reports of the Shariah Advisory Board

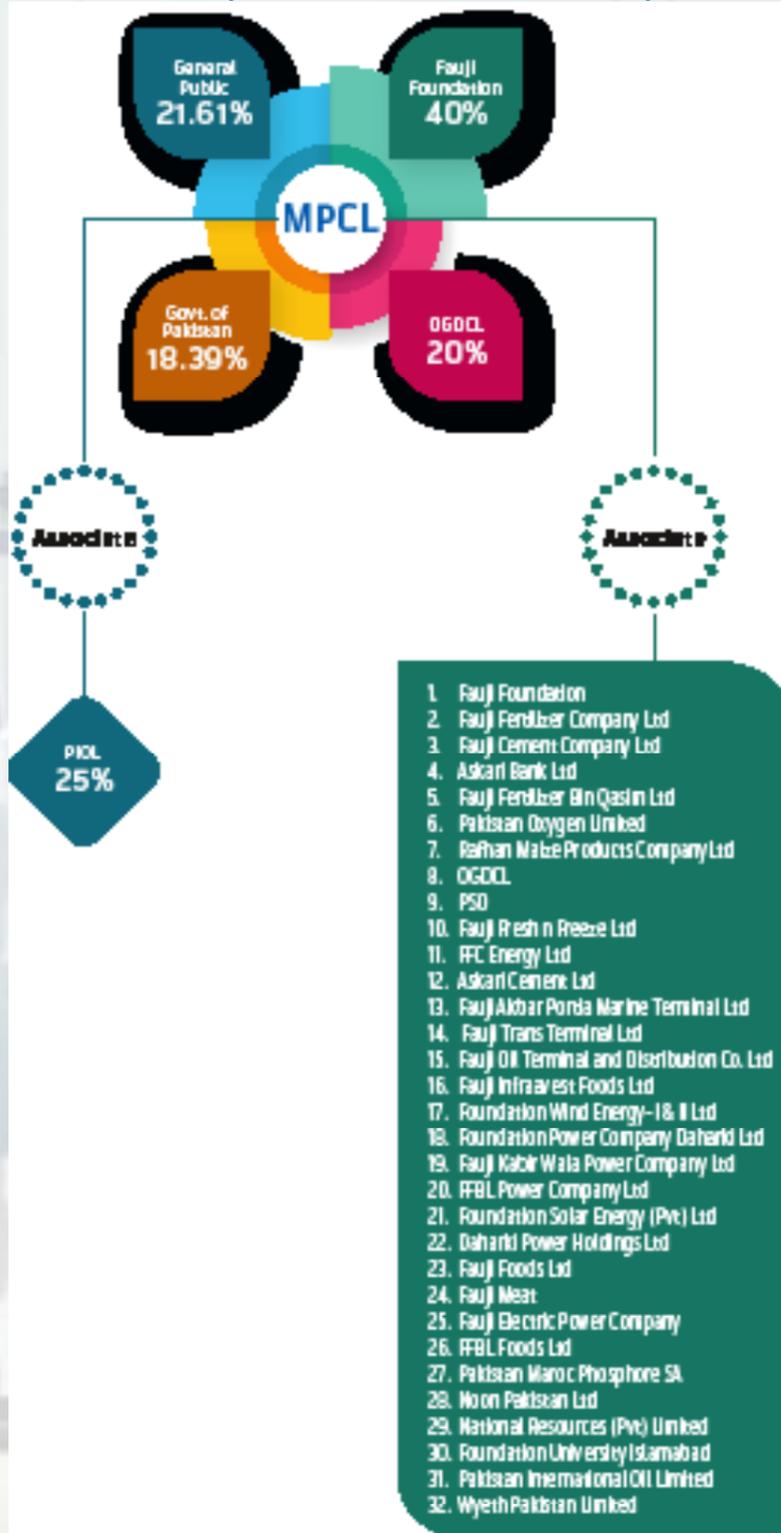
The Company is not required to have a Shariah Advisory Board. However, the Company is included in PSX KMI All Share Index and KMI 30 Index which track the performance of sharia compliant companies listed on the PSX.

Redressal Mechanism for Investor's Complaints

A dedicated "Investor Contact and Complaints" page is being maintained on MPCL website under the Investor Relations Section. Executives of Corporate Affairs Department are available from 8 am to 4 pm during the working days to facilitate the shareholders and address their queries, complaints and issues. Queries, requests and complaints can also be sent in hard copies to the Corporate Affairs Department. Whatever is the nature of the issue faced by a shareholder, it is promptly addressed directly by the Company or necessary instructions are issued to the Share Registrar to resolve and respond. Normally any issue is resolved within 2-3 working days.

During FY-2021-22, nine (09) complaints were received from various shareholders. All complaints were timely settled by the Shares Section of the Company.

Company's Ownership Structure and Relationship with Associated Companies



Financial Capital

Adequacy of Capital Structure

The Company's capital is principally financed by equity. Total equity on June 30, 2022 was Rs 130.86 billion, a 13 percent increase over Rs 115.53 billion at the end of the previous year due to retained profit.

The financial projections show that the capital structure is adequate for the foreseeable future. The Company intends to cover all of its financing needs over the next year through available reserves and cash generated internally.

Financing Arrangements

The reliance on external financing is secondary to the Company's principal source of finance, which is internally generated cash. Given the Company's excellent financial position and operational cash flows, management believes it will have no trouble obtaining debt financing in the future, if necessary.

Repayment of Debts and Recovery of Losses

The Company has a strong debt raising and repayment capability. Further, strong cash position provides leverage to adequately manage loss recovery, if any.

There have been no defaults in repayment of any debt during the year.

Liquidity and Cash Flow Management Strategy

Analysis of Liquidity and Cash Flows

Owing to strong financial health of the Company, the Company does not have or forecast any liquidity issues. Internal cash generation, principally from hydrocarbon sales and income from deposits adequately meets the liquidity requirements of the Company. Minimum reliance is placed on

Equity and Liabilities 2021-22



13.4% Unappropriated profit
12.52% Trade and other payables
6.4% Other reserves
6.4% Deferred liabilities
7.7% Provision for income tax
1.2% Others

Assets 2021-22



25.62% Property, plant and equipment
19.77% Cash and bank balances
17.48% Trade debts
9.52% Development and production assets
7.82% Exploration and evaluation assets
5.82% Others
4.27% Short term loans and advances
2.7% Short term investments

external sources thus ensuring lower borrowing cost. During the year, an amount of Rs 49,400 million was generated from operating activities of the Company which was primarily used to undertake exploration and development activities, capital expenditures and dividend payments.

Strategy to Overcome Liquidity Problems

To manage liquidity, the Company constantly examines its cash inflows and outflows along with future cash projections before making any decisions. This approach of regular monitoring allows the Company to get visibility into future liquidity requirements and, if necessary, bridge the gaps by taking strategic and operational decisions and arranging financing facilities.

Responsibility towards the Financial Statements

It is a statutory responsibility to adopt sound accounting policies, establish and maintain a system of internal controls and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Act, 2017.

Statement of Unreserved Compliance of IFRS issued by IASB as applicable in Pakistan

Financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ from IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Note 2.5 of the financial statements specifies the standards, amendments and interpretations which are yet to be effective in Pakistan and have not been early adopted by the Company. The Company believes that the impact of these standards, amendments and interpretations are not likely to have any material impact on the financial statements.

Performance Indicators

		2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
PROFITABILITY RATIOS							
Net profit to net sales	%	34.75	43.06	42.09	40.92	37.75	32.35
EBITDA margin to net sales	%	56.34	67.76	63.87	64.83	60.03	49.65
Operating leverage	Times	0.58	7.81	0.50	1.46	1.63	2.43
Return on equity / shareholders' funds	%	26.84	30.14	38.68	46.87	46.78	42.99
Return on capital employed	%	26.76	30.14	38.68	46.87	44.06	39.15
Equity / Shareholders' funds	Rs in billion	130.86	115.53	93.15	63.61	40.19	25.54
LIQUIDITY RATIOS							
Current ratio	Times	2.26	3.61	3.71	2.98	2.77	1.92
Quick / acid test ratio	Times	2.13	3.36	3.15	2.60	2.56	1.75
Cash to current liabilities	Times	1.09	2.05	2.22	1.45	1.51	0.72
Cash flow from operations to net sales	Times	0.52	0.41	0.44	0.34	0.49	0.25
Cash flow from operations to capital expenditures	Times	1.25	1.14	2.50	2.05	3.21	1.66
Cash flow coverage ratio	Times	68.22	-	-	-	-	1.71
ACTIVITY / TURNOVER RATIOS							
Debtor turnover	Times	3.61	3.22	3.65	4.37	5.44	5.78
No. of days in receivables	Days	101	113	100	83	67	63
Total assets turnover	Times	0.57	0.53	0.66	0.79	0.77	0.68
Fixed assets turnover	Times	1.24	1.44	1.91	1.88	1.51	1.13
INVESTMENT / MARKET RATIOS							
Earnings per share (EPS) - basic and diluted	Rupees	247.84	235.71	227.23	182.36	115.25	68.49
Price earnings	Times	7.02	6.47	5.44	5.53	13.07	23.01
Price to book ratio	Times	1.77	1.76	1.77	1.92	4.13	6.80
Dividend yield	%	7.13*	9.25	0.49	0.59	0.40	0.33
Dividend payout	%	50.03*	59.82	2.68	3.29	5.21	7.59
Dividend cover	Times	2.00*	1.67	37.25	30.39	19.21	13.17
Dividend per share	Rupees	124.00*	141.00	6.10	6.00	6.00	5.20
Stock dividend per share	%	-	-	10	10	-	-
Market value per share							
Year end	Rupees	1,739.74	1,524.39	1,236.65	1,009.33	1,506.18	1,575.64
highest during the year	Rupees	1,800.13	1,692.16	1,454.50	1,589.95	1,809.41	1,750.00
lowest during the year	Rupees	1,480.55	1,222.65	829.95	936.70	1,398.38	905.10
Breakup value per share / Net assets per share	Rupees	980.93	866.05	698.26	524.48	364.55	231.63
Market capitalization - year end price	Rupees in billion	232.09	203.36	164.97	122.41	166.06	173.71
CAPITAL STRUCTURE RATIOS							
Debt to equity (as per book value)	%	0.55 : 99.45	00:100	00:100	00:100	00:100	14.04:85.96
Debt to equity (as per market value)	%	0.31 : 99.69	00:100	00:100	00:100	00:100	2.35:97.65
Financial leverage	Times	0.01	-	-	-	-	0.20
Interest cover	Times	1,193.96	-	-	-	764.79	57.42
Weighted average cost of debt	%	9.41	-	-	-	6.09	6.00
EMPLOYEE PRODUCTIVITY AND OTHER RATIOS							
Production per employee	MBOE	26.10	28.25	27.39	27.75	29.59	29.09
Net sales per employee	Rs in million	67.28	57.49	59.04	49.06	35.41	25.42
Employee turnover ratio	%	6.01	7.95	5.66	5.94	6.61	3.87
Maintenance & repairs expense as %age of operating & administrative expenses	%	7.00	7.16	5.58	5.35	7.73	9.69
Debt under interest arrangements to market capitalization	%	0.32	-	-	-	-	2.95
Bank deposits & investments placed under interest arrangements to market capitalization	%	17.76	21.58	26.09	12.75	6.70	3.48
Revenue from bank deposits & investments placed under interest arrangements to total revenue	%	1.96	4.04	3.91	1.76	1.32	0.66
Net liquid assets per share to market value per share	%	18.46	27.54	32.37	26.52	9.77	4.15

Note: Breakup value with revaluation reserves does not apply as MPCL has no revaluation reserves. Furthermore, carrying value of investment in related party - associate approximate its fair value.

Customer satisfaction index is not applicable as oil and gas industry in Pakistan is highly regulated.

Previous years figures have been restated, wherever necessary for the purpose of comparison

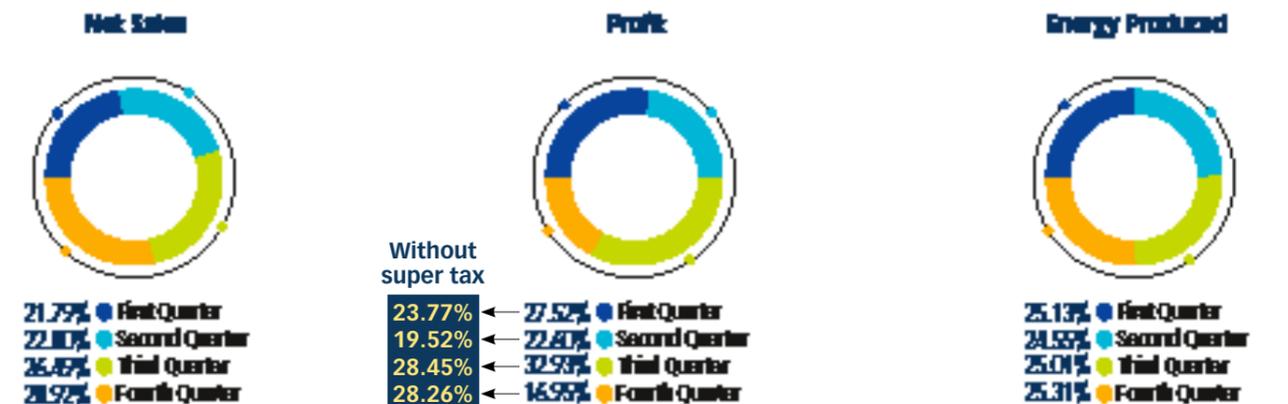
* This includes final dividend of 620% for the year ended June 30, 2022 proposed by the Board of Directors for approval of members in the Annual General Meeting to be held on September 28, 2022.

Quarterly Analysis



Analysis:

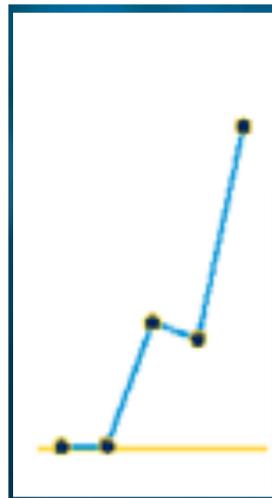
Net sales increased on quarterly basis due to increase in applicable oil and gas prices in the second half of the year. Q2 profit was decreased mainly due to 3D seismic cost incurred by an associated company, which has been charged to profit in line with Company's accounting policy. Q4 profit would have been higher if there was no imposition of the new fiscal regime that was enacted towards the end of the year. Lower production in Q2 is due to lower off-takes by customers owing to their less requirements.



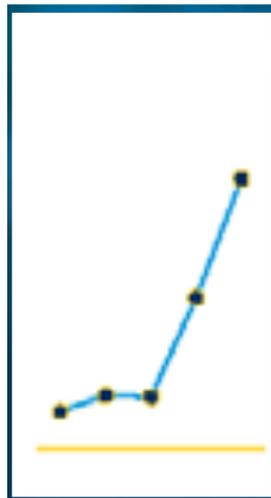
Summary of the Statement of Cash Flows



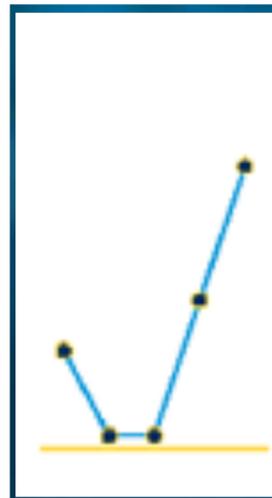
	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
(Rupees in million)						
Cash flows from operating activities	49,400.04	29,973.02	31,465.74	20,226.68	20,105.93	7,116.88
Cash flows from investing activities	(41,012.15)	(22,864.80)	(7,818.32)	(8,051.54)	(5,543.56)	(4,081.59)
Cash flows from financing activities	(17,145.99)	(9,001.47)	(796.14)	(754.96)	(5,903.21)	3,262.94
(Decrease)/Increase in cash and cash equivalents	(8,758.10)	(1,893.25)	22,851.28	11,420.18	8,659.16	6,298.23
Cash and cash equivalents at beginning of year	48,605.38	50,334.40	27,335.82	15,706.26	6,927.79	626.15
Effect of exchange rate changes	1,643.84	164.23	147.31	209.37	119.31	3.41
Cash and cash equivalents at end of year	41,491.13	48,605.38	50,334.40	27,335.82	15,706.26	6,927.79



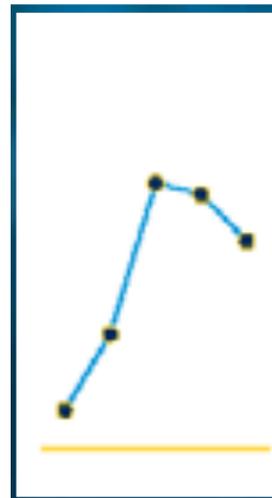
Net cash inflows from operating activities represent cash received from customers netted off with payments to suppliers, employees and Government for levies and taxes. The increase over the years is in line with the activities of the Company.



Investing activities mainly comprise of exploration and development activities, capital expenditures and investments. Cash outflows have increased over the years due to accelerated exploration and development activities of the Company.

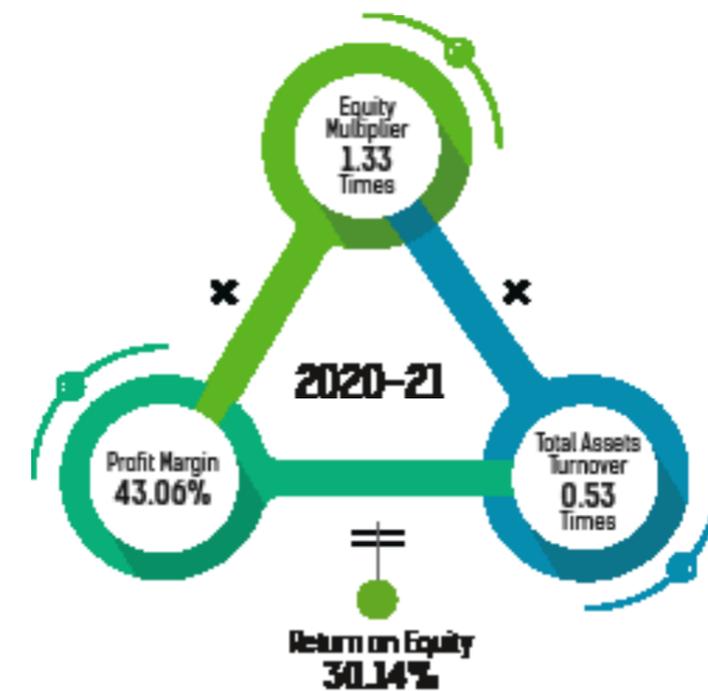
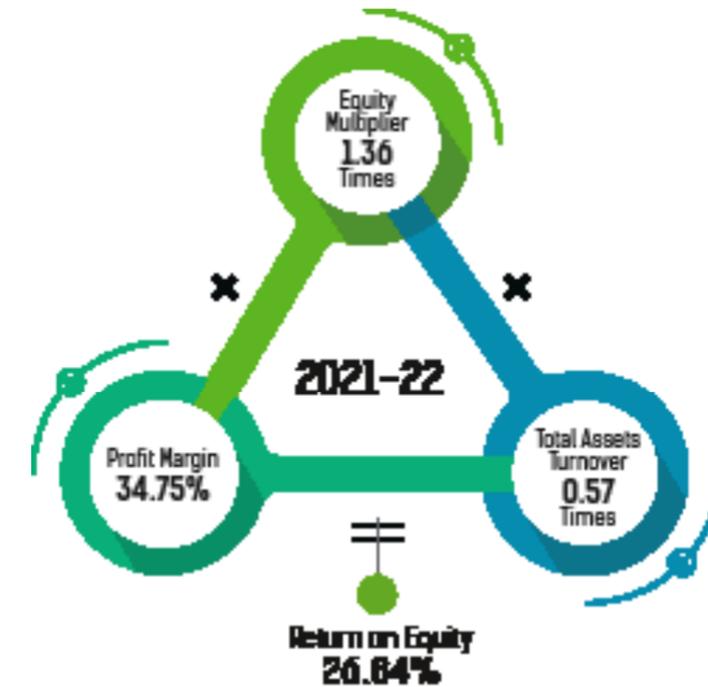


Cash outflows from financing activities increased in recent years mainly due to higher dividend payout.



Cash and cash equivalents increased more than 2.5 times from Rs 15.71 billion in 2017-18 to Rs 41.49 billion in 2021-22.

Return on Equity DuPont Analysis



Analysis

Major reason for decline in return on equity from 30.14% to 26.84% is lower profit margin due to imposition of the new fiscal regime, enacted towards the end of the year.

Horizontal Analysis Statement of Financial Position

(Rupees in thousand)

	2022	22 vs 21 %age	2021	21 vs 20 %age	2020	20 vs 19 %age	2019	19 vs 18 %age	2018	18 vs 17 %age	2017	17 vs 16 %age
EQUITY AND LIABILITIES												
Share capital and reserves												
Share capital	1,334,025	-	1,334,025	-	1,334,025	10.00	1,212,750	10.00	1,102,500	-	1,102,500	-
Undistributed percentage return reserve	-	-	-	(100.00)	477,899	(20.67)	602,415	(1.74)	613,109	23.50	496,436	16.30
Other reserves	15,711,988	3.44	15,190,001	7.05	14,190,001	7.58	13,190,001	8.20	12,190,001	8.94	11,190,001	4.68
Unappropriated profit	113,812,754	14.95	99,009,539	28.34	77,147,181	58.73	48,601,563	84.89	26,286,128	106.19	12,748,733	168.59
	130,858,767	13.26	115,533,565	24.03	93,149,106	46.45	63,606,729	58.26	40,191,738	57.38	25,537,670	50.52
Non current liabilities												
Long term financing	724,126	100.00	-	-	-	-	-	-	-	-	4,172,727	317.27
Deferred liabilities	15,544,293	39.14	11,171,723	8.02	10,342,139	2.83	10,057,962	26.48	7,952,336	6.26	7,483,812	13.79
	16,268,419	45.62	11,171,723	8.02	10,342,139	2.83	10,057,962	26.48	7,952,336	(31.78)	11,656,539	53.85
Current liabilities												
Trade and other payables	23,299,450	35.02	17,256,803	21.43	14,211,612	10.95	12,809,483	54.86	8,271,834	(1.52)	8,399,633	(27.40)
Unclaimed dividend	265,992	123.76	118,875	170.01	44,026	35.20	32,563	68.10	19,371	12.14	17,274	70.36
Unpaid dividend	-	-	-	-	-	(100.00)	7,544	(34.48)	11,514	31.84	8,733	(24.11)
Current maturity of long term financing	27,981	100.00	-	-	-	-	-	-	-	(100.00)	955,037	529.25
Interest accrued on long term financing	-	-	-	-	-	-	-	-	-	(100.00)	254,552	29.77
Provision for income tax	14,419,416	128.69	6,305,167	(24.92)	8,397,850	40.31	5,985,202	186.72	2,087,503	100.00	-	-
	38,012,839	60.52	23,680,845	4.54	22,653,488	20.27	18,834,792	81.27	10,390,222	7.84	9,635,229	(19.30)
	185,140,025	23.11	150,386,133	19.22	126,144,733	36.37	92,499,483	58.03	58,534,296	24.99	46,829,438	28.36
ASSETS												
Non current assets												
Property, plant and equipment	60,441,427	60.44	37,672,536	69.64	22,207,552	37.29	16,176,231	21.93	13,266,282	4.55	12,688,670	15.11
Development and production assets	17,733,482	8.94	16,278,235	38.35	11,766,348	(7.76)	12,755,574	7.31	11,886,872	60.42	7,409,878	146.83
Exploration and evaluation assets	14,538,766	96.84	7,386,197	24.86	5,915,531	(9.74)	6,553,548	143.67	2,689,549	(54.96)	5,972,108	(40.78)
Long term investments	3,185,145	174.34	1,161,018	100.00	-	-	-	-	-	-	-	-
Long term loans and advances	43,969	29.12	34,053	2.68	33,165	(16.58)	39,755	12.27	35,411	9.86	32,233	19.08
Long term deposits and prepayments	124,756	(31.56)	182,274	(48.51)	353,999	53.25	230,999	267.31	62,890	141.87	26,002	72.15
Deferred income tax asset	3,057,644	38.40	2,209,320	16.98	1,888,594	190.04	651,147	(64.21)	1,819,166	(15.87)	2,162,308	(19.34)
	99,125,189	52.68	64,923,633	53.97	42,165,189	15.82	36,407,254	22.34	29,760,170	5.19	28,291,199	5.44
Current assets												
Stores and spares	3,424,159	19.44	2,866,855	(4.44)	2,999,993	27.69	2,349,391	250.11	671,051	(33.89)	1,015,000	(53.17)
Trade debts	32,359,298	15.38	28,046,706	20.02	23,369,070	9.32	21,377,155	121.21	9,663,590	26.15	7,660,556	101.08
Short term loans and advances	7,792,601	42.44	5,470,861	(22.46)	7,055,770	48.47	4,752,460	87.67	2,532,344	54.41	1,640,065	14.09
Short term prepayments	135,672	(6.38)	144,920	7.42	134,910	45.19	92,919	39.28	66,714	1.55	65,697	(18.08)
Other receivables	676,270	261.04	187,311	282.83	48,928	(37.86)	78,739	154.14	30,982	(22.11)	39,779	86.47
Current portion of long term investments	41,068	3.00	39,831	100.00	-	-	-	-	-	-	-	-
Short term investments	4,995,065	(87.75)	40,782,256	21.25	33,634,126	62.48	20,700,000	145.34	8,437,354	134.07	3,604,596	100.00
Interest accrued	29,853	(70.34)	100,635	175.95	36,469	(65.51)	105,747	2.48	103,183	119.39	47,031	1,087.35
Income tax paid in advance	-	-	-	-	-	-	-	-	-	(100.00)	1,142,319	(24.02)
Cash and bank balances	36,496,060	366.52	7,823,125	(53.16)	16,700,278	151.67	6,635,818	(8.71)	7,268,908	118.73	3,323,196	430.73
	85,950,046	0.57	85,462,500	1.77	83,979,544	49.72	56,092,229	94.94	28,774,126	55.21	18,538,239	92.12
Assets classified as held for sale	64,790	100.00	-	-	-	-	-	-	-	-	-	-
	185,140,025	23.11	150,386,133	19.22	126,144,733	36.37	92,499,483	58.03	58,534,296	24.99	46,829,438	28.36



Horizontal Analysis Statement of Profit or Loss

(Rupees in thousand)

	2022	22 vs 21 %age	2021	21 vs 20 %age	2020	20 vs 19 %age	2019	19 vs 18 %age	2018	18 vs 17 %age	2017	17 vs 16 %age
Net sales	95,134,477	30.29	73,018,271	1.38	72,026,368	21.14	59,457,121	46.00	40,722,698	44.19	28,242,922	29.79
Royalty	(11,999,913)	28.82	(9,315,126)	5.79	(8,805,560)	16.25	(7,574,515)	46.20	(5,180,869)	44.57	(3,583,522)	30.31
Operating and administrative expenses	(17,402,533)	15.71	(15,039,680)	12.96	(13,313,631)	13.58	(11,722,088)	16.85	(10,031,741)	33.45	(7,517,446)	29.34
Exploration and prospecting expenditure	(10,931,573)	140.59	(4,543,689)	(55.70)	(10,257,639)	138.11	(4,308,006)	29.96	(3,314,839)	(14.58)	(3,880,797)	(39.95)
Finance cost	(979,809)	(25.23)	(1,310,476)	130.74	(567,952)	(26.02)	(767,752)	20.01	(639,728)	(19.84)	(798,086)	39.03
Other charges	(3,622,588)	17.52	(3,082,462)	14.24	(2,698,227)	10.77	(2,435,811)	68.25	(1,447,747)	99.33	(726,290)	44.70
	(44,936,416)	34.98	(33,291,433)	(6.60)	(35,643,009)	32.96	(26,808,172)	30.04	(20,614,924)	24.89	(16,506,141)	2.52
	50,198,061	26.36	39,726,838	9.19	36,383,359	11.44	32,648,949	62.37	20,107,774	71.32	11,736,781	107.33
Other income / (expenses)	48,235	(84.54)	311,971	(8.24)	340,001	4.27	326,087	(156.04)	(581,846)	(29.07)	(820,328)	(246.54)
Finance income	4,483,085	13.77	3,940,536	(13.51)	4,556,085	162.86	1,733,298	126.39	765,616	228.58	233,006	(31.62)
Share of loss in associate	(2,613,070)	5,346.00	(47,982)	100.00	-	-	-	-	-	-	-	-
Profit before taxation	52,116,311	18.63	43,931,363	6.42	41,279,445	18.93	34,708,334	71.05	20,291,544	82.00	11,149,459	69.92
Provision for income tax	(19,053,300)	52.59	(12,486,454)	13.86	(10,966,572)	5.64	(10,381,246)	111.12	(4,917,204)	144.24	(2,013,265)	294.76
Profit for the year	33,063,011	5.15	31,444,909	3.73	30,312,873	24.61	24,327,088	58.23	15,374,340	68.28	9,136,194	50.98



Vertical Analysis Statement of Financial Position

(Rupees in thousand)

	2022	% age	2021	% age	2020	% age	2019	% age	2018	% age	2017	% age
EQUITY AND LIABILITIES												
Share capital and reserves												
Share capital	1,334,025	0.72	1,334,025	0.89	1,334,025	1.06	1,212,750	1.31	1,102,500	1.88	1,102,500	2.35
Undistributed percentage return reserve	-	-	-	-	477,899	0.38	602,415	0.65	613,109	1.05	496,436	1.06
Other reserves	15,711,988	8.49	15,190,001	10.10	14,190,001	11.25	13,190,001	14.26	12,190,001	20.83	11,190,001	23.90
Unappropriated profit	113,812,754	61.47	99,009,539	65.84	77,147,181	61.16	48,601,563	52.54	26,286,128	44.91	12,748,733	27.22
	130,858,767	70.68	115,533,565	76.82	93,149,106	73.84	63,606,729	68.76	40,191,738	68.66	25,537,670	54.53
Non Current Liabilities												
Long term financing - secured	724,126	0.39	-	-	-	-	-	-	-	-	4,172,727	8.91
Deferred liabilities	15,544,293	8.40	11,171,723	7.43	10,342,139	8.20	10,057,962	10.87	7,952,336	13.59	7,483,812	15.98
	16,268,419	8.79	11,171,723	7.43	10,342,139	8.20	10,057,962	10.87	7,952,336	13.59	11,656,539	24.89
Current Liabilities												
Trade and other payables	23,299,450	12.58	17,256,803	11.47	14,211,612	11.27	12,809,483	13.85	8,271,834	14.13	8,399,633	17.94
Unclaimed dividend	265,992	0.14	118,875	0.08	44,026	0.03	32,563	0.04	19,371	0.03	17,274	0.04
Unpaid dividend	-	-	-	-	-	-	7,544	0.02	11,514	0.02	8,733	0.02
Current maturity of long term financing	27,981	0.02	-	-	-	-	-	-	-	-	955,037	2.04
Interest accrued on long term financing	-	-	-	-	-	-	-	-	-	-	254,552	0.54
Provision for income tax	14,419,416	7.79	6,305,167	4.19	8,397,850	6.66	5,985,202	6.46	2,087,503	3.57	-	-
	38,012,839	20.53	23,680,845	15.75	22,653,488	17.96	18,834,792	20.36	10,390,222	17.75	9,635,229	20.58
	185,140,025	100.00	150,386,133	100.00	126,144,733	100.00	92,499,483	100.00	58,534,296	100.00	46,829,438	100.00
ASSETS												
Property, plant and equipment	60,441,427	32.65	37,672,536	25.05	22,207,552	17.60	16,176,231	17.49	13,266,282	22.66	12,688,670	27.10
Development and production assets	17,733,482	9.58	16,278,235	10.82	11,766,348	9.33	12,755,574	13.79	11,886,872	20.31	7,409,878	15.82
Exploration and evaluation assets	14,538,766	7.85	7,386,197	4.91	5,915,531	4.69	6,553,548	7.08	2,689,549	4.59	5,972,108	12.75
Long term investments	3,185,145	1.72	1,161,018	0.77	-	-	-	-	-	-	-	-
Long term loans and advances	43,969	0.02	34,053	0.02	33,165	0.03	39,755	0.04	35,411	0.06	32,233	0.07
Long term deposits and prepayments	124,756	0.07	182,274	0.12	353,999	0.28	230,999	0.25	62,890	0.11	26,002	0.06
Deferred income tax asset	3,057,644	1.65	2,209,320	1.47	1,888,594	1.50	651,147	0.70	1,819,166	3.11	2,162,308	4.62
	99,125,189	53.54	64,923,633	43.17	42,165,189	33.43	36,407,254	39.36	29,760,170	50.84	28,291,199	60.41
Current assets												
Stores and spares	3,424,159	1.85	2,866,855	1.91	2,999,993	2.38	2,349,391	2.54	671,051	1.15	1,015,000	2.17
Trade debts	32,359,298	17.48	28,046,706	18.65	23,369,070	18.53	21,377,155	23.11	9,663,590	16.51	7,660,556	16.36
Short term loans and advances	7,792,601	4.21	5,470,861	3.64	7,055,770	5.59	4,752,460	5.14	2,532,344	4.33	1,640,065	3.50
Short term prepayments	135,672	0.07	144,920	0.10	134,910	0.11	92,919	0.10	66,714	0.11	65,697	0.14
Other receivables	676,270	0.37	187,311	0.12	48,928	0.04	78,739	0.09	30,982	0.05	39,779	0.08
Current portion of long term investments	41,068	0.02	39,831	0.02	-	-	-	-	-	-	-	-
Short term investments	4,995,065	2.70	40,782,256	27.12	33,634,126	26.66	20,700,000	22.38	8,437,354	14.41	3,604,596	7.70
Interest accrued	29,853	0.02	100,635	0.07	36,469	0.03	105,747	0.11	103,183	0.18	47,031	0.10
Income tax paid in advance	-	-	-	-	-	-	-	-	-	-	1,142,319	2.44
Cash and bank balances	36,496,060	19.71	7,823,125	5.20	16,700,278	13.24	6,635,818	7.17	7,268,908	12.42	3,323,196	7.10
	85,950,046	46.43	85,462,500	56.83	83,979,544	66.57	56,092,229	60.64	28,774,126	49.16	18,538,239	39.59
Assets classified as held for sale	64,790	0.03	-	-	-	-	-	-	-	-	-	-
	185,140,025	100.00	150,386,133	100.00	126,144,733	100.00	92,499,483	100.00	58,534,296	100.00	46,829,438	100.00



Vertical Analysis Statement of Profit or Loss

(Rupees in thousand)

	2022	% age	2021	% age	2020	% age	2019	% age	2018	% age	2017	% age
Net sales	95,134,477	100.00	73,018,271	100.00	72,026,368	100.00	59,457,121	100.00	40,722,698	100.00	28,242,922	100.00
Royalty	(11,999,913)	(12.61)	(9,315,126)	(12.76)	(8,805,560)	(12.23)	(7,574,515)	(12.74)	(5,180,869)	(12.72)	(3,583,522)	(12.69)
Operating and administrative expenses	(17,402,533)	(18.29)	(15,039,680)	(20.60)	(13,313,631)	(18.48)	(11,722,088)	(19.72)	(10,031,741)	(24.63)	(7,517,446)	(26.62)
Exploration and prospecting expenditure	(10,931,573)	(11.49)	(4,543,689)	(6.22)	(10,257,639)	(14.24)	(4,308,006)	(7.25)	(3,314,839)	(8.14)	(3,880,797)	(13.74)
Finance cost	(979,809)	(1.03)	(1,310,476)	(1.79)	(567,952)	(0.79)	(767,752)	(1.29)	(639,728)	(1.57)	(798,086)	(2.83)
Other charges	(3,622,588)	(3.81)	(3,082,462)	(4.22)	(2,698,227)	(3.75)	(2,435,811)	(4.10)	(1,447,747)	(3.56)	(726,290)	(2.57)
	(44,936,416)	(47.23)	(33,291,433)	(45.59)	(35,643,009)	(49.49)	(26,808,172)	(45.09)	(20,614,924)	(50.62)	(16,506,141)	(58.54)
	50,198,061	52.77	39,726,838	54.41	36,383,359	50.15	32,648,949	54.91	20,107,774	49.38	11,736,781	41.56
Other income / (expenses)	48,235	0.05	311,971	0.43	340,001	0.47	326,087	0.55	(581,846)	(1.43)	(820,328)	(2.90)
Finance income	4,483,085	4.71	3,940,536	5.40	4,556,085	6.33	1,733,298	2.92	765,616	1.88	233,006	0.83
Share of loss in associate	(2,613,070)	(2.75)	(47,982)	(0.07)	-	-	-	-	-	-	-	-
Profit before taxation	52,116,311	54.78	43,931,363	60.16	41,279,445	57.31	34,708,334	58.38	20,291,544	49.83	11,149,459	39.48
Provision for income tax	(19,053,300)	(20.03)	(12,486,454)	(17.10)	(10,966,572)	(15.23)	(10,381,246)	(17.46)	(4,917,204)	(12.07)	(2,013,265)	(7.13)
Profit for the year	33,063,011	34.75	31,444,909	43.06	30,312,873	42.09	24,327,088	40.92	15,374,340	37.75	9,136,194	32.35

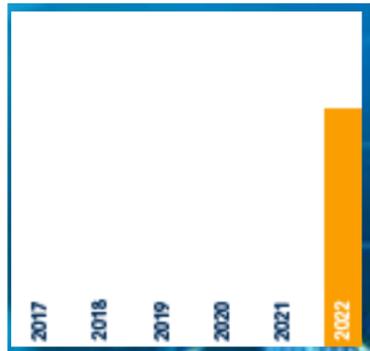


Six Years' Analysis

Horizontal Analysis, Vertical Analysis and Performance Indicators

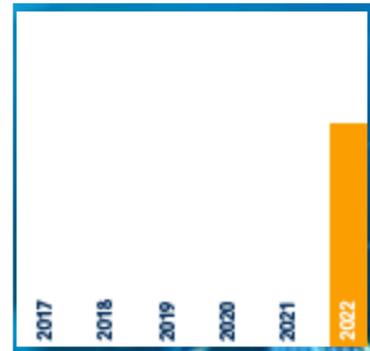
Horizontal Analysis

Statement of Financial Position



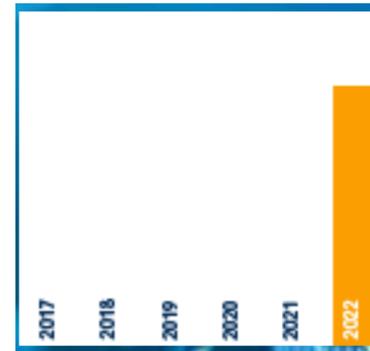
Share Capital and Reserves

Over the years, unappropriated profit has consistently increased primarily on account of profit retention. Resultantly, shareholders' equity rose to Rs 130.86 billion at the close of 2021-22 registering an increase of 412% in comparison to 2016-17.



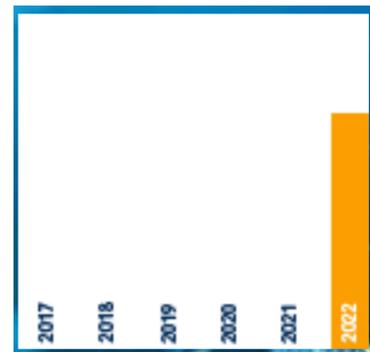
Non Current Liabilities

Deferred liabilities registered an increase of 108% from 2016-17 predominantly due to increase in provision for decommissioning cost over the years. During the year, the Company obtained long term financing under 'Temporary Economic Relief Facility' (TERF) announced by the State Bank of Pakistan (SBP).



Current Liabilities

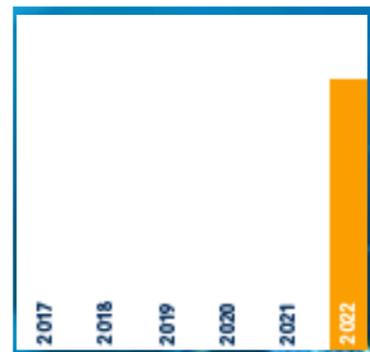
Current liabilities increased by 60% in 2021-22 in comparison to 2020-21, principally due to increase in provision of income tax and trade and other payables.



Current Assets

Current assets mainly comprise of 'trade debts', 'short term investments' and 'cash & bank balances'. Trade debts increased from Rs 7.66 billion in 2016-17 to Rs 32.36 billion at the close of 2021-22 mainly on account of circular debt issue prevailing in Oil & Gas Sector in Pakistan.

In 2021-22, the Company's 'short term investments' and 'cash and bank balances' have accumulated to Rs 41.49 billion registering an increase of 6 times compared to 2016-17, due to retention of cash in business to pursue its strategies and objectives.

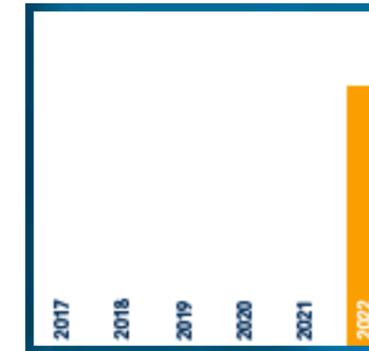


Non Current Assets

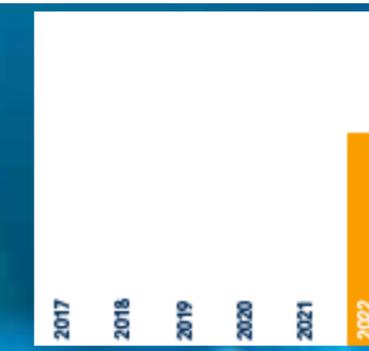
Non-current assets of the Company primarily include 'property, plant & equipment', 'development and production assets' and 'exploration and evaluation assets', and have increased from Rs 28.29 billion in 2016-17 to Rs 99.13 billion at the close of 2021-22 primarily reflecting the enhancement of asset base of the Company.



Statement of Profit or Loss

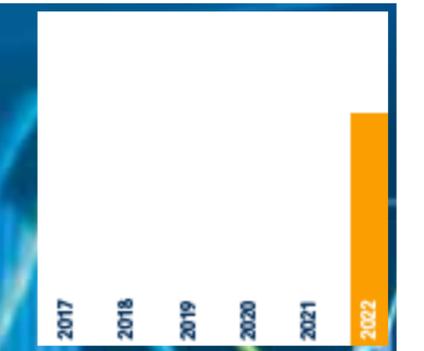


Net sales increased by more than 3 times from Rs 28.24 billion in 2016-17 to Rs 95.13 billion in 2021-22 primarily due to enhancement of production and better selling prices prevailed over the years. Further, finance income has increased by more than 19 times in comparison to 2016-17 due to higher average bank/investment balances, interest rates and exchange gain on account of rupee devaluation.



Exploration and prospecting expenses have increased significantly in the recent years reflecting Company's aggressive exploration efforts in terms of seismic acquisition and drilling of exploratory wells.

The Company has reported the highest ever profit despite the adverse change in the fiscal regime that was enacted towards the



end of the year. In the like-for-like comparison with the last year, the profit was higher by 22%, however, due to the imposition of the new fiscal regime, the actual increase is 5%, which is still the highest ever for the Company.

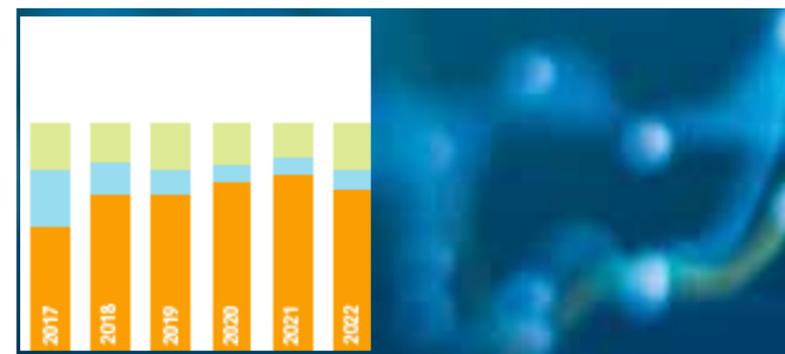


Six Years' Analysis

Horizontal Analysis, Vertical Analysis and Performance Indicators

Vertical Analysis

Statement of Financial Position



● Current Liabilities ● Non Current Liabilities ● Share Capital and Reserves

Share Capital and Reserves

Unappropriated profit as a percentage of equity has increased from five years' average of 72% to 87% at the close of 2021-22 owing to profit retention in the business.

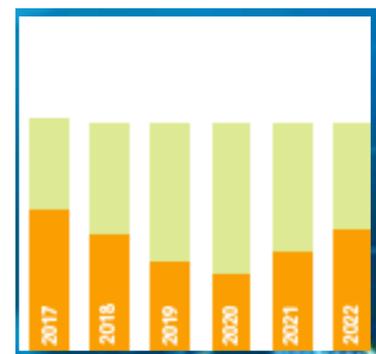
Non Current Liabilities

Non current liabilities as a percentage of total liabilities decreased from 55% in 2016-17

to 30% in 2021-22 primarily on account of increase in 'trade and other payables' and 'provision for income tax'.

Current Liabilities

'Trade and other payables' and 'Provision for income tax' cumulatively as a percentage of current liabilities remain in line with prior years.



● Non Current Assets ● Current Assets

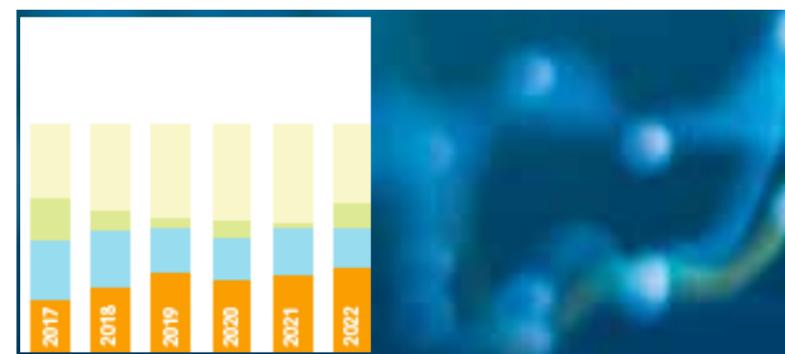
Non Current Assets

'Property, plant and equipment', 'development and production assets' and 'exploration and evaluation assets' cumulatively are 94% as a percentage of non-current assets and remained in line with the prior years as the Company continued to invest in oil and gas assets.

Current Assets

Trade debts as a percentage of current assets increased in 2021-22 vis-à-vis 2020-21 due to circular debt issue prevailing in Oil & Gas Sector. 'Short term investments' and 'cash and bank balances' cumulatively constitute 48% of current assets at the close of 2021-22 and remains almost in line with five years' average of 51%.

Statement of Profit or Loss



● Royalty, Other Charges & Provision for Income Tax ● Operating and Administrative Expenses ● Other Expenditure Net of Other Income and Finance Income ● Profit

Net profit as a percentage of net sales is 35% in 2021-22, which is lower than five years' average of 39% primarily due to the imposition of the new fiscal regime that was enacted towards the end of the year.

Performance Indicators

Methods and Assumptions Used in Compiling the Indicators

A performance indicator is a measurable value that shows how a company is performing in terms of profitability, operational efficiency, liquidity and solvency. It is a tool for management and other stakeholders to review the Company's performance over time, as well as to compare its

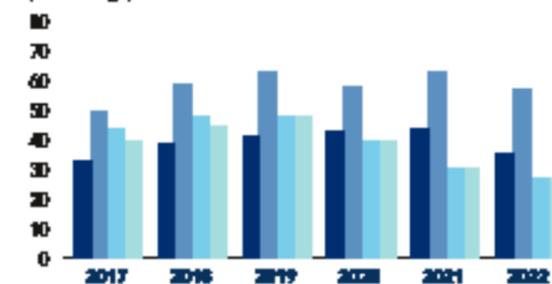
performance indicators with peers in order to take decisions.

Because these indicators are based on historical data, trend analysis should be used in conjunction with other information rather than as a sole tool in making future strategic decisions.

The performance indicators presented by the Company are chosen with consideration for the Company's dynamics, operations and financial structure, among other things.

Analysis of Performance Indicators

Profitability Ratios (Percentage)

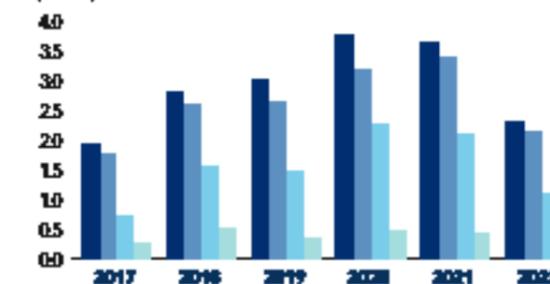


● Net Profit to Net Sales ● EBITDA Margin to Net Sales ● Return on Equity / Shareholders' Funds ● Return on Capital employed

Profitability Ratios

Net profit to net sales is lower than five years' average primarily due to the imposition of the new fiscal regime that was enacted towards the end of the year. Return on equity and return on capital employed fell compared to prior years due to major projects under progress at year end that will yield returns in future years.

Liquidity Ratios (Times)



● Current Ratio ● Quick / Acid Test Ratio ● Cash to Current Liabilities ● Cash Flow from Operations to Net Sales

Liquidity Ratios

Cash and cash equivalents decreased compared to last year due to investments in exploration and development assets, capital expenditures, dividend payments and investment in associate, resulting in decrease in current ratio, quick ratio and cash to current liabilities.

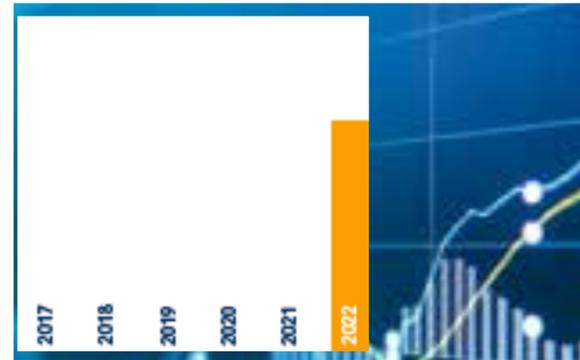
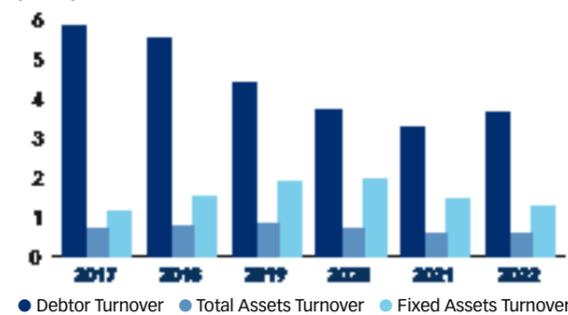


Six Years' Analysis

Horizontal Analysis, Vertical Analysis and Performance Indicators

Performance Indicators

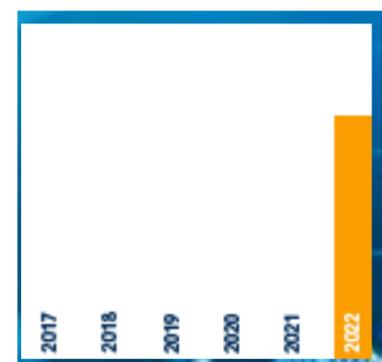
Debtor, Total Assets and Fixed Assets Turnover (Times)



Activity / Turnover Ratios

Debtor turnover and days in receivables registered improvement from 2020-21 evidencing management's efforts to recover outstanding receivables. The management is constantly in contact with concerned consumers and government officials to ensure quick

resolution of the circular debt issue, which would eventually further improve debtor turnover and days in receivables. Further, fixed assets turnover has decreased due to major capital projects under progress at the end of the year that will give return in future years.

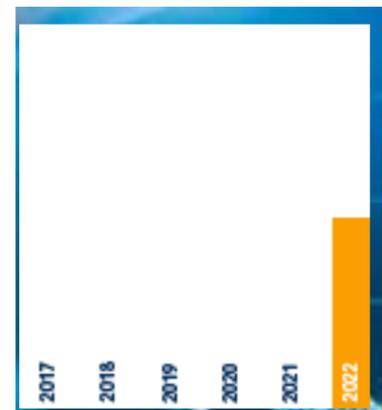


Investment / Market Ratios

Earnings per share stood at Rs 247.84 for 2021-22 registering an increase of 5% compared to last year on account of higher profitability which combined with increase in the market price of the Company's shares at the end of the year, led to a rise in the price to earnings ratio of 7.02 times. The breakup value per share of the Company was recorded at Rs 980.93 for 2021-22 and is higher than the five years' historic average of Rs 537.

Explanation of Negative Changes in Performance over the Period

All negative changes in performance over the past six years; including the horizontal and vertical analysis of the statement of financial position, statement of profit or loss, statement of cash flows and ratios have been explained in this section.



Capital Structure Ratios

During the year, the Company obtained long term financing of Rs 1 billion under 'Temporary Economic Relief Facility' (TERF) announced by the State Bank of Pakistan (SBP). Last five years' average of equity in overall capital structure is 97%, which depicts that Company is not reliant on external financing.

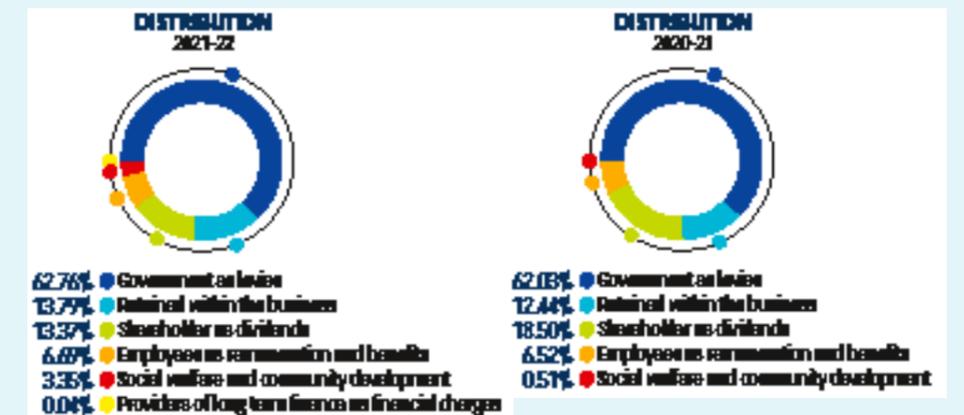
Statement of Value Added

	Year 2021-22 (Rs. in million) % age		Year 2020-21 (Rs. in million) % age	
Revenues including Government levies and taxes	137,223.91	110.95	111,183.76	109.36
Less: Expenses netted off with other and finance income	(13,539.04)	(10.95)	(9,512.30)	(9.36)
Total value added	123,684.88	100.00	101,671.46	100.00
DISTRIBUTED AS FOLLOWS:				
Employees as remuneration and benefits	8,270.10	6.69	6,631.65	6.52
Government as levies				
Direct	20,777.55	16.80	13,551.43	13.33
Indirect	56,843.42	55.91	49,516.30	48.70
	77,620.98	62.76	63,067.73	62.03
Shareholder as dividends	16,541.91*	13.37	18,809.75	18.50
Social welfare and community development	4,148.80	3.35	516.25	0.51
Providers of long term finance as financial charges	43.65	0.04	-	-
Retained within the business	17,059.44	13.79	12,646.08	12.44
	123,684.88	100.00	101,671.46	100.00

Notes:

Previous years figures have been restated, wherever necessary for the purpose of comparison

* This includes final dividend of 620% for the year ended June 30, 2022 proposed by the Board of Directors for approval of members in the Annual General Meeting to be held on September 28, 2022.



Free Cash Flows

Rs 10,032 million

Economic Value Added

Rs 12,664 million

Ten Years at a Glance



	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
FINANCIAL										
Net sales (Rs in million)	95,134.48	73,018.27	72,026.37	59,457.12	40,722.70	28,242.92	21,761.18	19,351.97	14,894.23	11,798.01
Profit before taxation (Rs in million)	52,116.31	43,931.36	41,279.45	34,708.33	20,291.54	11,149.46	6,561.45	6,551.87	4,377.64	3,488.49
Profit for the year (Rs in million)	33,063.01	31,444.91	30,312.87	24,327.09	15,374.34	9,136.19	6,051.46	5,650.31	3,943.30	2,421.08
Earnings per share (Rs)	247.84	235.71	227.23	182.36	115.25	68.49	45.36	42.36	29.56	18.15
Dividend per share (Rs)	124.00*	141.00	6.10	6.00	6.00	5.20	5.10	5.22	3.78	3.71
Share price - at year end (Rs)	1,739.74	1,524.39	1,236.65	1,009.33	1,506.18	1,575.64	908.22	468.60	373.43	136.57
Contribution to national exchequer (Rs in million)	77,620.98	63,067.73	78,287.21	77,045.51	70,409.10	74,298.34	77,328.34	73,242.31	58,599.39	55,511.89
OPERATIONAL										
Balance reserves and Resources (MMBOE)	642	612	568	573	601	612	363	388	415	439
Energy produced (MMBOE)	36.91	35.87	33.41	33.64	34.02	32.32	30.48	29.21	27.88	26.71
Energy produced (BOE per day)	101,109	98,281	91,283	92,159	93,216	88,537	83,279	80,014	76,384	73,168
Gas Production (BSCF)	283.2	269.3	249.6	257.1	257.2	243.8	232.0	224.7	217.3	211.2
Oil production (Barrels)	458,509	457,205	383,548	405,055	543,820	554,081	472,413	414,433	175,312	192,259
LPG production (Metric ton)	32	54	22	20	-	20	25	362	263	477

* This includes final dividend of 620% for the year ended June 30, 2022 proposed by the Board of Directors for approval of members in the Annual General Meeting to be held on September 28, 2022.

Pattern of Shareholding

as at June 30, 2022

No. of Shareholders	Shareholding			Total shares held
933	1	to	100	32,243
533	101	to	500	141,407
310	501	to	1,000	235,891
605	1,001	to	5,000	1,304,713
111	5,001	to	10,000	807,898
45	10,001	to	15,000	551,130
34	15,001	to	20,000	593,725
24	20,001	to	25,000	537,489
14	25,001	to	30,000	395,510
12	30,001	to	35,000	388,150
9	35,001	to	40,000	338,625
11	40,001	to	45,000	468,024
12	45,001	to	50,000	576,305
6	50,001	to	55,000	320,598
3	55,001	to	60,000	168,716
6	60,001	to	65,000	376,076
4	70,001	to	75,000	288,586
4	75,001	to	80,000	308,999
4	80,001	to	85,000	335,833
1	85,001	to	90,000	86,301
2	95,001	to	100,000	188,833
1	110,001	to	115,000	112,593
3	115,001	to	120,000	352,849
1	120,001	to	125,000	122,190
3	125,001	to	130,000	384,177
1	135,001	to	140,000	138,077
1	140,001	to	145,000	141,926
1	145,001	to	150,000	146,181
1	170,001	to	175,000	174,119
1	185,001	to	190,000	188,168
1	205,001	to	210,000	207,160
1	215,001	to	220,000	219,645
2	245,001	to	250,000	497,120
1	250,001	to	255,000	253,271
1	265,001	to	270,000	269,165
1	285,001	to	290,000	287,982
2	315,001	to	320,000	637,192
1	320,001	to	325,000	322,692
2	325,001	to	330,000	655,259
1	330,001	to	335,000	332,719
1	375,001	to	380,000	375,133
1	415,001	to	420,000	415,355
1	460,001	to	465,000	463,766
1	520,001	to	525,000	521,016
1	575,001	to	580,000	579,232
1	620,001	to	625,000	621,980
1	640,001	to	645,000	644,844
1	735,001	to	740,000	736,120
1	955,001	to	960,000	958,060
1	1,530,001	to	1,535,000	1,533,945
1	1,875,001	to	1,880,000	1,877,208
1	2,135,001	to	2,140,000	2,135,832
1	2,210,001	to	2,215,000	2,214,858
1	2,535,001	to	2,540,000	2,536,423
1	24,525,001	to	24,530,000	24,526,716
1	26,455,001	to	26,460,000	26,458,162
1	52,915,001	to	52,920,000	52,916,313
2,726				133,402,500

Pattern of Shareholding as at June 30, 2022

Categories of Shareholders

Categories of Shareholders	Numbers	Shares Held	Pending Shares *	Total Shares	%Age
Associated Companies, Undertakings And Related Parties					
Oil & Gas Development Company Limited	1	26,458,162	222,338	26,680,500	20.00
Fauji Foundation	1	52,916,325	444,675	53,361,000	40.00
Mutual Funds					
Trustee HBL Energy Fund	1	29,439	-	29,439	0.02
Trustee ABL Islamic Pension Fund Equity Sub Fund	1	6,261	-	6,261	0.00
Trustee ABL Pension Fund Equity Sub Fund	1	5,407	-	5,407	0.00
Trustee ABL Stock Fund	1	219,645	-	219,645	0.16
Trustee AKD Index Tracker Fund	1	6,898	52	6,950	0.01
Trustee Al Ameen Islamic Dedicated Equity Fund	1	1,290	-	1,290	0.00
Trustee Al Habib Asset Allocation Fund	1	1,800	-	1,800	0.00
Trustee Al Habib Islamic Stock Fund	1	9,000	-	9,000	0.01
Trustee Al Habib Stock Fund	1	4,300	-	4,300	0.00
Trustee Al Meezan Mutual Fund	1	329,484	1,694	331,178	0.25
Trustee Al-Ameen Islamic Asset Allocation Fund	1	75,382	-	75,382	0.06
Trustee Al-Ameen Islamic Energy Fund	1	60,301	-	60,301	0.05
Trustee Al-Ameen Shariah Stock Fund	1	644,844	-	644,844	0.48
Trustee Alfalah GHP Alpha Fund	1	21,992	-	21,992	0.02
Trustee Alfalah GHP Islamic Dedicated Equity Fund	1	9,294	-	9,294	0.01
Trustee Alfalah GHP Islamic Stock Fund	1	72,767	-	72,767	0.05
Trustee Alfalah GHP Stock Fund	1	45,279	-	45,279	0.03
Trustee Alfalah GHP Value Fund	1	9,415	65	9,480	0.01
Trustee Alhamra Islamic Stock Fund	1	129,000	-	129,000	0.10
Trustee Allied Finergy Fund	1	20,014	-	20,014	0.02
Trustee APF-Equity Sub Fund	1	18,087	-	18,087	0.01
Trustee APIF Equity Sub Fund	1	29,835	-	29,835	0.02
Trustee Atlas Islamic Dedicated Stock Fund	1	24,308	-	24,308	0.02
Trustee Atlas Islamic Stock Fund	1	207,160	121	207,281	0.16
Trustee Atlas Stock Market Fund	1	325,775	182	325,957	0.24
Trustee AWT Islamic Stock Fund	1	3,012	-	3,012	0.00
Trustee AWT Stock Fund	1	430	-	430	0.00
Trustee Faysal Islamic Dedicated Equity Fund	1	62,107	-	62,107	0.05
Trustee Faysal Islamic Stock Fund	1	17,690	-	17,690	0.01
Trustee First Capital Mutual Fund	1	12	93	105	0.00
Trustee HBL Equity Fund	1	3,500	-	3,500	0.00
Trustee HBL Growth Fund	1	18,353	-	18,353	0.01
Trustee HBL Investment Fund	1	13,966	-	13,966	0.01
Trustee HBL IPF Equity Sub Fund	1	4,546	169	4,715	0.00
Trustee HBL Islamic Asset Allocation Fund	1	2,835	-	2,835	0.00
Trustee HBL Islamic Equity Fund	1	3,771	-	3,771	0.00
Trustee HBL Multi Asset Fund	1	755	-	755	0.00
Trustee HBL PF Equity Sub Fund	1	1,834	-	1,834	0.00
Trustee JS Islamic Fund	1	13,275	-	13,275	0.01
Trustee JS Islamic Pension Savings Fund-Equity Account	1	4,075	-	4,075	0.00
Trustee JS Large Cap. Fund	1	9,860	-	9,860	0.01
Trustee JS Pension Savings Fund Equity Account	1	5,139	-	5,139	0.00
Trustee KSE Meezan Index Fund	1	86,301	398	86,699	0.06
Trustee Lakson Equity Fund	1	57,280	1,222	58,502	0.04
Trustee Lakson Islamic Tactical Fund	1	8,826	-	8,826	0.01
Trustee Lakson Tactical Fund	1	7,856	-	7,856	0.01
Trustee MCB Pakistan Asset Allocation Fund	1	43,255	-	43,255	0.03

Categories of Shareholders	Numbers	Shares Held	Pending Shares *	Total Shares	%Age
Trustee MCB Pakistan Stock Market Fund	1	375,133	-	375,133	0.28
Trustee Meezan Asset Allocation Fund	1	55,936	-	55,936	0.04
Trustee Meezan Balanced Fund	1	77,191	363	77,554	0.06
Trustee Meezan Energy Fund	1	49,424	-	49,424	0.04
Trustee Meezan Islamic Fund	1	1,877,208	10,889	1,888,097	1.42
Trustee Meezan Tahaffuz Pension Fund Equity Sub Fund	1	332,719	1,573	334,292	0.25
Trustee NBP Balanced Fund	1	20,633	-	20,633	0.02
Trustee NBP Islamic Active Allocation Equity Fund	1	17,097	-	17,097	0.01
Trustee NBP Islamic Energy Fund	1	77,012	-	77,012	0.06
Trustee NBP Islamic Sarmaya Izafa Fund	1	138,077	-	138,077	0.10
Trustee NBP Islamic Stock Fund	1	253,271	-	253,271	0.19
Trustee NBP Sarmaya Izafa Fund	1	26,130	-	26,130	0.02
Trustee NBP Stock Fund	1	521,016	-	521,016	0.39
Trustee Pakistan Capital Market Fund	1	15,378	-	15,378	0.01
Trustee UBL Asset Allocation Fund	1	21,141	-	21,141	0.02
Trustee UBL Dedicated Equity Fund	1	1,460	-	1,460	0.00
Trustee UBL Retirement Savings Fund Equity Sub Fund	1	79,414	-	79,414	0.06
Trustee UBL Stock Advantage Fund	1	322,692	-	322,692	0.24
Trustee Unit Trust of Pakistan	1	19,260	-	19,260	0.01
Trustee Meezan Dedicated Equity Fund	1	53,588	-	53,588	0.04
Trustee Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	1	112,593	-	112,593	0.08
Trustee Alhamra Islamic Asset Allocation Fund	1	85,000	-	85,000	0.06
Trustee HBL Islamic Stock Fund	1	10,929	-	10,929	
MC FSL - Trustee JS Growth Fund	1	71,052	-	71,052	
MCBFSL - Trustee ABL Islamic Stock Fund	1	188,168	-	188,168	
MCBFSL - Trustee ABL Islamic Dedicated Stock Fund	1	45,752	-	45,752	
Trustee PIML Islamic Equity Fund	1	-	42	42	0.00
Trustee PIML Strategic Multi Asset Fund	1	-	30	30	0.00
Trustee First Crosby Dragon Fund	1	-	24	24	0.00
Trustee JS KSE-30 Index Fund	1	-	9	9	0.00
NIT & ICP					
Investment Corporation of Pakistan	1	4,031	-	4,031	0.00
IDBL (ICP Unit)	1	964	-	964	0.00
Trustee National Investment (Unit) Trust	1	2,536,423	46,268	2,582,691	1.94
Trustee NIT Asset Allocation Fund	1	3,860	-	3,860	0.00
Trustee NIT Islamic Equity Fund	1	129,780	-	129,780	0.10
Trustee NIT-Equity Market Opportunity Fund	1	415,355	5,913	421,268	0.32
Trustee NITIPF Equity Sub-Fund	1	4,788	-	4,788	0.00
Trustee NITPF Equity Sub-Fund	1	1,326	-	1,326	0.00
Banks, Development Financial Institutions and Non-Banking Financial Institutions					
National Development Finance Corp	1	5,398	-	5,398	0.00
First Credit & Investment Bank Limited	1	1,607	-	1,607	0.00
Bank Alfalah Limited	1	269,165	-	269,165	0.20
Habib Bank Limited-Treasury Division	1	70,838	-	70,838	0.05
MCB Bank Limited - Treasury	1	146,181	-	146,181	0.11
Meezan Bank Limited	1	317,784	-	317,784	0.24
National Bank of Pakistan	1	958,060	-	958,060	0.72
Samba Bank Limited	1	23,000	-	23,000	0.02

Pattern of Shareholding as at June 30, 2022

Categories of Shareholders

Categories of Shareholders	Numbers	Shares Held	Pending Shares *	Total Shares	%Age
Insurance & Takaful Companies					
Adamjee Life Assurance Co.ltd - DGF	1	6,800	-	6,800	0.01
Adamjee Life Assurance Company Limited	1	73,929	-	73,929	0.06
Adamjee Life Assurance Company Ltd-IMF	1	319,408	-	319,408	0.24
Alfalah Insurance Company Limited	1	5,000	-	5,000	0.00
Allianz EFU Health Insurance Limited	1	1,290	-	1,290	0.00
Atlas Insurance Limited	1	24,260	-	24,260	0.02
Century Insurance Company Ltd	1	2,391	-	2,391	0.00
Dawood Family Takaful Limited	1	4,682	-	4,682	0.00
EFU Life Assurance Limited	1	621,980	-	621,980	0.47
Ghaf Limited	1	2,000	-	2,000	0.00
IGI General Insurance Limited	1	3,100	-	3,100	0.00
IGI Life Insurance Limited	1	1,826	-	1,826	0.00
Jubilee General Insurance Company Limited	1	50,000	-	50,000	0.04
Jubilee General Window Takaful Fund-PTF	1	4,000	-	4,000	0.00
Jubilee General Window Takaful Operations	1	1,500	-	1,500	0.00
Jubilee Life Insurance Company Limited	1	2,214,858	-	2,214,858	1.66
State Life Insurance Corp. of Pakistan	1	1,533,945	-	1,533,945	1.15
Modarabas					
B.R.R. Guardian Modaraba.	1	9,771	-	9,771	0.01
Pension Funds					
Abbott Laboratories (Pakistan) Limited Staff Pension Fund	1	13,904	-	13,904	0.01
Trustee AGIPF Equity Sub-Fund	1	2,979	-	2,979	0.00
Trustee AGPF Equity Sub-Fund	1	1,381	-	1,381	0.00
Trustee NAFA Islamic Pension Fund Equity Account	1	64,898	-	64,898	0.05
Trustee NAFA Pension Fund Equity Sub-Fund Account	1	29,671	-	29,671	0.02
Trustee Pakistan Pension Fund - Equity Sub Fund	1	41,860	-	41,860	0.03
Trustee Alhamra Islamic Pension Fund - Equity Sub Fund	1	31,468	-	31,468	0.02
Engro Corp Ltd Mpt Employees Def Contr Pension Fund	1	2,473	-	2,473	0.00
HPSL Pension Fund	1	4,600	-	4,600	0.00
Indus Motor Company Limited Employees Pension Fund	1	5,100	-	5,100	0.00
Pakistan Petroleum Executive Staff Pension Fund (DC Shariah)	1	13,640	-	13,640	0.01
Pakistan Petroleum Executive Staff Pension Fund-DC Shariah	1	7,975	-	7,975	0.01
Pakistan Refinery Limited Workmen Pension Fund	1	870	-	870	0.00
Pakistan Refinery Ltd Management Staff Pension Fund	1	6,860	-	6,860	0.01
Pfizer Pakistan DC Pension Fund	1	4,526	-	4,526	0.00
Trustee National Bank of Pakistan Employees Pension Fund	1	463,766	-	463,766	0.35
Trustee Pak Tobacco Co Ltd Staff Def Contri Pen Fd	1	6,872	-	6,872	0.01
Trustee Pak Tobacco Co Ltd Staff Pension Fund	1	47,354	-	47,354	0.04
Trustee Pak. Petroleum Exec. Staff Pen. Fund DC Conventional	1	7,933	-	7,933	0.01
Trustee Pakistan Petroleum Executive Staff Pension Fund	1	93,566	-	93,566	0.07
Trustee Pakistan Petroleum Non Executive Staff Pension Fund	1	36,930	-	36,930	0.03
Trustee-ANPL Management Staff Pension Fund	1	1,573	-	1,573	0.00
Trustee-Millat Tractors Ltd. Employees Pension Fund	1	3,160	-	3,160	0.00

Categories of Shareholders	Numbers	Shares Held	Pending Shares *	Total Shares	%Age
Trustees Nestle Pakistan Limited Employees Pension Fund	1	16,693	-	16,693	0.01
Trustees of Crescent Steel & Allied Products Ltd-Pension Fund	1	326	-	326	0.00
Trustee-Shell Pakistan DC Pension Fund	1	10,597	-	10,597	0.01
Trustee-Shell Pakistan Management Staff Pension Fund	1	9,463	-	9,463	0.01
Trustee-Shell Pakistan Staff Pension Fund	1	263	-	263	0.00
Trustees-ICI Pakistan Mngt Staff Pen.f	1	10,938	-	10,938	0.01
Unilever Pakistan DC Pension Fund (Sub Fund A)	1	9,789	-	9,789	0.01
Unilever Pakistan DC Pension Fund (Sub Fund B)	1	4,843	-	4,843	0.00
Unilever Pension Plan	1	553	-	553	0.00
Wyeth Pakistan DC Pension Fund	1	714	-	714	0.00
Trustee-The Kot Addu Power Co. Ltd. Employees Pension Fund	1	8,460	-	8,460	0.01
Local Individuals	2,370	6,277,450	-	6,277,450	4.71
Foreign Individuals	2	20,466	-	20,466	0.02
Others					
- Government of Pakistan	1	24,526,716	-	24,526,716	18.39
- Federal Board of Revenue	1	54,797	-	54,797	0.04
- Joint Stock Companies	66	1,033,499	-	1,033,499	0.77
- Executives	4	3,991	-	3,991	0.00
- Foreign Companies	18	401,984	-	401,984	0.30
- Others	117	2,714,763	-	2,714,763	2.04
	2,726	132,666,380	736,120	133,402,500	100

***Public Sector Companies And Corporations**

Oil & Gas Development Company Limited	26,458,162	222,338	26,680,500	20.00
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Shareholders Holdings 5% Or More Voting Interest

Fauji Foundation	52,916,325	444,675	53,361,000	40.00
Oil & Gas Development Company Limited	26,458,162	222,338	26,680,500	20.00
Government of Pakistan	24,526,716	-	24,526,716	18.39

Shares Held By Sponsor Shareholders

Fauji Foundation	52,916,325	444,675	53,361,000	40.00
Oil & Gas Development Company Limited	26,458,162	222,338	26,680,500	20.00
Government of Pakistan	24,526,716	-	24,526,716	18.39

Shares Held By Directors And Executives

Directors	518	-	518	0.00
Executives	3,991	-	3,991	0.00

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children is as follows:

Name	Dates	Purchase	Sale	*Rate Rs. Per Share**
Mr. Faiz Chapra	6-Jul-21	980		1,517.95
Ms. Adeela Waqar	02-Jul-21		20	1,536.01
Ms. Adeela Waqar	04-Nov-21	8	83	1,685.52
Mr. Abid Hasan	09-Jun-22	10		1,668.00
Ms. Seema Adil	07-Jun-22	500		1,664.93
Mr. Abid Hasan	19-Aug-22	490		1,699.05

* Pending shares represent bonus shares withheld by the Company and have not been issued due to pending resolution of issue relating to deduction of withholding income tax on issuance of bonus shares.

** Average rates

Directors' Report

The Board of Directors of Mari Petroleum Company Limited (MPCL) is pleased to present the Directors' Report and Audited Financial Statements of the Company for the year ended June 30, 2022, together with the Auditors' Report thereon.



Online Participants

MPCL Board of Director's Meeting-Head Office, Islamabad

EXECUTIVE SUMMARY

FY 2021 was the most successful year ever for MPCL in terms of its operational and financial performance. Doing better than FY 2021 was on the cards for FY 2022 but never a given due to the nature of the E&P industry where external factors could have a significant bearing on the performance even with the delivery of the business plan in its entirety.

With our continued focus on the core business and with the blessings of Almighty Allah, FY 2022 has proved to be another historic year for the Company. Our focus has been on the longer-term sustainability of the Company while also delivering immediate

value to the shareholders. Some of the key highlights of the FY 2022 are presented below, followed by detailed sections on focus areas:

Health Safety and Environment:

The Company has HSE at the core of its values, and remains committed to comply with all applicable HSE standards. HSE performance during the year remained consistent and sustainable; the Company achieved all of its HSE related targets despite working in challenging operational areas and spending about 17 million recorded man-hours.

Hydrocarbon Production:

The Company achieved the highest-ever annual net production of 36.91 MMBOE at a daily average of

101,109 BOE. This year is the first-ever during which the Company managed to achieve six digit daily average net production rate.

Financial Performance:

The Company achieved the highest-ever net sales of PKR 95.1 billion, resulting in the highest-ever profit before tax of PKR 52.1 billion. The net profit would have been PKR 38.27 billion if the super tax was not levied by the government. Even after accounting for the impact of super tax, the net profit was still the highest ever, standing at PKR 33.1 billion.

Contribution to National Exchequer:

With an overall contribution of around PKR 78 billion, the Company



Vibroseis Trucks - Ziarat Block, Balochistan

remained one of the largest contributors to the government exchequer in the form of taxes, duties and levies.

Forex Savings:

The Company's share of the hydrocarbon production resulted in foreign exchange savings of around USD 3 billion for the year; assuming crude oil price of US\$ 80 per barrel.

Exploration Success:

The Company made a landmark gas discovery in Bannu West Block, located in North Waziristan, KP. It is the first-ever major discovery made by the Company outside the Mari Field and the largest discovery in Pakistan in more than a decade. The discovery has extended the

successful geological plays further towards the west of the Country.

Reserves and Resources:

The Company added 12 MMBOE into its 2P reserves and also achieved a remarkable increase in its contingent resources by adding 55 MMBOE of new resources. The overall (2P + 2C) reserves and resources of the Company stood at 642 MMBOE on June 30, 2022.

Key Development Projects:

The Company commissioned its own new 20-inch, 25-km cross-country pipeline, establishing Mari Field's connectivity with SNGPL network.

SGPC Phase-I was also commissioned during the year. The Phase-II to process 200 MMSCFD of Goru-B gas is currently in advanced stages of construction and first gas is expected to be achieved during Q2 of FY 2023.

Phase-III of the SGPC project (also known as HRL swing volume project) which was commissioned with the installation of 2 compressors during FY 2021, has now been completed as the 3rd remaining compressor has been commissioned and overall export capacity has been enhanced up to 60 MMSCFD. This project has provided the Company greater flexibility to divert undrawn HRL volumes of power and fertilizer

Directors' Report



Sachal Gas Processing Complex - Mari Gas Field, Daharki, Sindh



Valves Assembly - Zarghun South, Balochistan

customers into the SNGPL network, if required.

Portfolio Expansion:

The Company's international footprint was established with the formal award of Offshore Block-5 in Abu Dhabi by the UAE Government to the consortium of 4 leading Pakistani E&P Companies. This block is located in a highly prospective basin and the consortium plans to drill the first well during 2023.

Additionally, the Company was awarded 5 new blocks in the 2022 competitive bidding round run by the Government of Pakistan.

Diversification Efforts:

During the year, the Board approved the divestment of the Company's entire 20% equity interest in National Resources (Private) Limited, for which approvals are in process.

The Company is exploring various investment avenues in core and near-core sectors in the energy

value chain besides pursuing opportunities for investments in oil and gas exploration.

The Company is also considering of leveraging its core competencies towards clean energy.

Revamping of Mari Services Division (MSD):

MSD remains a key pillar of the Company's business. Its capability of performing seismic and drilling operations in remote and security sensitive areas has enabled the Company to not only complete seismic projects in strategic blocks but also to deliver Bannu West well successfully. Another achievement for MSD during the year was to secure the first-ever 3rd party businesses in its history, worth around USD 15 million.

MSD has saved the Country precious forex of around USD 35 million this year, creating job opportunities for the locals, and building its credibility as a key market player.

Corporate Social Responsibility (CSR):

Earning the trust of all stakeholders, especially the communities living in the areas of operations of the Company, is of the utmost importance to the Company. The Company has historically supported various social causes and followed that proud legacy during the year.

The highlight of the year was a deposit of over PKR 3 billion (under production bonus and social welfare obligations) for community development projects in District Ghotki, Sindh.

A large number of projects are under execution which shall bring meaningful change for the communities upon completion. The Company also spent PKR 800 million over and above its obligations on high-impact social welfare projects.

Organization and Culture:

The Company continued its focus on enhancing its organizational

performance by bringing process improvements, performance based reward structure, inducting new talent, introduction of international best practices and use of new technology to manage its business more in-line with the international E&P industry.

These processes have already started to bring fruit and the Company has developed a robust 10-year strategy, and 5 & 3 years business plans capturing short, medium and long-term opportunities for maximizing production and reserves/ resource maturation.

FUTURE OUTLOOK

The Company has clear priorities and remains focused on ensuring that we meet our key objectives as listed below:

- Safe completion and start-up of SGPC project
- Installation and start-up of EWT facilities on Bannu West well



- Drilling of 2nd exploration and 2 appraisal wells in Bannu West block
- Drilling of the 1st exploratory well in Block-28 in Balochistan

- Completion of seismic acquisition in Ziarat and Wali West blocks; kick off future seismic projects in new acquired blocks
- MSD capability building and effective utilisation for internal as well as 3rd party projects

- Management of rising circular debt to have access to sufficient capital for aggressive exploration and development spending.

Tribute to Law Enforcement Agencies:

We would like to pay special tribute to the LEAs for their relentless efforts and sacrifices for providing us fool-proof security and unprecedented support, allowing us to operate in the security sensitive areas of KP and Balochistan.



Training on Fire Emergency Handling - Head Office, Islamabad



Covid-19 Preparedness

HEALTH, SAFETY & ENVIRONMENT

COVID-19 Management

Throughout the pandemic, the Company ensured effective implementation of robust preventive measures to safeguard its employees, assets and working environment. The Operational sites ensured business continuity by implementing protocols that were developed keeping in view the precarious pandemic situation. With the dedication of the employees, there were no major hindrances to the operations at any site.

HSE Performance

While increasingly operating in geologically challenging and security-sensitive areas, the Company's HSE performance against various KPIs, with more than 16.9 million recorded man-hours (employees and contractual workforce), is reflective of the management's commitment and determination towards HSE.

Criteria	Target	Achieved	IOGP*- Overall
Total Recordable Case Frequency (TRCF)	0.43	0.12	0.77
Lost Time Injury Frequency (LTIF)	0.32	0.12	0.22
Process Safety Event Rate (PSER) – Tier I	0.24	0.00	0.12
Process Safety Event Rate (PSER) – Tier II	0.48	0.09	0.35

* International Oil and Gas Producers

Mari Services Division, despite operating in difficult terrains and facing security challenges, posted zero recordable injuries.

As part of the Company's HSE performance and systems improvement

strategy, multiple initiatives were launched pertaining to cultural enrichment, developing process safety fundamentals and studies, and revamping of systems and processes.

Certifications

Based on IMS/ISMS audits, MPCL achieved re-certification on the following ISO standards:

- **ISO 9001: 2015** (Quality Management System)
- **ISO 14001: 2015** (Environmental Management System)
- **ISO 45001: 2018** (Occupational Health & Safety Management System)
- **ISO 27001: 2013** (Information Security Management System)

Environmental Protection

The Company's network comprises many sites across Pakistan mostly in remote areas with barren lands. The teams at all these locations are conscientiously working for improving environmental sustainability and mitigating impact of climate change through plantation and avoiding loss of vegetation during operational activities.

HSE Trainings and Awareness Sessions

Training and awareness are important for implementing HSE standards, reducing HSE incidents, and bringing risks to As Low As Reasonably Practicable.

Foregoing in view, more than 42,780 training man-hours were clocked for over 1,960 HSEQ trainings and around 578 HSEQ Crisis & Emergency Drills were organized for employees at all locations during the year.



Further, a series of awareness sessions on life-saving rules titled "Safer MPCL", Process Safety Fundamentals, and Process Safety Event Classification etc. were carried out across different operational sites.

HYDROCARBON PRODUCTION

The hydrocarbon production for the year is summarized below:

	Year ended June 30				Increase / (decrease)
	2022		2021		
	Cumulative	Per day	Cumulative	Per day	Cumulative
Gas (MMBOE)					
Mari Field	272,459	747	256,903	704	6%
Other Fields	10,714	29	12,354	34	(13%)
	283,173	776	269,257	738	5%
Crude oil (barrels)					
Mari Field	23,682	65	17,700	49	34%
Other Fields	434,827	1,191	439,505	1,204	(1%)
	458,509	1,256	457,205	1,253	0.3%
Total production in equivalent BOEs	36.91 million	101,109	35.87 million	98,281	3%

Production Operations at Mari Field

Despite consistent low gas offtakes by power customers, and emergency shutdowns/ unplanned turnaround of the fertilizer plants, the Company was able to achieve production above the threshold of 577.5 MMSCFD of gas for significant part of the year. This was achieved through better production planning and proactive coordination with the customers and regulators for diverting undrawn volumes to other customers depending on their individual requirements.

During the year, the production commenced from Hilal and Iqbal discoveries with supply of gas to Pak Arab Fertilizers Limited.



Directors' Report



Fire Suppression System

Production Operations at Other Fields

Commercial production commenced from the development well Togh Bala in OGDCL operated Kohat Block, with the injection of gas into SNGPL network.

Various available production enhancement techniques are being contemplated and applied in other fields to cater for natural depletion and to address technical issues, which arise from time to time.

FINANCIAL PERFORMANCE

Description	Year ended June 30		Increase
	2022	2021	
Net Sales	95,134	73,018	30%
Profit Before Tax	52,116	43,931	19%
Income Tax	(13,845)	(12,486)	11%
Profit After Tax	38,271	31,445	22%
Super Tax	(5,208)	-	100%
Net Profit for the Year	33,063	31,445	5%
EPS (Rs. Per Share)	247.84	235.71	5%

The increase in the net sales was achieved by enhancing production, benefit derived from the swing volume project, which enabled the Company to achieve higher days of incremental production from Mari Field and higher applicable oil prices and exchange rate.

Profit Appropriation (Year ended June 30, 2022)

	(Rs. in million)
Unappropriated profit brought forward	99,010
Total comprehensive income for the year	33,079
	132,089
Distribution to shareholders:	
Final cash dividend for the year ended June 30, 2021 @ Rs 75.00 per share	(10,005)
Interim cash dividend for the year ended June 30, 2022 @ Rs 62.00 per share	(8,271)
Unappropriated profit carried forward	113,813

Trade Debts

The Company's trade debts include overdue receivables from power generation and gas distribution companies mainly on account of prevailing inter-corporate circular debt. In order to expedite the recovery, the Company is relentlessly following-up with the customers and the federal government for early settlement of the outstanding dues.

EXPLORATION, DEVELOPMENT AND OPERATIONAL ACTIVITIES

Discoveries during the year

Bannu West: The exploratory well Bannu West-1 was spud-in on June 06, 2021 and successfully drilled down to the depth of 4,915 meters, with Company's own rig. Post-acid job test rates were in the order of 50 MMSCFD of gas and 300 barrels per day of condensate from the Lockhart formation. Hangu Formation also flowed gas at the rate of 1.6 MMSCFD.

Kalchas Block: The exploratory well Kaleri Shum-1 was spud-in on December 31, 2021, and drilled down to the depth of 1,907 meters. The well has been declared a discovery and is being further evaluated from a commercial point of view. Based on post-well analysis, hydrocarbon potential shall be finalized during the FY 2023.

Drilling Activities during the Year:

Exploratory Wells

In total, nine exploratory wells were drilled during the year. In addition to the above mentioned discoveries, drilling of exploratory well Sundha Thal-1 (Kalchas Block) is in progress and is expected to complete in the FY 2023. Another exploratory/appraisal well Bolan South-1 (Ziarat Block) was drilled and is suspended for further evaluation.



Processing Facilities - Zarghun South, Balochistan

Further, exploratory wells namely Surghar X-1 (Karak Block), Daim-1 (Sujawal Block), Mian Miro Deep-1 (Sukkur Block), Mari PKL South-1 (Mari Field) and Bazil X-1 (Hala Block) were drilled and declared dry or non-commercial.

Development wells

Development well Togh Bala has been completed in Kohat Block as a gas producer and is currently producing ~9 MMSCFD of gas and ~100 Barrels/day of condensate.

Further, development well MD-17 in Mari Field has been drilled and completed as a gas producer. Drilling of HRL 121 and Mari-122H was in progress.



Sujawal Gas and Condensate Field - Sujawal Block, Sindh

Reserves Replacement

To ensure continuity of the Company in the long-term, the Company's efforts are directed towards reserves replacement in addition to managing and enhancing current production.

During the year, an estimated 12 MMBOE were added to the proved and probable reserves, which translates into Reserve Replacement Ratio (RRR) of 32%. The increase in reserves primarily came from the movement of contingent resources into reserves for development activity in Hilal & Iqbal (Mari Field), Bolan East (Ziarat Block), Togh (Kohat Block), Benari (Shah Bander Block) and Bashar (Hala Block) fields.

In addition, the Company's net contingent resources also increased by an estimated 55 MMBOE mainly on account of the Bannu West gas discovery and addition of access project into the MPCL portfolio. Overall, these additions resulted in around 345% addition to the MPCL contingent resources.



Sachal Gas Processing Complex (SGPC), Mari Field, Daharki

Seismic Data Acquisition

To identify and mature the prospects for future exploratory drilling, the Company has completed the seismic data acquisition in Block 28 (1,356 L.km 2D), Taung Block (340 Sq.km 3D) and Kohat Block (157 L.km 2D), while 234 Sq.km 3D seismic acquisition in Ziarat Block is in progress. Further, the crew has been mobilized to start seismic data acquisition in the Wali West Block.

Significant Development Projects:

Early Production from Bannu West Discovery

Fast-track early production facility (EPF) installation is envisaged to bring the gas online from the Bannu West discovery as soon as practicable. High-level collaboration has been commenced with SNGPL to establish connectivity with the national grid, while parallel activities for early EPF design and equipment sourcing are in progress.

Significant Projects at Mari Field

Cross Country Pipeline: The Company commissioned its own new 20-inch, 25-km cross-country

pipeline, establishing Mari Field's connectivity with SNGPL network.

Sachal Gas Processing Complex (SGPC):

Phase I of SGPC was completed and around 20 MMSCFD of gas from Tipu compartment of the "Goru B" reservoir was injected into the SNGPL network at the end of March 2022, via Company's own cross-country pipeline. After 3 weeks into the operation, the plant's planned shutdown was brought forward by one month for ensuring optimal and sustained production and integration of Phase I into Phase II. The company is working closely with the vendors for attaining the both.

The Phase-II to process 200 MMSCFD of Goru-B gas is currently in advanced stages of construction and first gas is expected to be achieved during Q2 of FY 2023. The project is behind schedule due to factors outside our control e.g. shipping related delays, extremely hot weather in summer followed by unprecedented rainfall and floods during monsoon season.

Phase-III of the SGPC project which was commissioned by installation of 2 compressors during FY 2021 (also known as HRL swing volume project), has now been completed as the last remaining compressor has also been commissioned by enhancing overall export capacity up to 60 MMSCFD. This project has provided the Company greater flexibility to divert undrawn HRL volumes of power and fertilizer customers into the SNGPL network.

Asset Integrity Management System (AIMS):

Maintenance and Asset Integrity management of production assets also remained a key focus to keep them available for service via multiple integrity and reliability campaigns. Multiple options were applied for the incorporation of machine-learning and artificial intelligence into oil and gas production operations. Multiple reliability studies were undertaken to shift conventional time-based programs to proactive/predictive based models. Pilot projects for integrated performance management of compression packages, including visualization and analytics are in progress.

The development of an AIMS framework is in progress that shall provide a platform for the safe and reliable operations of aged production critical assets. The first-ever annual Asset Integrity report of Mari Field has been published. Turnarounds were executed safely and successfully at Mari Field, Kalabagh and Zarghun Fields for internal inspections and restore inherent reliability.

Well Integrity Management System (WIMS):

WIMS ensures that active wells are integral and always available to operate in safe & efficient manner. Loss of wells' integrity may cause damage in terms of people, environment, asset and reputation

of the Company. Therefore, various initiatives have been undertaken to develop world class WIMS at MPCL. Experienced well integrity professionals are on-board in newly-developed Well Integrity Team. WIMS framework & reference documents i.e. standards/manuals have been developed and their implementation is in progress.

Well integrity will be assured during the life cycle of the wells (planning to abandonment) capturing lessons learned and using international best practices.

Mari Field Sustainability Project:

The Company aims to develop, integrate and synergize all on-going, planned activities and new ideas into an integrated roadmap to maximize value from all Mari Field reservoirs. In addition, we are focused on effectively managing late-life uncertainties and risks of Mari. Moreover, there are several potential opportunities and options to improve operational efficiency, enhance production and maximize ultimate recovery from the existing reservoirs, which are under evaluation. Following are key highlights of the project during 2021-22:

- Identified and assessed reserves acceleration and additional opportunities to achieve HRL reservoir plateau extension.
- Developed production guidelines to optimize production and recovery from HRL Reservoir. Production management model has been developed for continuous monitoring and optimizing HRL production and recovery.
- Application of new technology: Technical evaluation and recommendation of first-ever horizontal well Mari-122H



Team Discussion on Geographical Map - Head Office, Islamabad

in HRL Reservoir to improve recovery. Currently, its drilling is in progress.

- Successful development well MD-17 in Goru-B reservoir tested at ~25 MMSCFD provided additional deliverability.
- Assessed suitable formation for produced water disposal in Mari Field and successful completion of a new well for produced water disposal in an environment-friendly manner.
- Initiated development of Goru-B and SML-SUL high quality 3D reservoir simulation models to improve reservoir performance prediction.
- Developed SML-SUL Integrated Production Model (IPM) and evaluated long-term production outlook. Identified potential opportunities for further development and resource additions.

PORTFOLIO EXPANSION AND DIVERSIFICATION

As part of its long term strategy, the Company is working closely with

both national and international advisors on energy sector and mergers & acquisitions experts to evaluate available opportunities for its possible participation.

International Expansion – PIOL

MPCL along with OGDCL, PPL and GHPL has incorporated a new company by the name of Pakistan International Oil Limited (PIOL) in Abu Dhabi Global Market (ADGM). MPCL, OGDCL, PPL and GHPL each have 25% equity stake in the company. PIOL has entered into the concession agreement with Abu Dhabi National Oil Company (ADNOC) for the Offshore Block-5 which was awarded to the Consortium in August 2021. At present, PIOL is carrying out the approved work program, which includes the exploration and appraisal activities.

Local Expansion

During the year, the Government of Pakistan offered 14 blocks in the Bid Round 2021 for the grant of new exploration licenses. The Company actively participated and successfully secured five



Pipeline Pigging

blocks - two (Dadhar and Mach) as an operator and three (Kalat West, Sui-North, and Meeranpur) as a non-operating partner with other E&P companies. Execution of ELs/PCAs of said blocks is expected shortly.

During the year, the Company executed PCAs of two blocks (Nareli and North Dhurnal), which were awarded to MPCL in Bid Round 2020.

One of the JV partners in Bela West Block surrendered its 35% working interest. The Company acquired an additional 14% working interest, thus enhancing its working interest in the block to 39%.

The Company has also executed a farm-in agreement with MOL Pakistan for the acquisition of a significant working interest in Margala Block. The assignment of the said working interest is under government approval.

Divestment

Pursuant to the GoP's decision to bring in SOEs as local investors in the Reko Diq project, the Company has decided to divest its entire 20% equity interest in National Resources (Private) Limited, for which approvals are in process.

ORGANIZATION AND CULTURE

The Company will continue to develop its human resource capital, bring-in new talent and develop the technical skills of all staff in line with the best international practices par excellence. Various initiatives in this regard are underway.

A scorecard based pay-for-performance system has been implemented for all tiers of the management to improve employees' efficiency and productivity. With the help of roll-out partners, the job descriptions were re-designed, job evaluations were conducted on



Hay methodology, a new grading structure was designed, and existing employees were aligned with the new structure based on their respective job sizes.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the FY 2022, the focus was on the provision of quality education, health and clean drinking water to the people living in the areas of operations, especially in new blocks.

Mandatory Social Welfare Obligations:

The Company discharged its mandatory social welfare obligations by depositing the social welfare obligations into joint bank accounts maintained with respective District Coordination Officers.

Voluntary CSR: MPCL has appointed Ms. Abia Akram as its first CSR Ambassador for inclusive

education. Ms. Abia is a differently-abled girl ranked among the top 100 most inspirational women shortlisted by BBC globally.

In addition to discharging its contractual and statutory obligations, the Company voluntarily committed itself to social investment projects across Pakistan. Some of the major CSR initiatives supported by the Company during the year include: MPCL-IBA Sukkur Scholarship Program, Sarbuland Micro Loans Scheme, Roshan Ehd Solarization Program for underprivileged communities, Mari Mobile Dastarkhawan, Distribution of dry ration bags and Ramadan packages, support for the victims of Murree snowfall incident, Miyawaki forestation at Mari Field and tree plantation drives at different locations, Light & Sound Show at Pakistan Monument on August 14, 2021, 1st MPCL Azadi Hockey Tournament in Rawalpindi, and

Directors' Report

financial assistance to a number of charities for social causes.

INTERNAL CONTROL SYSTEM

The Board has set up an effective Internal Audit function, headed by Chief Internal Audit and staffed with qualified professionals, which functionally reports to the Board's Audit Committee.

Detailed Management System Procedures are in place to ensure effective and efficient operations. All major policies are approved by the Board and reviewed periodically. The SAP ERP solution has in-built authorization and other controls, which augment the overall control environment. A Whistleblowing Policy is in place to address any malpractices at workplace.

Based on the work performed by the internal and external auditors, and the reviews conducted by the relevant Board Committees, the Board is of the opinion that the Company's internal controls are sound in design and were effectively implemented and monitored during the FY 2022.

ENTERPRISE RISK MANAGEMENT

In order to enable the Board in discharging its responsibilities relating to the governance of risks, the Company has adopted an

enterprise-wide risk management methodology, in line with ISO 31000:2018, to ensure a proactive, adequate and integrated approach to risk management.

A dedicated ERM department centrally coordinates risk management activities, ensures smooth and streamlined adoption of ERM practices across the organisation, and provides risk-related advice, guidance and support to the departments.

Principal Risks and Uncertainties

The Company's internal risks are mostly within the tolerable limits as these have been adequately mitigated through effective controls. On the other hand, the external risks, being uncontrollable in nature, form a significant portion of the Company's emerging risk inventory.

Major risks and uncertainties in recent times have emanated primarily from the challenging security situation, Country's macro-economic troubles, and lingering effects of COVID-19 on the supply chain. Adequate controls are employed to mitigate the identified risks. The residual exposure of the principal risks is actively monitored and reported in line with the approved risk management framework.

Due to its strategic position in the national economy, the oil and gas remains a highly regulated sector, making it vulnerable to changes in government regulations and policies. There were no significant changes during the year with respect to petroleum related policies and regulations and thus stability prevailed in this area.

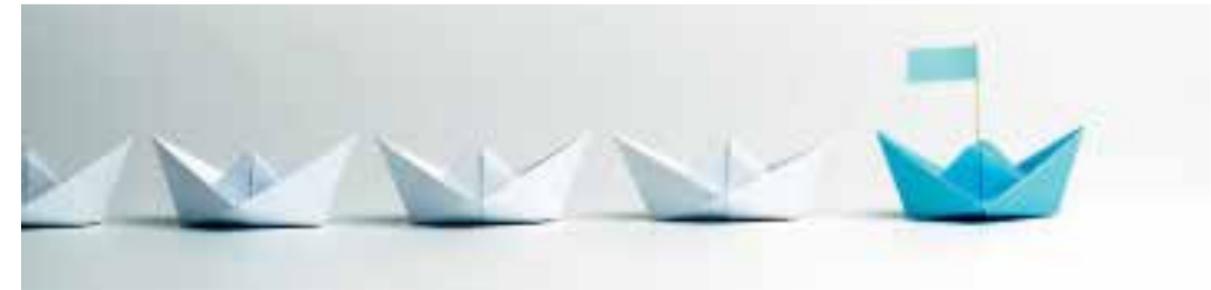
INDUSTRIAL RELATIONS

The Company is committed to provide a healthy work environment to all its employees. It maintains cordial relations with the Collective Bargaining Agent that represents its unionized staff, and endeavors to protect the workers' interests, improve their economic condition and resolve their issues.

The Company has revamped its graduate trainee program SEED (Skill Enhancement & Employee Development), and inducted young graduates from top universities across Pakistan to hone their professional skills. To make the program more inclusive, 24% female engineers were inducted in the SEED program 2022.

INFORMATION TECHNOLOGY

The IT governance is an integral part of the Company's overall governance framework and demonstrates its ability to create



value using IT infrastructure. The Company keeps cyber security and various elements of its IT infrastructure aligned with each other.

The focus of the Company is on implementation of automated systems and digital transformation initiatives. This approach provides greater integration amongst cross-functional teams to induce effective planning, coordination and decision-making during various E&P-related activities.

The Company uses industry leading G&G interpretation, reservoir modeling and corporate risk/prospect assessment software suites developed by renowned companies.

In addition to the available systems, the Company has initiated an Enterprise Data Management and Analytics project for data-driven decisions. Various Business Intelligence dashboards have been developed to make the analytical data available to the management for decision-making.

The Company's Disaster Recovery Plan (DRP) provides a structured approach to respond to unexpected incidents that may threaten the Company's IT infrastructure. Priorities and recovery time objectives for critical systems have been developed in the light of business impact analysis with consistent immutable back-up

strategies. DRP is periodically tested and improved to help enhance the efficacy of recovery procedures and ensure improvement of the infrastructure readiness to minimize system down-time in disaster situations.

CORPORATE GOVERNANCE

Board structure

MPCL has a highly effective Board, having an appropriate mix of core competencies and diversity of backgrounds, skills, knowledge and experience. The Board comprises seven elected directors and four nominee directors (two each representing Government of Pakistan and OGDCL). Current composition of the Board is as follows:

S. No	Director	Category
Representing Fauji Foundation		
1.	Mr. Waqar Ahmed Malik	Non-executive director
2.	Dr. Nadeem Inayat	Non-executive director
3.	Maj Gen Ahmad Mahmood Hayat (Retd)	Non-executive director
4.	Mr. Faheem Haider	Executive director
Representing Government of Pakistan		
5.	Mr. Ali Raza Bhutta	Non-executive director
6.	Mr. Abdul Rasheed Jokhio	Non-executive director
Representing OGDCL		
7.	Syed Khalid Siraj Subhani	Non-executive director
8.	Mr. Ahmed Hayat Lak	Non-executive director
Representing General Public		
9.	Mr. Adnan Afridi	Independent, non-executive director
10.	Mr. Abid Hasan	Independent, non-executive director
11.	Ms. Seema Adil	Independent, non-executive director
Male Directors:		10
Female Director:		01

Positions of Chairman of the Board and CEO are Held by Two Different Individuals

Mr. Waqar Ahmed Malik is the Chairman of the Board, while Mr. Faheem Haider is the Managing Director/CEO of the Company.



SEED 2022 Programme Participants with MPCL Team



The names of the persons who, at any time during the financial year, were directors of the company

- 1) Maj Gen Naseer Ali Khan (Retd)
- 2) Syed Bakhtiyar Kazmi
- 3) Dr. Arshad Mehmood
- 4) Mr. Haroon-ur-Rafiq
- 5) Mr. Shahid Salim Khan
- 6) Ms. Ayla Majid

Committees of the Board of Directors

The Board has constituted four committees to assist the Board in its operations. These committees consider important matters relating to their respective domains in depth and present their recommendations to the Board for consideration and final decision.

Audit Committee:

Audit Committee of the Board currently comprises of the following directors:

Director	Designation
Mr. Abid Hasan	Chairman (independent, non-executive director)
Dr. Nadeem Inayat	Member
Mr. Ali Raza Bhutta	Member
Mr. Ahmed Hayat Lak	Member
Mr. Adnan Afridi	Member

HR and Remuneration Committee

HR and Remuneration Committee of the Board currently comprises of the following directors:

Director	Designation
Mr. Adnan Afridi	Chairman (independent, non-executive director)
Maj Gen Ahmad Mahmood Hayat (Retd)	Member
Mr. Abdul Rasheed Jokhio	Member
Mr. Ahmed Hayat Lak	Member
Mr. Abid Hasan	Member

Technical Committee:

Technical Committee of the Board currently comprises of the following directors:

Director	Designation
Maj Gen Ahmad Mahmood Hayat (Retd)	Chairman
Mr. Abdul Rasheed Jokhio	Member
Syed Khalid Siraj Subhani	Member
Mr. Adnan Afridi	Member
Ms. Seema Adil	Member



Investment Committee

Investment Committee of the Board currently comprises of the following directors:

Director	Designation
Dr. Nadeem Inayat	Chairman
Maj Gen Ahmad Mahmood Hayat (Retd)	Member
Syed Khalid Siraj Subhani	Member
Mr. Adnan Afridi	Member
Ms. Seema Adil	Member

Annual evaluation of the performance of the board, board's committees and individual directors

The Board has decided to hire the services of Pakistan Institute of Corporate Governance (PICG) to carry out the evaluation for the FY 2022.

PICG is the premier governance institute in Pakistan, promoting good corporate governance practices and is involved in training and education, undertaking research, publishing guidelines and other resource material. PICG has also developed a specialized mechanism for conducting the aforementioned evaluation.

The evaluation was in progress and once completed, the PICG will submit its evaluation report to the Board's HR&R Committee, which will present the report along with its recommendations to the Board.

Directors' remuneration policy

In compliance with Clause 16 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, a formal Directors' Remuneration Policy is in place.

Executive Director: The Managing Director/ Chief Executive Officer is the only executive director on the Board. He is entitled to salary and other benefits as per his employment contract approved by the Board and Company Policies. No fee is paid to the Managing Director to attend Board, Board Committees and general meetings.

Non-Executive Director: Non-executive directors are entitled to receive a fixed fee for attending Board and Board Committee meetings. The fee is in line with the approved policy. When on Company's business, all directors are also entitled to allowances as per approved Company Policy.

No fee is paid to the Non-Executive Directors for attending General Meetings of the Company. Further, they are not entitled to receive any bonuses and post-retirement benefits.

There is no stock option scheme in place for any category of directors.

Details of remuneration paid to executive and non-executive directors during the year are given in note 36 of the attached financial statements.

Pattern of shareholding

A statement showing the pattern of shareholding as at June 30, 2022 is attached in the Annual Report.

CODE OF CORPORATE GOVERNANCE

The Company proactively undertakes to achieve full compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, issued by the SECP. The Statement of Compliance by the Board of Directors is reviewed by the Statutory Auditors and their Review Report to the Members is included in the Annual Report every year.

Directors' Compliance Statement

The Directors of the Company hereby confirm the following:

- a) The financial statements prepared by the management present fairly the Company's

Directors' Report



Exploration Team - Head Office

state of affairs, the result of its operations, cash flows and changes in equity.

- b) Proper books of account of the Company have been maintained.
- c) There are no significant doubts regarding the Company's ability to continue as going concern.
- d) Appropriate accounting policies have been consistently applied in preparation of financial statements, except for changes as detailed in financial statements, and accounting estimates are based on reasonable and prudent judgment.
- e) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- f) Directors are responsible and have adequately ensured that the system of internal controls including financial controls is sound in design and has been effectively implemented and monitored.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- h) Key operating and financial data of the last ten years is annexed.
- i) Value of investments including bank deposits and accrued income of various funds as at June 30, 2021, based on their respective audited accounts, is as under:

Contributory provident fund	Rs 1,336 million
Management staff gratuity fund	Rs 3,115 million
Non-management staff gratuity fund	Rs 1,077 million

- j) Information regarding outstanding taxes and levies is disclosed in the notes to the financial statements.

DIVIDEND

During the year, the Company paid final cash dividend of Rs 75 per share (750%) for the year ended June 30, 2021, and also paid an interim cash dividend of Rs 62 per share (620%) for the year ended June 30, 2022.

Further, the Board of Directors in its meeting held on August 4, 2022, has proposed final cash dividend of Rs 62 per share (620%) for the year ended June 30, 2022, for approval of the shareholders in the Annual General Meeting.

FUTURE OUTLOOK OF THE COMPANY

The Company is steadily expanding its operations and building its human, technical, financial and social capitals to fuel and sustain its growth. The Company intends to enhance its production and increase its existing exploration acreage both locally as well as internationally.

The Company will remain focused on HRL plateau extension and enhancement of production from deeper reservoirs of Mari Field. The Company also plans to carry out exploration activities in existing and prospective blocks to supplement production from Mari Field by discovering more hydrocarbon resources. Infrastructure-led investments in the exploration and development projects in other fields will also add significant value to the Company.

All efforts are underway to expedite early gas production from Bannu West discovery and safe completion of Sachal Gas Processing Complex.

In total, nine exploratory, three appraisal, four development and three work-over wells are planned in FY 2023 in various operated and non-operated blocks.

The Company is pursuing with the GoP for grant of ELs and signing of PCAs for newly-awarded five blocks, so that exploration activities can be commenced without any delay. The Company is expediting its exploratory efforts in Sharan and Nareli Block that were won in the bidding round held in 2021.

The Services Division of the Company is enhancing its capacity to cater to the needs of the Company, its Joint Venture Partners and 3rd parties that will add value to the Company and save foreign exchange for the Country.

The Company is continuously evaluating farm-in opportunities in exploration as well as producing assets with upside potential. On internationalization front, the award of offshore Block-5 in Abu Dhabi will augment the Company's reserve-led growth strategy.

The Company intends to enhance its social impact through stronger and sustainable CSR footprint across Pakistan by adopting the triple bottom-line approach of developing people, securing profits and saving the planet.

The Company will continue the implementation of its HSE management system that are compliant with international standards for its seismic, drilling and production activities.

EXTERNAL AUDITORS

The present auditors, M/s A.F. Ferguson & Co., Chartered Accountants, will retire at the conclusion of the upcoming AGM and have offered themselves for re-appointment as external auditors of the Company.

The Audit Committee considered this matter and recommended



Skill Enhancement and Employee Development Program - Head Office, Islamabad

appointment of M/s A.F. Ferguson & Co., Chartered Accountants as external auditors of the Company for the FY 2023. The recommendation of the Audit Committee was endorsed by the Board of Directors and the matter will be tabled at the upcoming AGM.

ACKNOWLEDGEMENT

The Board of Directors would like to express its appreciation for the efforts and dedication of all employees which resulted in uninterrupted production and supply of hydrocarbons to its customers.

The Board also wishes to express its appreciation for continued assistance and cooperation received from Local Administrations, Provincial Governments, various departments of Federal Government especially the Ministry of Energy (Petroleum Division), Ministry of Finance, OGRA, DGs of (Petroleum Concessions, Oil and Gas), Fauji Foundation, OGDCL, FBR and Law Enforcement Agencies, its suppliers and other stakeholders.

For and on behalf of the Board

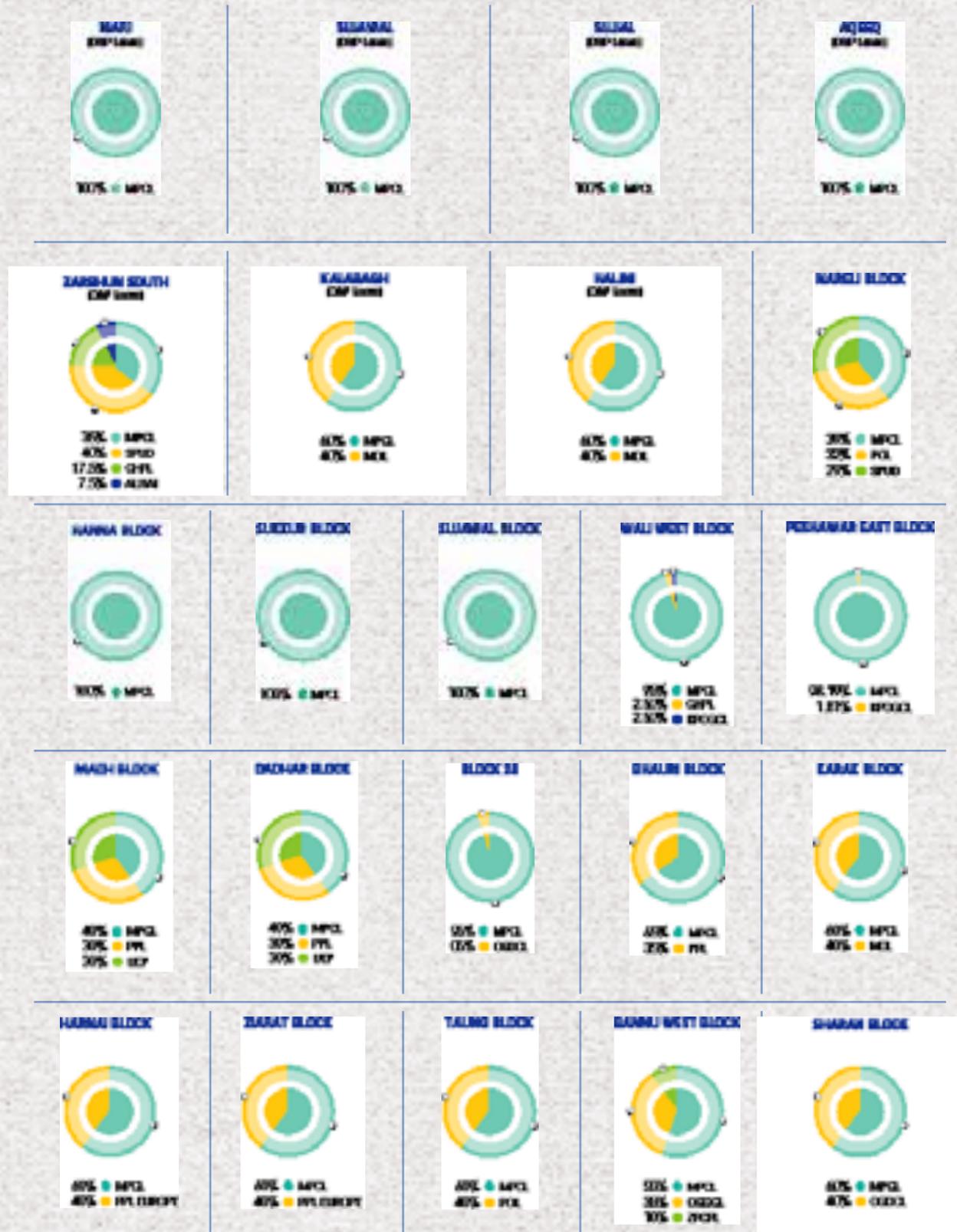
Faheem Haider
Managing Director/CEO

Waqar Ahmed Malik (SI)
Chairman

Islamabad
August 04, 2022

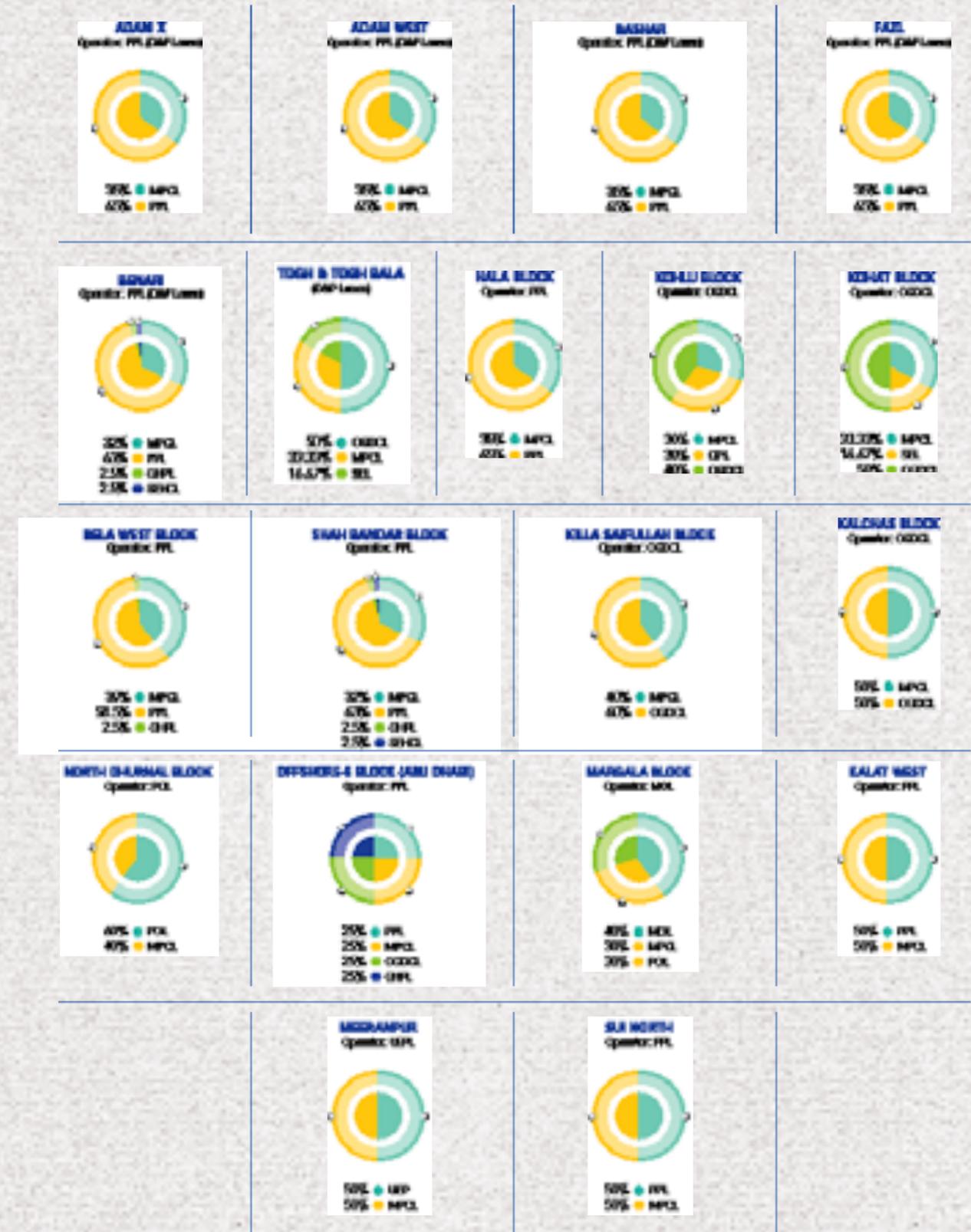
MPCL's Operated Blocks

and Development & Production (D&P) Leases



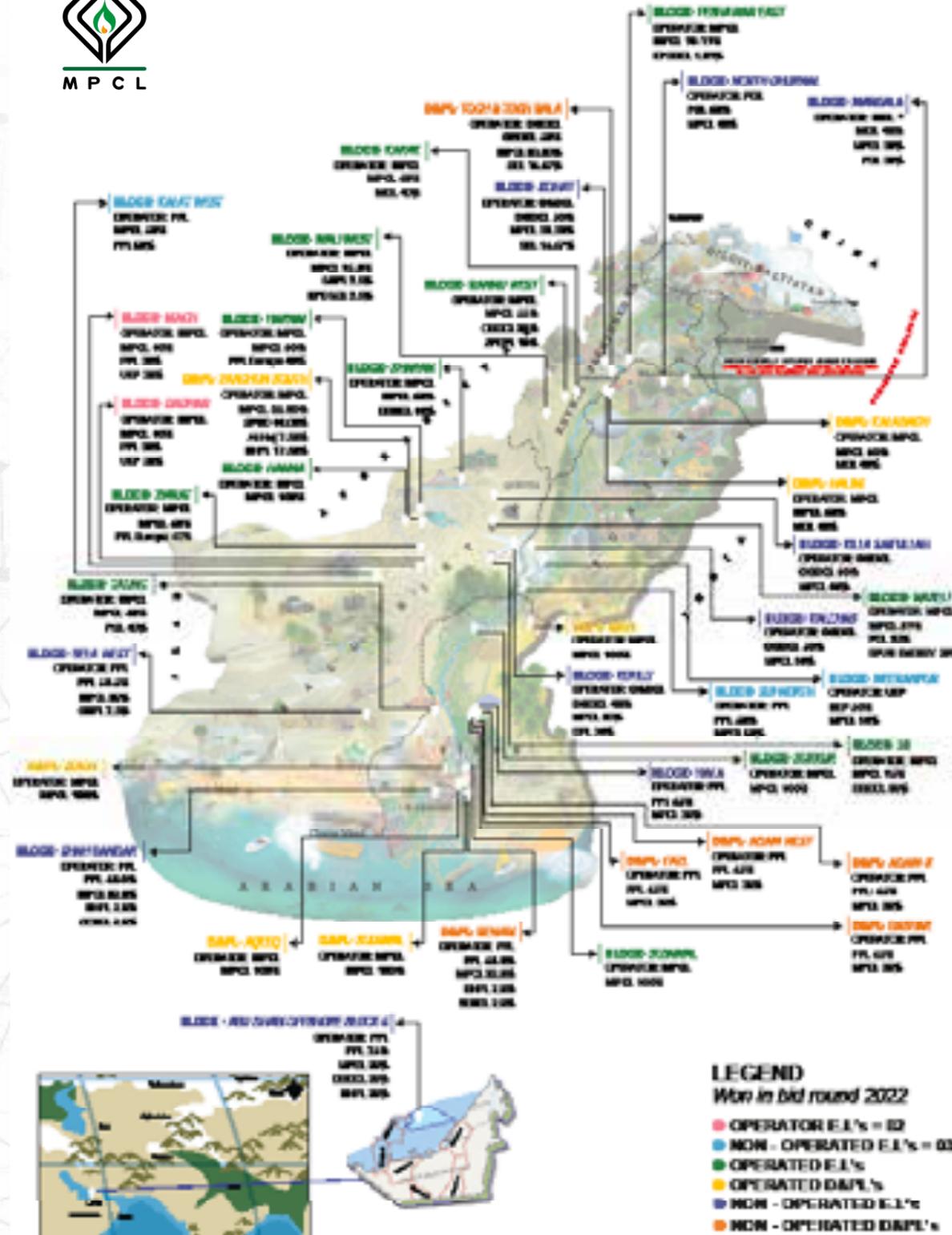
MPCL's Non-Operated Blocks

and D&P Leases



Geographical Presence

MPCL Concessions and Working Interest



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REVIEW REPORT

**TO THE MEMBERS OF MARI PETROLEUM COMPANY LIMITED
 REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED
 COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Mari Petroleum Company Limited, (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Chartered Accountants
 Islamabad
 Date: August 30, 2022

UDIN: CR202210050ZfgjJ6EFC

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Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

Mari Petroleum Company limited
For the year ended June 30, 2022

The Company has complied with the requirements of the Regulations in the following manner:-

1. The total number of Directors is eleven as per the following detail:

- a. Male: 10
b. Female: 01

2. The composition of the Board is as follows:

As at June 30, 2022:

Category	Names
Independent Directors* (Excluding Female Director)	Mr. Adnan Afridi
	Mr. Abid Hasan
Executive Director	Mr. Faheem Haider
Non-executive Directors	Mr. Waqar Ahmed Malik
	Dr. Nadeem Inayat
	Maj. Gen Ahmad Mahmood Hayat (Retd)
	Mr. Ali Raza Bhutta
	Mr. Abdul Rasheed Jokhio
	Syed Khalid Siraj Subhani
	Mr. Ahmed Hayat Lak
Female Director (Independent Director)	Ms. Seema Adil

*The Company has elected 3 independent directors, while the fraction of 0.67 was not rounded up as one. The Participation and Shareholders Agreement (PSA) among the principal shareholders and the Articles of Association (AoA) of the Company require that the representation on the Board shall be proportionate to, as closely as possible, the shareholding of the sponsors. Currently, 4 out of 11 directors are nominees of the Government of Pakistan and OGDCL, while Fauji Foundation has 4 directors.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including MPCL;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a Vision / Mission Statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board! shareholders as empowered by the relevant provisions of the Act and the Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
8. The Board has a formal policy and transparent procedures for determining the remuneration of directors in accordance with the Act and the Regulations;

9. The following Directors were certified under SECP approved Directors' Training Program as at June 30, 2022:

S#	Directors
1.	Mr. Waqar Ahmed Malik
2.	Dr. Nadeem Inayat
3.	Maj Gen Ahmad Mahmood Hayat (Retd)
4.	Mr. Faheem Haider
5.	Mr. Ali Raza Bhutta
6.	Mr. Abdul Rasheed Jokhio
7.	Syed Khalid Siraj Subhani
8.	Mr. Ahmed Hayat Lak
9.	Mr. Adnan Afridi
10.	Mr. Abid Hasan

The directors training program for one newly elected director will be arranged in due course.

A Directors' Training Program from SECP approved institution was arranged during the year, which was attended by the following:

Directors:

- Mr. Haroon-ur- Rafique - Non-Executive Director

Executives:

- Mr. Nabeel Rasheed - Chief Financial Officer
- Ms. Fauzia Ahmad - Chief Human Resource Officer

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and the Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed the following committees comprising of the members as given below:

a) Audit Committee

Director	Designation
Mr. Abid Hasan	Chairman (independent Director)
Dr. Nadeem Inayat	Member
Mr. Ali Raza Bhutta	Member
Mr. Ahmed Hayat Lak	Member
Mr. Adnan Afridi	Member

Statement of Compliance with the Code of Corporate Governance

b) HR and Remuneration Committee

Director	Designation
Mr. Adnan Afridi	Chairman (Independent Director)
Maj Gen Ahmad Mahmood Hayat (Retd)	Member
Mr. Abdul Rasheed Jokhio	Member
Mr. Ahmed Hayat Lak	Member
Mr. Abid Hasan	Member

c) Investment Committee

Director	Designation
Dr. Nadeem Inayat	Chairman
Maj Gen Ahmad Mahmood Hayat (Retd)	Member
Syed Khalid Siraj Subhani	Member
Mr. Adnan Afridi	Member
Ms. Seema Adil	Member

d) Technical Committee

Director	Designation
Maj Gen Ahmad Mahmood Hayat (Retd)	Chairman
Mr. Abdul Rasheed Jokhio	Member
Syed Khalid Siraj Subhani	Member
Mr. Adnan Afridi	Member
Ms. Seema Adil	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings (quarterly / half / yearly) of the committees was as given below:

Committee	Frequency of meeting
a) Audit Committee:	At least Quarterly/Required basis
b) HR and Remuneration Committee:	At least once in a year/Required basis
c) Investment Committee:	Required basis
d) Technical Committee:	Required basis

15. The Board has set up an effective internal audit function staffed with personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the Auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanations pertaining to the regulations other than 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S.No	Requirement	Explanation	Reg. No.
i.	Constitution of Nomination Committee	The responsibilities as prescribed for the Nomination Committee are being taken care of at the Board level as and when needed. Therefore, a separate committee is not currently considered to be necessary.	29
ii.	Constitution of Risk Management Committee	The functions of the risk management committee are currently performed by the Audit Committee and are included in its ToRs. Hence a separate risk management committee is currently not needed.	30



Waqar Ahmed Malik (SI)
Chairman
August 04, 2022



Faheem Haider
Chief Executive Officer



Pipe Rack - Zarghn South, Balochistan



Financial Statements

for the year ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of Mari Petroleum Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Mari Petroleum Company Limited (the Company), which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Tel: +92 (51) 2273457-60/2604934-37; Fax: +92 (51) 2277924, 2206473; < www.pwc.com/pk >



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Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	<p>Impairment assessment of development and production assets, exploration and evaluation assets and property, plant and equipment</p> <p><i>(Refer note 3.5, 3.7, 3.8, 11, 12 and 13 to the financial statements)</i></p> <p>As at June 30, 2022, the carrying value of development and production assets, exploration and evaluation assets and property, plant and equipment amounted to Rs 17,733 million, Rs 14,539 million and Rs 60,441 million respectively.</p> <p>The Company assesses at the end of each reporting period whether there is any indication that a Cash Generating Unit (CGU) may be impaired.</p> <p>Where impairment indicator is triggered for any CGU, an impairment test is performed by the Company based on estimates of the recoverable value of that CGU.</p> <p>The assessment of recoverable value of these assets requires the exercise of significant management's estimates and judgements on certain assumptions such as (i) estimates of oil and gas reserves; (ii) future oil and gas prices; (iii) operating costs and inflation rate; (iv) foreign exchange rates and (v) discount rates.</p> <p>We considered this matter as a key audit matter due to significant value of these assets at reporting date and due to significance of judgements / estimates used by management in determining the recoverable value of these assets.</p>	<p>Our audit procedures in relation to management's impairment assessment, amongst others, included:</p> <ul style="list-style-type: none"> Assessed the methodology used by management to assess the recoverable value of each CGU; Assessed the assumptions of cash flow projections in assessment of recoverable value, challenging the reasonableness of key assumptions i.e. oil and gas reserves, oil and gas prices, operating costs, inflation rate, foreign exchange rates and discount rates based on our knowledge of the business and industry by comparing the assumptions to historical results, and published market and industry data; Assessed the impairment indicators as per IFRS 6 "Exploration for and Evaluation of Mineral Resources" for material balances included in exploration and evaluation assets; Performed sensitivity analysis in consideration of the potential impact of reasonably possible downside changes in assumptions relating to oil and gas prices, discount rate and other assumptions; and Assessed the appropriateness of disclosures made in the financial statements.



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S. No. Key audit matters

How the matter was addressed in our audit

(ii) Recognition of Revenue

(Refer note 3.12, 3.13 and 23 to the financial statements)

The Company is engaged in the production and sale of oil and gas resources.

The Company recognized net revenue during the year from the sales of natural gas, crude oil (including condensate) and Liquefied Petroleum Gas (LPG) amounting to Rs 89,877 million, Rs 5,253 million and Rs 4 million respectively.

Revenue is recognized when the Company satisfies a performance obligation by transferring of promised product to a customer. The Company principally satisfies its performance obligation at a point in time and recognizes as revenue the amount of transaction price that is allocated to the performance obligation. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalized with the customers and / or approved by Government of Pakistan (GoP). The Company recognizes interest on delayed payments from customers on probability of receipt basis.

We considered this as a key audit matter due to the significance of the amounts requiring significant time and resource to audit due to magnitude, inherent risk of material misstatement and revenue being a key economic indicator of the Company.

Our audit procedures in relation to the matter, amongst others, included:

- Assessed the design, implementation and operating effectiveness of the relevant key internal controls over revenue recognition from the sale of products;
- Performed test of details on sample basis for sales transactions by inspecting respective invoices, delivery challans and acknowledgement of customers;
- Checked on sample basis, notifications of OGRA for gas prices. Performed, on a sample basis, recalculation of crude oil and gas prices in accordance with applicable petroleum policies / agreements / decision of Economic Coordination Committee of the Cabinet;
- Where pricing is provisional / sales agreement not finalized, (a) checked correspondence with the customers and relevant government authorities during the year and held discussions with the Company; (b) inspected term sheets etc. and (c) checked price recorded is in line with applicable petroleum policy / agreed with the customers;
- Assessed sales transactions on either side of the statement of financial position date to assess whether they are recorded in relevant accounting period;

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S. No. Key audit matters

How the matter was addressed in our audit

- Performed analytical procedures to analyze variation in the price and quantity sold during the year;
- Performed test of details on sample basis for journal entries related to revenue recognized during the year based on identified risk criteria; and
- Assessed the appropriateness of disclosures made in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is M. Imtiaz Aslam.

Chartered Accountants
Islamabad
Date: August 30, 2022

UDIN: AR202210050dnNsfa8Sh

Statement of Financial Position

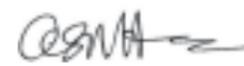
As at June 30, 2022

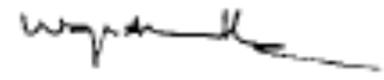
	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	4	1,334,025	1,334,025
Other reserves	5	15,711,988	15,190,001
Unappropriated profit		113,812,754	99,009,539
		130,858,767	115,533,565
NON CURRENT LIABILITIES			
Long term financing	6	724,126	-
Deferred liabilities	7	15,544,293	11,171,723
		16,268,419	11,171,723
CURRENT LIABILITIES			
Trade and other payables	8	23,299,450	17,256,803
Current maturity of long term financing		27,981	-
Unclaimed dividend	9	265,992	118,875
Provision for income tax		14,419,416	6,305,167
		38,012,839	23,680,845
CONTINGENCIES AND COMMITMENTS			
	10		
		185,140,025	150,386,133

The annexed notes 1 to 41 form an integral part of these financial statements.


Nabeel Rasheed
Chief Financial Officer


Faheem Haider
Managing Director / CEO


Abid Hasan
Director


Waqar Ahmed Malik
Chairman

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	11	60,441,427	37,672,536
Development and production assets	12	17,733,482	16,278,235
Exploration and evaluation assets	13	14,538,766	7,386,197
Long term investments	14	3,185,145	1,161,018
Long term loans and advances	15	43,969	34,053
Long term deposits and prepayments	16	124,756	182,274
Deferred income tax asset	17	3,057,644	2,209,320
		99,125,189	64,923,633
CURRENT ASSETS			
Stores and spares	18	3,424,159	2,866,855
Trade debts	19	32,359,298	28,046,706
Short term loans and advances	20	7,792,601	5,470,861
Short term prepayments		135,672	144,920
Other receivables		676,270	187,311
Current portion of long term investments		41,068	39,831
Short term investments	21	4,995,065	40,782,256
Interest accrued		29,853	100,635
Cash and bank balances	22	36,496,060	7,823,125
		85,950,046	85,462,500
Assets classified as held for sale	14	64,790	-
		185,140,025	150,386,133

Statement of Profit or Loss

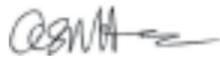
for the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Gross sales		108,969,625	82,692,664
General sales tax		(11,788,450)	(7,668,767)
Excise duty		(2,046,698)	(2,005,626)
		(13,835,148)	(9,674,393)
Net sales	23	95,134,477	73,018,271
Royalty		(11,999,913)	(9,315,126)
Operating and administrative expenses	24	(17,402,533)	(15,039,680)
Exploration and prospecting expenditure	25	(10,931,573)	(4,543,689)
Finance cost	26	(979,809)	(1,310,476)
Other charges	27	(3,622,588)	(3,082,462)
		(44,936,416)	(33,291,433)
		50,198,061	39,726,838
Other income		48,235	311,971
Finance income	28	4,483,085	3,940,536
Share of loss in associate	14.3	(2,613,070)	(47,982)
Profit before taxation		52,116,311	43,931,363
Provision for income tax	29	(19,053,300)	(12,486,454)
Profit for the year		33,063,011	31,444,909
Earnings per share - basic and diluted			
Earnings per ordinary share (Rupees)	30	247.84	235.71

The annexed notes 1 to 41 form an integral part of these financial statements.


Nabeel Rasheed
Chief Financial Officer


Faheem Haider
Managing Director / CEO


Abid Hasan
Director


Waqar Ahmed Malik
Chairman

Statement of Comprehensive Income

for the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Profit for the year		33,063,011	31,444,909
Other comprehensive income:			
Items that will not be subsequently reclassified to statement of profit or loss:			
Remeasurement gains of defined benefit plans	32	23,761	23,399
Income tax effect related to remeasurement of defined benefit plans			
- Current tax credit / (charge)		2,851	(14,911)
- Deferred tax (charge) / credit		(10,265)	2,432
		16,347	10,920
Items that will be subsequently reclassified to statement of profit or loss:			
Effect of translation of investment in a foreign associated company		521,987	-
Total comprehensive income for the year		33,601,345	31,455,829

The annexed notes 1 to 41 form an integral part of these financial statements.


Nabeel Rasheed
Chief Financial Officer


Faheem Haider
Managing Director / CEO


Abid Hasan
Director


Waqar Ahmed Malik
Chairman

Statement of Changes in Equity

for the year ended June 30, 2022

	Share capital	Undistributed percentage return reserve	Other Reserves			Unappropriated profit	Total
			Capital redemption reserve fund	Self insurance reserve	Foreign currency translation reserve		
(Rupees in thousand)							
Balance as at July 1, 2020	1,334,025	477,899	10,590,001	3,600,000	-	77,147,181	93,149,106
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	-	31,444,909	31,444,909
Other comprehensive income	-	-	-	-	-	10,920	10,920
	-	-	-	-	-	31,455,829	31,455,829
Final cash dividend for the year ended							
June 30, 2020 @ Rs 2.00 per share *	-	(266,805)	-	-	-	-	(266,805)
First interim cash dividend for the year ended							
June 30, 2021 @ Rs 6.00 per share *	-	(188,891)	-	-	-	(611,524)	(800,415)
Transfer from undistributed percentage return reserve to unappropriated profit							
	-	(22,203)	-	-	-	22,203	-
Second interim cash dividend for the year ended							
June 30, 2021 @ Rs 60.00 per share *	-	-	-	-	-	(8,004,150)	(8,004,150)
Transfer from unappropriated profit to self insurance reserve							
	-	-	-	1,000,000	-	(1,000,000)	-
Balance as at June 30, 2021	1,334,025	-	10,590,001	4,600,000	-	99,009,539	115,533,565
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	-	33,063,011	33,063,011
Other comprehensive income	-	-	-	-	521,987	16,347	538,334
	-	-	-	-	521,987	33,079,358	33,601,345
Final cash dividend for the year ended							
June 30, 2021 @ Rs 75.00 per share *	-	-	-	-	-	(10,005,188)	(10,005,188)
Interim cash dividend for the year ended							
June 30, 2022 @ Rs 62.00 per share *	-	-	-	-	-	(8,270,955)	(8,270,955)
Balance as at June 30, 2022	1,334,025	-	10,590,001	4,600,000	521,987	113,812,754	130,858,767

* Distribution to owners - recorded directly in equity

The annexed notes 1 to 41 form an integral part of these financial statements.

Nabeel Rasheed
Chief Financial Officer

Faheem Haider
Managing Director / CEO

Abid Hasan
Director

Waqar Ahmed Malik
Chairman

Statement of Cash Flows

for the year ended June 30, 2022

	Note	2022	2021
		(Rupees in thousand)	
Cash flows from operating activities			
Cash receipts from customers		136,602,088	104,653,433
Cash paid to the Government for Government levies		(62,501,082)	(46,949,087)
Cash paid to suppliers, employees and others		(12,906,173)	(12,754,214)
Income tax paid		(11,794,789)	(14,977,114)
Cash generated from operating activities		49,400,044	29,973,018
Cash flows from investing activities			
Property, plant and equipment		(24,772,074)	(17,842,585)
Development and production assets		(1,986,030)	(5,694,829)
Exploration and evaluation assets		(12,699,851)	(2,657,742)
Proceeds from disposal of property, plant and equipment		15,248	702,813
Investment in associate		(4,180,000)	(209,000)
Investment in Term Finance Certificates		-	(1,000,000)
Dividend from mutual funds		498,468	169,889
Interest received		2,112,086	3,666,650
Cash utilized in investing activities		(41,012,153)	(22,864,804)
Cash flows from financing activities			
Proceeds from long term financing		1,000,000	-
Redemption of preference shares		-	(3,490)
Finance cost paid		(16,964)	(1,455)
Dividend paid		(18,129,026)	(8,996,521)
Cash utilized in financing activities		(17,145,990)	(9,001,466)
Decrease in cash and cash equivalents		(8,758,099)	(1,893,252)
Cash and cash equivalents at beginning of year		48,605,381	50,334,404
Effect of exchange rate changes		1,643,843	164,229
Cash and cash equivalents at end of year	31	41,491,125	48,605,381

The annexed notes 1 to 41 form an integral part of these financial statements.

Nabeel Rasheed
Chief Financial Officer

Faheem Haider
Managing Director / CEO

Abid Hasan
Director

Waqar Ahmed Malik
Chairman

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

1. LEGAL STATUS AND OPERATIONS

1.1 Mari Petroleum Company Limited ("the Company") is a public limited company incorporated in Pakistan on December 4, 1984 under the repealed Companies Ordinance, 1984 (replaced by the Companies Act, 2017). The shares of the Company are listed on the Pakistan Stock Exchange Limited. The Company is principally engaged in exploration, production and sale of hydrocarbons. The registered office of the Company is situated at 21 Mauve Area, 3rd Road, G-10/4, Islamabad.

1.2 Geographical location of blocks/fields is as under:

Block/Fields	Location
Mari Field, Sujawal block, Sukkur block, Taung block, Hala block, Shah Bandar block and Khetwaro block	Sindh
Zarghun South Field, Kohlu block, Ziarat block, Harnai block, Block 28, Bela West block, Killa Saifullah block, Nareli block, Sharan block and Hanna block	Balochistan
Bannu West block, Kohat block and Wali West block	Khyber Pakhtunkhwa (KPK)
Ghuri block and North Dhurnal block	Punjab
Karak block, Peshawar East block and Zindan block	KPK and Punjab
Kalchas block	Balochistan and Punjab

The Company's largest field is Mari Field which is located at Daharki, District Ghotki, Sindh.

1.3 Mari Wellhead Gas Pricing Agreement

1.3.1 Previously, gas price mechanism for Mari field was governed by Mari Gas Wellhead Price Agreement ("the Agreement") dated December 22, 1985 between the President of Islamic Republic of Pakistan and the Company. Effective July 1, 2014, the Agreement was replaced with revised Mari Wellhead Gas Price Agreement dated July 29, 2015 ("Revised Agreement 2015") in line with the Economic Coordination Committee (ECC) decision, whereby the wellhead gas pricing formula was replaced with a crude oil price linked formula, which provides a discounted wellhead gas price. The Revised Agreement 2015 provided dividend distribution to be continued for ten years upto June 30, 2024 in line with the previous cost plus formula, according to which the shareholders were entitled to a minimum return of 30% per annum, net of all taxes, on shareholders' funds, to be escalated in the event of increase in the Company's gas or equivalent oil production beyond the level of 425 MMSCFD at the rate of 1%, net of all taxes, on shareholder's funds for each additional 20 MMSCFD of gas or equivalent oil produced, prorated for part thereof on an annual basis, subject to a maximum of 45% per annum.

1.3.2 Effective July 1, 2020, dividend distribution cap has been removed vide ECC decision in the meeting held on February 3, 2021, which has also been ratified by the Federal Cabinet on February 9, 2021. Accordingly, the Company is allowed to distribute dividend in accordance with provisions of the Companies Act 2017 and rules made thereunder, without any lower or upper limit as mentioned in para 1.3.1. Subsequently, an Amendment Agreement to Revised Agreement 2015 has been executed between the Government of Pakistan and the Company on April 17, 2021, giving effect to the ECC decision.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of

International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ from IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise disclosed.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees (Rupees), which is the functional currency of the Company. All figures are rounded off to the nearest thousands of Rupees.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of these financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, the management has made the following estimates, assumptions and judgements which are significant to these financial statements:

a) Estimation of oil and gas reserves - note 3.8 and note 12

Oil and gas commercial reserves i.e. proved and probable developed reserves, are an important element in calculation of amortization charge and for impairment testing of development and production assets of the Company. Reserve estimates involve some degree of uncertainty, require the application of judgement and are subject to future revision. Reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. All reserve estimates are subject to revision, either upward or downward, based on new information, such as from development, drilling and production activities or from changes in economic factors, including contract terms or development plans.

b) Exploration and evaluation expenditure - note 3.7 and note 13

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

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

c) Development and production expenditure - note 3.8 and note 12

Development and production activities commence after project sanctioning by the appropriate approving authority. Judgement is applied by the management in determining whether a project is economically viable before obtaining project sanction approval. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described above for capitalized exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced development activity, a judgement is made that a development and production asset is impaired, the appropriate amount is charged to the statement of profit or loss in the period when such judgement is made.

d) Provision for decommissioning cost - note 3.3 and note 7.1

Provision is recognized for the future decommissioning and restoration of oil and gas wells, production facilities and pipelines at the end of their economic lives. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to changes. Estimates of the amounts of provision are based on current legal and constructive requirements, technology and price levels. Provision is based on best current estimates, however, because actual outflows may differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amount of provision is reviewed periodically and adjusted to take account of significant changes.

e) Property, plant and equipment - note 3.5 and note 11

The Company reviews the appropriateness of useful lives, method of depreciation and residual values of property, plant and equipment at each reporting date. Any change in the estimates may affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment, if any.

f) Employee benefits - note 3.4 and note 32

Certain actuarial assumptions have been adopted as disclosed in note 32 to the financial statements for determination of present value of defined benefit obligations and fair value of plan assets.

g) Income taxes - note 3.1 and note 29

In making the estimates of income taxes currently payable by the Company, the management takes into account the income tax law applicable to the Company and guidance based on the decisions of appellate authorities in the past. This involves judgement on the future tax treatment of certain transactions. Deferred tax is recognized based on the expectation of the tax treatment of these transactions.

h) Measurement of the expected credit loss allowance - note 3.16 and note 33

The measurement of the Expected Credit Loss ("ECL") allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of counter parties defaulting and the resulting losses).

Elements of the ECL models that are considered accounting judgments and estimates include various formulas and choice of inputs, macroeconomic scenarios and economic inputs alongwith their effect on Probability of Default (PDs), Exposure At Default (EADs) and Loss Given Default (LGDs).

As referred in note 2.6 to these financial statements, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due from the Government of Pakistan (GoP) till June 30, 2022. Accordingly, the Company reviews the recoverability of its financial assets

that are due directly / ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

i) Stores and spares - note 3.10 and note 18

The Company reviews the stores and spares for possible impairment on a periodic basis, which may affect the carrying amounts of the respective items of stores and spares with a corresponding effect on the provision.

j) Contingencies - note 3.20 and note 10

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

k) Joint arrangements - note 3.15

The Company participates in several joint arrangements. Judgment is required in order to determine their classification as a joint venture where the Company has rights to the net assets of the arrangement or a joint operation where the Company has rights to the assets and obligations for the liabilities of the arrangement. In making this judgment, consideration is given to the legal form of the arrangement, the contractual terms and conditions as well as other facts and circumstances.

2.5 Standards, amendments to published standards and interpretations that are not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them.

- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (effective for annual reporting periods beginning on or after January 1, 2023). The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
- Amendment to IAS 1 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after January 1, 2023). The amendments provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'- Definition of Accounting Estimates (effective for annual reporting periods beginning on or after January 1, 2023). The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Amendments to IAS 12 'Income Taxes'- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted). The amendments narrow the scope of the initial recognition exemption (IRE) so

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

- Amendment to IAS 16 'Property, plant and equipment' (effective for annual reporting periods beginning on or after January 1, 2022). The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in statement of profit or loss.
- Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts: Cost of Fulfilling a Contract (effective for annual reporting periods beginning on or after January 1, 2022). The amendments specify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.
- On May 14, 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018-2020' (Amendments to IAS 41, IFRS 1, IFRS 9, and IFRS 16). The amendments are effective for annual periods beginning on or after January 1, 2022.
- Amendment to IFRS 3 'Business Combinations' (effective for annual reporting periods beginning on or after January 1, 2022). The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements.

The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or deferred by the SECP as at June 30, 2022:

- IFRS 1 (First Time Adoption of International Financial Reporting Standards)
- IFRS 17 (Insurance Contracts)
- IFRIC 12 (Service concession arrangements)

2.6 Exemption from application of IFRS 9 'Financial Instruments'

The Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 1177 (I)/2021 dated September 13, 2021 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) model shall not be applicable till June 30, 2022, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period.

Consequently, the Company has not recorded impact of application of ECL model on the financial assets due directly/ultimately from the GoP in these financial statements.

2.7 Exemption from application of IFRS 2 'Share Based Payment'

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the Scheme) for eligible employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises

(non-SOEs) where GoP holds significant investments. To administer the Scheme, the GoP transferred 12% of its investment to BESOS Trust Fund (the Trust) created for the purpose by each of such entities.

Keeping in view the difficulties that may be faced by the entities covered under the Scheme, SECP on receiving representation from some of the entities covered under the scheme and after having consulted the Institute of Chartered Accountants of Pakistan vide their letter number CAIDTS/PS& TAC/2011-2036 dated February 2, 2011 granted exemption to such entities from the application of IFRS 2 (Share based payment) to the Scheme vide SRO 587 (I)/2011 dated June 7, 2011.

The Supreme Court of Pakistan (SCP), vide its detailed judgment dated December 22, 2021, has declared the BESOS Scheme ultra vires. Accordingly, the appropriate measures in collaboration with relevant stakeholders are being taken by the Company to implement the decision of the SCP.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented in these financial statements except for reporting of the Company's operations as one reportable segment. Further, the Company has adopted the accounting policy for government grant as disclosed in note 3.22 to these financial statements.

3.1 Income tax

Income tax comprises current and deferred tax and it is recognized in profit or loss except to the extent that it relates to items recognized outside of profit or loss (whether in other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside of profit or loss.

Current

Provision for current income tax is based on taxable income at the applicable tax rates after taking into account tax credits and tax rebates, if any.

Deferred

The Company accounts for deferred tax using the 'liability method' in respect of all temporary differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent, it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax has been calculated at the estimated effective tax rate of 36% after taking into account the availability of depletion allowance and royalty. The tax rate is reviewed periodically and significant adjustments are incorporated, where required.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority.

3.2 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and significant adjustments are made to reflect the current best estimate.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

3.3 Decommissioning cost

The activities of the Company normally give rise to obligations for site restoration, which may include abandonment and removal of wells, facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation and site restoration.

Liabilities for decommissioning cost are recognized when the Company has an obligation for site restoration and a reliable estimate of that liability can be made. The amount recognized is the estimated cost of decommissioning based on current requirements, technology and price levels and is discounted to its present value over the useful economic life of the reserves. The associated decommissioning cost asset is capitalized to the cost of property, plant and equipment, development and production assets and exploration and evaluation assets, as the case may be. The recognized amount of decommissioning cost asset is subsequently amortized/depreciated as part of the capital cost of the development and production assets and property, plant and equipment.

While the provision is based on the best estimates, there is uncertainty regarding both the amount and timing of incurring these costs. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment, development and production assets and exploration and evaluation assets, as the case may be. The unwinding of discount on decommissioning provision is recognized as finance cost in the statement of profit or loss.

The decommissioning cost has been discounted at a real discount rate of 1.30% (2021: 1.30%) per annum.

3.4 Employee benefits

The Company operates following plans for its eligible employees:

- i) Defined benefit funded and unfunded plans:
 - a) The Company makes contributions to funded plans and records liability for funded and unfunded plans on the basis of actuarial valuations, carried out annually by independent actuaries using the "Projected Unit Credit Method" and the latest valuation was carried out as at June 30, 2022. The results of the valuation are summarized in note 32 to these financial statements.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the present value of the future benefit that employees have earned in return for their service in the current and prior periods. Past service cost and curtailments are recognized in statement of profit or loss, in the period in which change takes place.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the year in which they arise.
 - b) The Company has the policy to provide for compensated absences of its employees in accordance with respective entitlement on cessation of service; related expected cost thereof has been recognized in the statement of profit or loss.
- ii) Defined contribution provident fund, for which Rs 196,106 thousand (2021: Rs 101,521 thousand) are charged to statement of profit or loss for the year. The contributions to the fund are made by the Company at the rate of 10% of the basic salary.

3.5 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost. Cost in relation to property, plant

and equipment comprises acquisition and other directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management and decommissioning cost as referred in note 3.3 to these financial statements. The cost of self constructed assets also includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to working condition for their intended use.

Depreciation on property, plant and equipment is charged to statement of profit or loss using the straight line method at rates specified in note 11 to these financial statements except for decommissioning cost which is charged on unit of production basis, so as to write off the cost of property, plant and equipment over their estimated useful lives.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is derecognized.

Subsequent costs are included in the assets' carrying amounts when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Carrying amount of parts so replaced, if any, is derecognized. All other repairs and maintenance are charged to statement of profit or loss as and when incurred. Gains and losses on disposals are credited or charged to statement of profit or loss in the year of disposal.

Capital work in progress is stated at cost less impairment loss, if any, and transferred to respective item of property, plant and equipment when available for intended use.

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized in the statement of profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of the impairment loss is recognized as income in the statement of profit or loss.

3.6 Intangible assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably. Intangible assets having definite useful life are stated at cost less accumulated amortization. Intangible assets which have indefinite useful life are not amortized and tested for impairment annually, if any.

3.7 Exploration and evaluation assets

The Company applies the "successful efforts" method of accounting for Exploration and Evaluation (E&E) expenditures. Under this method of accounting, all property acquisitions and exploratory/evaluation drilling expenditures are initially capitalized as E&E assets in cost centers by well, field or exploration area, as appropriate, till such time that technical feasibility and commercial viability of extracting gas and oil are demonstrated.

Major costs capitalized include material, chemical, fuel, well services, rig costs, cost of recognizing provisions for future site restoration and decommissioning and any other cost directly attributable to a particular well. All other exploration costs including cost of technical studies, seismic acquisition and processing, geological and geophysical activities are charged against income as exploration and prospecting expenditure. Costs

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

incurred prior to having obtained the legal rights to explore an area are charged directly to the statement of profit or loss as and when incurred.

Tangible assets used in E&E activities including the Company's vehicles, drilling rigs and other property, plant and equipment used by the Company's exploration function are classified as property, plant and equipment. However, to the extent that such a tangible asset is consumed in developing an E&E asset, the amount reflecting that consumption is recorded as part of the cost of the E&E asset. Such costs include directly attributable overheads, together with the cost of other materials consumed during the exploration and evaluation phases.

E&E assets relating to each exploration license/field are carried forward, until the existence or otherwise of commercial reserves have been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value after any impairment loss of the relevant E&E assets is then reclassified as development and production assets. Otherwise, the capitalized costs are written off as dry hole costs. E&E assets are not amortized.

E&E assets are assessed for impairment when facts and circumstances indicate that carrying amounts may exceed the recoverable amounts of these assets. Such indicators include, the point at which a determination is made as to whether or not commercial reserves exist, the period for which the Company has right to explore has either expired or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration and evaluation activities is not planned or budgeted and any other event, that may give rise to indication that such assets are impaired.

Where an impairment loss subsequently reverses, the carrying amount of the E&E assets is increased due to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined had no impairment loss being recognized for the E&E assets in prior years. A reversal of the impairment loss is recognized as income in the statement of profit or loss.

3.8 Development and production assets

Development and production assets represent the cost of developing the discovered commercial reserves, together with the capitalized E&E expenditures transferred from E&E assets as outlined in note 3.7 above. The cost of development and production assets also includes the cost of acquisitions of such assets, directly attributable overheads, production bonus and the cost of recognizing provisions for future site restoration and decommissioning. Development and production assets are amortized on a unit of production basis, which is the ratio of oil and gas production in the year to the estimated quantities of commercial reserves at the end of the year plus the production during the year.

Changes in the estimates of commercial reserves are dealt with prospectively. Acquisition cost of leases, where commercial reserves have been discovered, are capitalized and amortized on unit of production basis.

Impairment test of development and production assets is also performed whenever events and circumstances arising during the development and production phase indicate that carrying amounts of the development and production assets may exceed their recoverable amount. Such circumstances depend on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, the production costs, the contractual duration of the production concession and the net selling price of the hydrocarbons produced.

The carrying amounts are compared against expected recoverable amounts of the oil and gas assets, generally by reference to the present value of the future net cash flows expected to be derived from such assets. The cash generating unit applied for impairment test purpose is generally field by field basis, except that a number of fields may be grouped as a single cash generating unit where the cash flows of each field are inter-dependent.

Where an impairment loss subsequently reverses, the carrying amount is increased due to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined had no impairment loss being recognized in prior years. A reversal of the impairment loss is recognized as income in the statement of profit or loss.

3.9 Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results, assets and liabilities of the associate are incorporated in these financial statements using the equity method of accounting.

Under this method, investment in associates is carried in the statement of financial position at cost as adjusted for post acquisition changes (net of tax) in the Company's share of net assets of the associate, less any impairment in the value of investment. Dividend distribution by the associate is adjusted against the carrying amount of investment. Unrealized gains on transactions between the Company and its associate are eliminated to the extent of Company's interest in the associate. Losses of an associate in excess of the Company's interest in that associate (which includes any long term interest that, in substance, form part of the Company's net investment in the associate) are recognized only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate. The Company's share of post-acquisition profit or loss is included in statement of profit or loss, its share of post-acquisition other comprehensive income or loss is included in statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in reserves.

3.10 Stores and spares

These are valued at the lower of cost and net realizable value less allowance for obsolete and slow moving items. Material in transit is valued at cost. Cost is determined on the moving average basis and comprises cost of purchases and other costs incurred in bringing the items to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

When stores and spares meet the definition of property, plant and equipment, they are classified as stores and spares held for capital expenditure under property, plant and equipment.

3.11 Foreign currencies

Foreign currency transactions and translations

Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Rupees at the rate of exchange prevailing at the statement of financial position date. All exchange differences are taken to the statement of profit or loss.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

Foreign operation

The transactions of foreign operation are translated at the rate of exchange prevailing on the date of transaction. All monetary and non-monetary assets and liabilities of foreign operation are translated into Rupees at exchange rate prevailing at the date of statement of financial position and the resulting currency translation differences are recognized in other comprehensive income and accumulated as a separate reserve in equity until the disposal of the foreign operation, upon which these are reclassified from equity to statement of profit or loss when gain or loss on disposal is recognised.

3.12 Revenue recognition

Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring of promised good or service to a customer. In case of goods, the Company principally satisfies its performance obligations at a point in time. The transfer of control of hydrocarbons usually coincides with the delivery of the same to customers.

When, or as, a performance obligation is satisfied, the Company recognizes as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled. Effect of adjustment, if any, arising from revision in sale price is reflected as and when the prices are finalized with the customers and/or approved by the Government.

Amounts billed or received prior to being earned, are deferred and recognized as deferred income. The Company recognizes revenue on take or pay arrangements with the customers only to the extent that it is highly probable that a significant reversal in the amount recognized will not occur when the uncertainty, if any, associated with the revenue is subsequently resolved. The Company considers such uncertainty as resolved when such revenue is received by the Company and customer cannot adjust the unused paid volumes in the future.

3.13 Finance income and finance cost

Interest income on financial assets at amortized cost is calculated using the effective interest method and is recognized in statement of profit or loss as part of finance income. Interest income is calculated by applying the effective interest rate to gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets. Dividend income is recognized when the right to receive is established. Foreign currency gains and losses are reported on a net basis. The Company recognizes interest on delayed payments from counter parties on probability of receipt basis.

Mark up, interest and other charges on borrowings are charged to profit or loss in the period in which they are incurred. Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. The Company suspends capitalization of borrowing costs during extended period when active development of a qualifying asset is suspended.

3.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest method.

Preference shares, which are mandatorily redeemable by the Company are classified as liabilities. The profit on these preference shares is recognized in the statement of profit or loss as finance cost.

3.15 Joint operations

Investments in joint arrangements are classified as either joint operations or joint ventures depending on contractual rights and obligations of the parties to the arrangement. The Company has assessed the nature of its arrangements and determined them to be joint operations.

The Company has recognized its share of assets, liabilities, revenues and expenses jointly held or incurred under the joint operations on the basis of latest available audited financial statements of the joint operations and where applicable, the cost statements received from the operator of the joint venture, for the intervening period up to the statement of financial position date. Unrealized gains on transactions between the Company and its joint operations are eliminated to the extent of Company's interest in the joint operations.

3.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Financial assets are recognized initially at fair value, normally being the transaction price. In the case of financial assets not classified at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification, as set out below. The Company derecognizes financial assets when the contractual rights to the cash flows expire.

The Company classifies its financial assets as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company determines the classification of financial asset at initial recognition.

(i) Financial assets measured at amortized cost

Financial assets are classified as measured at amortized cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in statement of profit or loss when the assets are derecognized or impaired and when interest is recognized using the effective interest method.

(ii) Financial assets measured at fair value through other comprehensive income

Financial assets are classified as measured at fair value through other comprehensive income when they are held in a business model the objective of which is both to collect contractual cash flows and sell the financial assets, and the contractual cash flows represent solely payments of principal and interest. Such assets are carried on the statement of financial position at fair value with gains or losses recognized in the other comprehensive income.

(iii) Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortized cost or fair value through other comprehensive income. Such assets are carried on the statement of financial position at fair value with gains or losses recognized in the statement of profit or loss.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

b) Financial liabilities

The measurement of financial liabilities depends on their classification, as follows:

(i) Financial liabilities measured at fair value through profit or loss

Financial liabilities that meet the definition of held for trading are classified as measured at fair value through profit or loss. Such liabilities are carried on the statement of financial position at fair value with gains or losses recognized in the statement of profit or loss.

(ii) Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of directly attributable transaction costs.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

c) Fair value measurement

Fair value is the price that would be received from sale of an asset or paid to transfer a liability in an orderly transaction between market participants. The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

d) Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

e) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with financial assets classified as measured at amortized cost at each statement of financial position date. Expected credit losses are measured based on the maximum contractual period over which the Company is exposed to credit risk. Since this is typically less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses for the Company's in-scope financial assets. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The expected credit loss is estimated as the difference between the asset's carrying amount and the present value of the future cash flows the Company expects to receive discounted at the financial asset's original effective interest rate. The carrying amount of the asset is adjusted, with the amount of the impairment gain or loss recognized in the statement of profit or loss.

A financial asset or group of financial assets classified as measured at amortized cost is considered to be credit-impaired if there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset (or group of financial assets) have occurred. Financial assets are written off where the Company has no reasonable expectation of recovering amounts due.

3.17 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash on hand, bank instruments and balances with banks and include short term highly liquid investments that are readily convertible to the known amounts of cash and are subject to an insignificant risk of change in value.

3.18 Dividend distribution

Dividend is recognized as a liability in the financial statements in the period in which it is declared.

3.19 Leases

Right of use asset

The Company assesses whether a contract is or contains a lease at the inception of the contract. If a contract contains a lease and meets requirements of IFRS 16, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Where the Company determines that the lease term of identified lease contracts are short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liability comprise the following:

- a. fixed payments, including in-substance fixed payments;
- b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c. amounts expected to be payable under a residual value guarantee; and
- d. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.20 Contingent liabilities and assets

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

A contingent asset is disclosed, which is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

3.21 Non-current assets classified as held for sale

Non current assets are classified as assets held for sale and carried at the lower of carrying amount and fair value less cost to sell if their carrying amount is recoverable principally through a sale transaction rather than through continuing use. These assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less cost to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in the statement of profit or loss.

3.22 Government grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. The benefit provided by the government under a loan arrangement at a below-market rate of interest is treated as a government grant. The loan obtained at below-market rate of interest is recognised and measured in accordance with IFRS 9 "Financial Instruments" and the benefit of the below-market rate of interest is government grant, which is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. Government grants related to assets are presented in the statement of financial position as a reduction to the carrying amount of the relevant assets and are recognised as a reduction to depreciation expense in the statement of profit or loss over the same period and in the same proportions as the relevant assets.

3.23 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

	Note	2022 (Rupees in thousand)	2021
4. SHARE CAPITAL			
Authorized capital			
1,309,000,100 (2021: 250,000,000)			
ordinary shares of Rs 10 each		13,090,000	2,500,000
Issued, subscribed and paid up capital			
24,850,007 (2021: 24,850,007) ordinary shares of			
Rs 10 each issued for cash		248,500	248,500
11,899,993 (2021: 11,899,993) ordinary shares of			
Rs 10 each issued for consideration other than cash	4.1	119,000	119,000
96,652,500 (2021: 96,652,500) ordinary shares of			
Rs 10 each issued as bonus shares	4.2	966,525	966,525
		1,334,025	1,334,025

4.1 This represents shares allotted to the Government of Pakistan (GoP) and Fauji Foundation in consideration for transfer of assets and liabilities of Pak Stanvec Petroleum Project.

4.2 736,120 bonus shares have not been issued as at June 30, 2022 due to pending resolution of issue relating to deduction of withholding income tax on issuance of bonus shares (2021: 736,120 bonus shares).

4.3 Major shareholding of the Company is as follows:

	2022 (Percentage)	2021
Fauji Foundation	40.00 *	40.00 *
Oil and Gas Development Company Limited (OGDCL)	20.00 *	20.00 *
Government of Pakistan	18.39 **	18.39 **

* Shareholding includes 444,675 and 222,338 bonus shares (2021: 444,675 and 222,338 bonus shares) of Fauji Foundation and OGDCL respectively, which have not been issued as at year end due to pending resolution of issue as referred to in note 4.2 to these financial statements.

** It excludes shares transferred to BESOS Trust Fund in prior years as referred to in note 2.7 to these financial statements.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

4.4 Distribution of shareholders

Category	2022 (Number of shares)	2021
Sponsor shareholders	104,568,216	104,568,216
Directors	518	510
Executives	3,991	1,199
Others	28,829,775	28,832,575
	133,402,500	133,402,500

There are no foreign shareholders including natural persons who hold more than 5% of the shareholding.

4.5 Rights and privileges in the Participation and Shareholders Agreement (PSA)

A Participation and Shareholders Agreement (PSA) was signed among sponsor shareholders i.e. Fauji Foundation, the GoP and OGDCL on June 3, 1985 which contained the rights and privileges of the parties. PSA was later amended through a Supplemental PSA dated July 25, 1992.

Right of First Refusal

If any of the sponsor shareholders desires to sell or transfer its shares in the Company in whole or in part, the remaining sponsor shareholders shall have the first right to purchase such shares, subject to the conditions and in the manner prescribed in the PSA.

Board Selection

The membership of the Board of Directors of the Company shall reflect as closely as possible the proportion in which shares of the Company are held by the sponsor shareholders and others.

Management Right

The management of the affairs and the business of the Company shall vest in and be conducted by Fauji Foundation through a Managing Director exclusively nominated by Fauji Foundation.

	Note	2022 (Rupees in thousand)	2021
5. OTHER RESERVES			
Capital redemption reserve fund	5.1	10,590,001	10,590,001
Self insurance reserve	5.2	4,600,000	4,600,000
Foreign currency translation reserve	5.3	521,987	-
		15,711,988	15,190,001

5.1 This reserve was created for redemption of redeemable preference shares in the form of cash to the preference shareholders.

5.2 The Company has set aside a specific capital reserve for self insurance of assets which have not been insured, for uninsured risks and for deductibles against insurance claims.

5.3 This reserve represents accumulated balance of effect of translation of a foreign operation into Rupees as per the Company's accounting policy.

6. LONG TERM FINANCING

Under 'Temporary Economic Relief Facility' (TERF) announced by the State Bank of Pakistan (SBP), the Company has secured financing of Rs 1 billion for installation of stand-alone processing facilities at Mari field for low BTU gas from Tipu, Goru-B and HRL Reservoirs ('Sachal Gas Processing Complex', formerly known as GTH project) for enhancement of production from Mari Field. TERF is obtained through a commercial bank with quarterly repayments. Tenor of the facility is 10 years including two years of grace period for principal repayments. Security under TERF facility is first pari passu hypothecation charge over all present & future fixed assets of the Company (excluding land and building) with 25% margin.

Long term financing has been recognised at amortized cost, which is calculated using effective interest rates on various drawdown dates ranging from 7.90% to 10.43% per annum. The differential mark-up has been recognised as 'deferred government grant' and has been deducted from the carrying value of related asset.

Note	2022 (Rupees in thousand)	2021
Proceeds of TERF loan announced by the SBP	1,000,000	-
Less: Deferred government grant deducted from carrying value of property, plant and equipment	(275,874)	-
	724,126	-
Borrowing costs capitalized in property, plant and equipment	43,650	-
Borrowing costs paid	(15,669)	-
	752,107	-
Less: Current maturity of long term financing	(27,981)	-
Long term financing	724,126	-

7. DEFERRED LIABILITIES

Provision for decommissioning cost	7.1	14,525,961	10,149,673
Provision for employee benefits - unfunded	7.2	1,018,332	1,022,050
		15,544,293	11,171,723

7.1 Provision for decommissioning cost

Balance at beginning of the year	10,149,673	9,235,085
Provision made during the year	1,931,147	364,680
Revision due to change in estimates	1,478,604	(323,597)
Cost incurred during the year	(11,977)	(25,792)
Unwinding of discount	26	978,514
Balance at end of the year	14,525,961	10,149,673

The above provision is analysed as follows:

Wells	11,829,552	8,934,927
Production facilities including gathering lines	2,696,409	1,214,746
	14,525,961	10,149,673
Wholly owned	11,269,051	7,801,716
Joint operations	3,256,910	2,347,957
	14,525,961	10,149,673

It is expected that cash outflows resulting from decommissioning will occur between 2023 to 2050.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
7.2 Provision for employee benefits - unfunded			
Post retirement leaves	32.2	585,149	595,633
Post retirement medical	32.2	66,365	90,009
Compensated leave absences		366,818	336,408
		1,018,332	1,022,050
8. TRADE AND OTHER PAYABLES			
Creditors		776,886	502,045
Accrued liabilities		14,450,616	9,598,734
Joint operating partners		2,530,208	628,380
Retention money and performance bonds payable		318,780	405,662
Provident fund		46,160	226
Gas Development Surcharge (GDS)	8.1	1,544,777	1,961,337
General sales tax		612,352	441,374
Excise duty		165,591	153,737
Gas Infrastructure Development Cess (GIDC)	8.1	390,373	300,464
Royalty		1,259,199	2,319,172
Redeemable preference shares	8.2	107,783	107,783
Profit accrued on redeemable preference shares		9,953	9,953
Workers' Welfare Fund		868,514	731,770
Workers' Profit Participation Fund		19,361	50,691
Others		198,897	45,475
		23,299,450	17,256,803

8.1 These represent GDS and GIDC received from customers upto June 30, 2022, that will be deposited with the GoP in July 2022 as per their respective rules and regulations. Furthermore, GDS and GIDC and their related sales tax recoverable from customers as of June 30, 2022 and payable to the GoP when collected from customers amounting to Rs 156,570,018 thousand (2021: Rs 160,260,783 thousand) are not reflected in these financial statements in accordance with the Company's accounting policy.

On August 13, 2020, the Supreme Court of Pakistan has decided the matter of GIDC, which has restrained the charging of GIDC from August 1, 2020 onwards and ordered gas consumers to pay GIDC arrears due upto July 31, 2020 in installments. The fertilizer companies have obtained stay orders against recovery from the Sindh High Court, where the matter is subjudice.

8.2 5,335,946 (2021: 5,335,946) preference shares have not been issued as at June 30, 2022 due to pending resolution of issue relating to deduction of withholding income tax on issuance of bonus shares. Further, 5,442,384 (2021: 5,442,384) preference shares have not been claimed/redeemed by certain minority shareholders as at June 30, 2022.

	2022 (Rupees in thousand)	2021 (Rupees in thousand)
9. UNCLAIMED DIVIDEND		
Fauji Foundation	103,315	42,395
Oil and Gas Development Company Limited	51,658	21,198
Others	111,019	55,282
	265,992	118,875

9.1 This includes dividend amounting to Rs 171,029 thousand (2021: Rs 70,181 thousand) due to pending resolution of issue as referred to in note 4.2 to these financial statements.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

- There are no legal cases and claims, which warrant disclosure in these financial statements.
- The Company has given corporate guarantees to the GoP under various Petroleum Concession Agreements (PCAs) for the performance of obligations.
- As part of the arrangement, as disclosed in note 14.2 of these financial statements, each of the consortium companies has also provided, joint and several, parent company guarantees to ADNOC and Supreme Council for Financial and Economic Affairs Abu Dhabi, UAE, to guarantee the obligations of Pakistan International Oil Limited (PIOL), a related party.

	2022 (Rupees in thousand)	2021 (Rupees in thousand)
10.2 Commitments		
a) Commitments for capital expenditure:		
Wholly owned	5,705,766	17,627,701
Joint operations	5,936,656	10,975,425
	11,642,422	28,603,126
b) The Company's share in outstanding minimum work commitments under various PCAs aggregating to US\$ 60.83 million (2021: US\$ 87.85 million)	12,509,977	13,906,655

- The Company has entered into a Shareholders Agreement with the consortium partners as referred to in note 14.2 to these financial statements, under which the Company has committed to invest upto US\$ 100 million in PIOL during the next five years, out of which US\$ 25 million have been invested upto June 30, 2022. The remaining amount of US\$ 75 million (Rs 15,423 million) will be invested in subsequent years.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

11. PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Roads and bridges	Drilling, tool and equipment	Equipment and general plant	Computers and allied equipment	Gathering lines	Furniture and fixtures	Vehicles - heavy	Vehicles - light	Decommissioning Cost-Mari field and Joint Operations' production facilities including gathering lines (note 3.9)	Stores and spares held for capital expenditure	Capital work in progress	Total
As at July 1, 2020																
Cost	700,467	102,224	1,711,516	832,227	210,235	3,784,814	13,823,390	627,336	4,250,946	230,602	1,356,973	935,425	551,037	2,909,563	3,787,885	35,809,640
Accumulated depreciation	-	(20,412)	(668,062)	(271,898)	(169,086)	(2,317,158)	(5,383,649)	(5,167,448)	(2,484,331)	(96,088)	(898,771)	(539,191)	(2,36,694)	-	-	(13,602,088)
Net book value	700,467	81,812	1,043,454	560,329	41,149	1,467,656	8,439,741	105,588	1,766,615	134,514	458,202	396,234	314,343	2,909,563	3,787,885	22,207,552
Year ended June 30, 2021																
Opening net book value	700,467	81,812	1,043,454	560,329	41,149	1,467,656	8,439,741	105,588	1,766,615	134,514	458,202	396,234	314,343	2,909,563	3,787,885	22,207,552
Additions / transfers from capital work in progress	-	-	212,993	17,135	14,732	672,220	1,112,151	74,884	1,697,332	17,346	320,196	176,872	10,385	-	15,671,535	19,997,781
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,581,672	2,581,672
Revision due to change in estimates of provision for decommissioning cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,722)
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	(450,290)	-	-	-	-	(4,935)	(839)	(10,822)	-	(202)	-	(6,351)	-	-	-	(473,439)
Accumulated depreciation	(450,290)	-	-	-	-	4,435	736	10,677	-	202	-	2,024	-	-	-	18,074
Transfers	-	-	-	-	-	-	(103)	(145)	-	-	-	(4,327)	-	-	-	(455,365)
Depreciation charge	-	(1,487)	(82,311)	(38,800)	(10,895)	(192,245)	(1,285,480)	(48,076)	(277,874)	(19,456)	(212,545)	(118,653)	(42,699)	-	-	(4,315,861)
Net book value	250,177	80,325	1,174,136	538,664	44,986	1,947,131	8,266,309	132,251	3,186,073	132,404	565,853	450,126	269,307	5,491,235	15,143,559	37,672,536
As at July 1, 2021																
Cost	250,177	102,224	1,924,509	849,362	224,967	4,452,099	14,934,702	684,398	5,948,278	247,746	1,677,169	1,105,946	548,700	5,491,235	15,143,559	53,587,071
Accumulated depreciation	-	(21,899)	(750,373)	(310,698)	(179,981)	(2,504,968)	(6,668,393)	(554,147)	(2,762,205)	(115,342)	(1,111,316)	(655,820)	(279,393)	-	-	(15,974,535)
Net book value	250,177	80,325	1,174,136	538,664	44,986	1,947,131	8,266,309	132,251	3,186,073	132,404	565,853	450,126	269,307	5,491,235	15,143,559	37,672,536
Year ended June 30, 2022																
Opening net book value	250,177	80,325	1,174,136	538,664	44,986	1,947,131	8,266,309	132,251	3,186,073	132,404	565,853	450,126	269,307	5,491,235	15,143,559	37,672,536
Additions / transfers from capital work in progress	-	-	32,202	45,616	2,450	441,966	6,894,705	143,397	3,327,326	33,692	12,264	84,582	1,416,933	-	23,584,060	36,019,193
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	955,790	955,790
Revision due to change in estimates of provision for decommissioning cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,471
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	(80,376)	(2,970)	-	-	(14,502)	(63,916)	-	-	-	(151,764)
Accumulated depreciation	-	-	-	-	-	-	80,209	2,878	-	-	14,502	53,916	-	-	-	151,505
Transfers	-	-	-	-	-	-	(167)	(92)	-	-	-	-	-	-	-	(259)
Depreciation charge	-	(1,487)	(86,112)	(40,155)	(11,974)	(291,150)	(1,680,983)	(100,346)	(534,511)	(20,637)	(279,406)	(149,049)	(29,274)	-	-	(3,225,104)
Net book value	250,177	78,838	1,120,226	544,125	35,462	2,097,947	13,479,864	175,190	5,978,888	145,459	298,711	385,659	1,694,437	6,447,025	27,709,419	60,441,427
As at June 30, 2022																
Cost	250,177	102,224	1,956,711	894,978	227,417	4,894,045	21,749,031	826,825	9,275,604	281,438	1,674,931	1,136,612	2,003,104	6,447,025	27,709,419	79,099,561
Accumulated depreciation	-	(23,386)	(836,485)	(350,853)	(191,955)	(2,796,118)	(8,269,167)	(651,635)	(3,296,716)	(135,979)	(1,376,220)	(750,953)	(308,667)	-	-	(18,968,194)
Net book value	250,177	78,838	1,120,226	544,125	35,462	2,097,947	13,479,864	175,190	5,978,888	145,459	298,711	385,659	1,694,437	6,447,025	27,709,419	60,441,427
Rates of depreciation (%)	-	1-3	5	5	10	5-33.33	10	33.33	10	10	30	20	-	-	-	-

Note	2022	2021
	(Rupees in thousand)	
11.1 Net book value at year end represents:		
Wholly owned	55,807,772	33,270,771
Joint operations	11.2 4,633,655	4,401,765
	60,441,427	37,672,536

11.2 It includes assets having net book value amounting to Rs 1,561,391 thousand (2021: Rs 1,332,725 thousand), being Company's share in joint operations operated by OGDCL and PPL (assets not in the possession of the Company).

11.3 The depreciation charge has been allocated as follows:

	2022	2021
	(Rupees in thousand)	
Development and production assets	49,724	69,997
Exploration and evaluation assets	141,766	22,467
Operating and administrative expenses	2,114,028	1,764,210
Exploration and prospecting expenditure	489,429	391,967
Other income	430,157	81,880
	3,225,104	2,330,521

11.4 The aggregate net book value of assets disposed off during the year is not more than Rs 5,000 thousand.

11.5 Particulars of the Company's significant immovable fixed assets (i.e. land and buildings) as at June 30, 2022 are as follows:

Description	Location	Approximate Area of Land
Wells, production / processing facilities, residential area, field office and warehouse	Sindh	2,799.24 acres
Land and head office building	Islamabad	0.96 acres
Wells, production / processing facilities, field office and warehouse	Balochistan	80.97 acres
Wells, production / processing facilities and guest house	KPK	56.64 acres
Wells, production / processing facilities and field office	Punjab	23.37 acres
Wells, production / processing facilities and field office	Punjab/KPK	68.88 acres

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

12. DEVELOPMENT AND PRODUCTION ASSETS

	Development expenditure	Decommissioning cost	Total
	(Rupees in thousand)		
As at July 1, 2020			
Cost	20,265,891	1,930,057	22,195,948
Accumulated amortization	(9,059,624)	(1,369,976)	(10,429,600)
Net book value	11,206,267	560,081	11,766,348
Year ended June 30, 2021			
Opening net book value	11,206,267	560,081	11,766,348
Additions	5,739,034	308,423	6,047,457
Transferred from exploration and evaluation assets	770,943	69,410	840,353
Left over inventory transferred to stores and spares held for capital expenditure	(143,560)	-	(143,560)
Revision due to change in estimates of provision for decommissioning cost	(125,280)	86,851	(38,429)
Impairment loss	(200,000)	-	(200,000)
Amortization charge	(1,821,875)	(172,059)	(1,993,934)
Closing net book value	15,425,529	852,706	16,278,235
As at July 1, 2021			
Cost	26,507,028	2,394,741	28,901,769
Accumulated amortization	(10,881,499)	(1,542,035)	(12,423,534)
Accumulated impairment losses	(200,000)	-	(200,000)
Net book value	15,425,529	852,706	16,278,235
Year ended June 30, 2022			
Opening net book value	15,425,529	852,706	16,278,235
Additions	2,023,777	148,490	2,172,267
Revision due to change in estimates of provision for decommissioning cost	-	1,232,639	1,232,639
Amortization charge	(1,778,078)	(171,581)	(1,949,659)
Closing net book value	15,671,228	2,062,254	17,733,482
As at June 30, 2022			
Cost	28,530,805	3,775,870	32,306,675
Accumulated amortization	(12,659,577)	(1,713,616)	(14,373,193)
Accumulated impairment losses	(200,000)	-	(200,000)
Net book value	15,671,228	2,062,254	17,733,482

	2022	2021
	(Rupees in thousand)	
Net book value at year end represents:		
Wholly owned	13,513,135	11,253,538
Joint operations	4,220,347	5,024,697
	17,733,482	16,278,235

13. EXPLORATION AND EVALUATION ASSETS

	Exploration and evaluation expenditure	Decommissioning cost	Total
	(Rupees in thousand)		
As at July 1, 2020			
Cost	6,893,001	552,299	7,445,300
Accumulated impairment losses	(1,457,852)	(71,917)	(1,529,769)
Net book value	5,435,149	480,382	5,915,531
Year ended June 30, 2021			
Opening net book value	5,435,149	480,382	5,915,531
Additions	2,680,209	45,872	2,726,081
Transferred to development and production assets	(770,943)	(69,410)	(840,353)
Left over inventory transferred to stores and spares held for capital expenditure	(267,062)	-	(267,062)
Revision due to change in estimates of provision for decommissioning cost	-	(96,087)	(96,087)
Cost of dry and abandoned wells	(51,913)	-	(51,913)
Closing net book value	7,025,440	360,757	7,386,197
As at July 1, 2021			
Cost	8,483,292	432,674	8,915,966
Accumulated impairment losses	(1,457,852)	(71,917)	(1,529,769)
Net book value	7,025,440	360,757	7,386,197
Year ended June 30, 2022			
Opening net book value	7,025,440	360,757	7,386,197
Additions	12,841,617	365,724	13,207,341
Revision due to change in estimates of provision for decommissioning cost	-	183,389	183,389
Cost of dry and abandoned wells	(6,220,247)	(17,914)	(6,238,161)
Closing net book value	13,646,810	891,956	14,538,766
As at June 30, 2022			
Cost	15,104,662	963,873	16,068,535
Accumulated impairment losses	(1,457,852)	(71,917)	(1,529,769)
Net book value	13,646,810	891,956	14,538,766

	2022	2021
	(Rupees in thousand)	
Net book value at year end represents:		
Wholly owned	303,603	525,617
Joint operations	14,235,163	6,860,580
	14,538,766	7,386,197

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
14. LONG TERM INVESTMENTS			
Investment in related party - associate (Un-quoted)	14.1	2,185,145	161,018
Term Finance Certificates (TFCs) (Quoted)	14.5	1,000,000	1,000,000
		3,185,145	1,161,018
14.1 Investment in related party - associate (Un-quoted)			
National Resources (Pvt) Limited			
Opening carrying value		161,018	-
Cost of investment		-	209,000
Share of loss for the year		(96,228)	(47,982)
Closing carrying value		64,790	161,018
Pakistan International Oil Limited - foreign operation			
Opening carrying value		-	-
Cost of investment	14.2	4,180,000	-
Share of loss for the year	14.2	(2,516,842)	-
Effect of translation of investment		521,987	-
Closing carrying value		2,185,145	-
Total closing carrying value - at equity method		2,249,935	161,018
Less: Long term investments classified as held for sale			
shown as current assets	14.4	(64,790)	-
		2,185,145	161,018

14.2 During the year, the Company has made investment in Pakistan International Oil Limited (PIOL), a company engaged in the business of extraction of oil and natural gas and registered as a limited liability company in the Emirates of Abu Dhabi and incorporated in Abu Dhabi Global Market on July 15, 2021, with 25% shareholding by each consortium partners namely MPCL, OGDCL, PPL and GHPL. The concession agreement between PIOL and Abu Dhabi National Oil Company (ADNOC) was signed on August 31, 2021 and following the award of Offshore Block-05 in Abu Dhabi on August 31, 2021, the Company has subscribed to 2.5 million ordinary shares of PIOL by paying US\$ 25,000 thousand (Rs 4,180,000 thousand).

Share of loss of PIOL is based on the audited financial statements for the period from inception to December 31, 2021, adjusted for transactions and events upto June 30, 2022 based on management accounts.

	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Summarized financial information is as follows:		
Summarized statement of financial position		
Current assets	3,009,309	-
Non-current assets	6,349,723	-
Current liabilities	(618,453)	-
Net assets	8,740,579	-
Company's shareholding	25%	-
Share of net assets reconciled with carrying value of investment	2,185,145	-
Summarized statement of comprehensive income		
Total comprehensive (loss) for the period	(10,067,368)	-
Company's shareholding	25%	-
Share of comprehensive (loss)	(2,516,842)	-

14.3 Total share of loss of associates for the year amount to Rs 2,613,070 thousand (2021: Rs 47,982 thousand). This mainly represents 3D seismic cost amounting to Rs 2,375,606 thousand (2021: Nil) incurred by PIOL that is charged to statement of profit or loss as per the Company's accounting policy.

14.4 The Board of Directors in its meeting held on April 14, 2022 has approved the divestment of entire 20% shareholding in an associated company, National Resources (Pvt) Limited, comprising of 20.9 million shares on book value basis effective from February 28, 2022 subject to execution of share purchase agreement and obtaining of requisite approvals. The share purchase agreement has been signed by all shareholders and is submitted for requisite approval.

	2022 (Rupees in thousand)	2021 (Rupees in thousand)
14.5 Term Finance Certificates (TFCs) (Quoted)		
At amortised cost		
Term Finance Certificates	1,041,068	1,039,831
Less: Current portion classified under current assets	(41,068)	(39,831)
	1,000,000	1,000,000

This represents investment in TFCs having maturity of three years and are rated AAA by PACRA. TFCs are secured by 105% lien over GoP securities and have earned profit at 9.03% per annum.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

	2022 (Rupees in thousand)	2021
15. LONG TERM LOANS AND ADVANCES		
Considered good		
Loans and advances to employees	74,932	63,879
Less: Current portion classified under current assets	(30,963)	(29,826)
	43,969	34,053

15.1 Loans and advances to employees are for house rent advance, purchase of vehicle, emergency and purchase of household appliances as per Company's Human Resource policy. These are recoverable in 12 to 60 equal monthly instalments. Interest free loans to employees have not been discounted as the effect is immaterial.

15.2 Loans and advances to employees exceeding Rs 1 million are as follows:

	2022		2021	
	Number of employees	Rupees in thousand	Number of employees	Rupees in thousand
Rs 1 million to Rs 2 million	3	4,111	2	2,626
Exceeding Rs 2 million upto Rs 3 million	1	2,280	-	-
Exceeding Rs 3 million upto Rs 6 million	-	-	1	5,363
	4	6,391	3	7,989

	2022 (Rupees in thousand)	2021
16. LONG TERM DEPOSITS AND PREPAYMENTS		
Deposits	123,515	181,818
Prepayments	1,241	456
	124,756	182,274

	2022	2021
17. DEFERRED INCOME TAX ASSET		
Balance at beginning of the year	2,209,320	1,888,594
Credit / (charge) for the year:		
Statement of profit or loss	858,589	318,294
Statement of comprehensive income	(10,265)	2,432
	848,324	320,726
Balance at end of the year	3,057,644	2,209,320

17.1 The balance of deferred income tax asset is in respect of following temporary differences:

Exploration expenditure charged to statement of profit or loss but to be claimed in future years against tax liabilities	7,832,559	6,268,399
Accounting and tax depreciation / amortization	(5,012,604)	(4,316,515)
Provision for employee benefits - unfunded	366,600	327,383
Others	(128,911)	(69,947)
	3,057,644	2,209,320

17.2 The deferred tax asset has been recognised taking into account the availability of future taxable profits and it is probable that the Company will be able to earn these profits.

	2022 (Rupees in thousand)	2021
18. STORES AND SPARES		
Wholly owned	2,989,595	2,651,268
Joint operations	434,564	215,587
	3,424,159	2,866,855
19. TRADE DEBTS		
Due from associated companies * - considered good		
Fauji Fertilizer Company Limited	999,994	593,739
Foundation Power Company Daharki Limited	647,637	642,569
Fauji Cement Company Limited	-	19,836
Foundation Gas	11,290	6,290
	1,658,921	1,262,434
Due from others - considered good		
Central Power Generation Company Limited	15,927,606	9,876,297
Engro Fertilizer Limited	1,736,940	5,908,553
Pak Arab Fertilizers Limited	1,969,414	2,280,767
Fatima Fertilizer Company Limited	393,452	238,060
Sui Southern Gas Company Limited	6,002,876	5,379,293
Sui Northern Gas Pipelines Limited	3,952,035	2,169,520
Others	718,054	931,782
	32,359,298	28,046,706

* These companies are associated companies by virtue of common directorship.

19.1 As detailed in note 8.1 to these financial statements, GDS and GIDC amounts and their related sales tax billed to customers but not received are not included in these financial statements.

19.2 The maximum aggregate amount due from associated companies at the end of any month during the year was Rs 1,815,520 thousand (2021: Rs 1,538,318 thousand).

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

Note	2022 (Rupees in thousand)	2021
19.3		
The ageing of trade debts is as follows:		
Neither past due nor impaired		
Due from associated companies	1,322,543	937,346
Due from others	8,932,202	18,392,568
	10,254,745	19,329,914
Past due but not impaired		
Due from associated companies		
Past due 0-30 days	5,001	-
Past due 30-60 days	-	-
Past due 60-90 days	-	-
Over 90 days	331,377	325,087
Due from others		
Past due 0-30 days	2,428,392	1,352,988
Past due 30-60 days	3,750,840	1,103,290
Past due 60-90 days	340,072	705,361
Over 90 days	15,248,871	5,230,066
19.4	22,104,553	8,716,792
	32,359,298	28,046,706

19.4 'Past due but not impaired' trade debts include amounts receivable directly/ultimately from the GoP amounting to Rs 20,519,884 thousand (2021: Rs 8,469,842 thousand). Due to exemption provided by SECP from application of ECL model on financial assets receivable from the GoP upto June 30, 2022, the Company has not recorded the impact of application of ECL model on trade debts due directly/ultimately from GoP for impairment assessment.

Note	2022 (Rupees in thousand)	2021
20. SHORT TERM LOANS AND ADVANCES		
Considered good		
Current portion of long term loans and advances	15	30,963
Advances to employees against expenses		151,531
Advances to suppliers and contractors		1,363,169
Receivables from joint operating partners		5,671,110
Management Gratuity Fund		575,828
		7,792,601
		5,470,861
21. SHORT TERM INVESTMENTS		
At amortised cost		
Local currency term deposits with banks	21.1	-
		36,044,931
At fair value through profit or loss		
Mutual funds	21.2	4,995,065
		4,737,325
		4,995,065
		40,782,256

21.1 These had a maximum maturity period of 6 months, carrying profit ranging from 7.00% to 8.15% per annum.

21.2 Fair value has been determined using quoted repurchase prices, being net asset value of units as of June 30, 2022.

Note	2022 (Rupees in thousand)	2021
22. CASH AND BANK BALANCES		
Cash on hand and bank instruments		1,155,564
Balances with banks on:		
Deposit accounts	22.1	35,305,266
Current accounts		35,230
		35,340,496
		36,496,060
		7,820,248
		7,823,125

22.1 These include US\$ 43,797 thousand (2021: US\$ 28,651 thousand) having mark-up of 0.50% (2021: 0.50%) per annum. The mark-up for local currency accounts ranges from 2.47% to 13.00% (2021: 3.25% to 7.70%) per annum.

Note	2022 (Rupees in thousand)	2021
23. NET SALES		
Product wise breakup of net sales is as follows:		
Natural gas		89,877,313
Crude oil		69,943,982
Liquefied Petroleum Gas (LPG)		5,253,043
		4,121
		95,134,477
		73,018,271

Note	2022 (Rupees in thousand)	2021
24. OPERATING AND ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits	24.1	7,742,893
Rent, rates and taxes	24.2	5,888,423
Legal, professional and support services		745,707
Fuel, light, power and water		493,502
Maintenance and repairs		260,929
Insurance		1,217,588
Depreciation		152,657
Amortization and impairment loss		2,114,028
Employees medical and welfare		1,974,765
Field and other services		527,210
Travelling		2,320,476
Licences and equipment maintenance		160,186
Auditor's remuneration and tax services	24.3	353,770
Mobile dispensary and social welfare		857,621
Training		147,688
Directors' fee and expenses		68,434
Reservoir study and production logging		149,034
Freight and transportation		561,364
Others		282,541
		20,157,849
		16,388,384
Less: Allocation of expenses to activities		2,755,316
		17,402,533
		15,039,680

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

24.1 These include operating lease rentals amounting to Rs 161,472 thousand (2021: Rs 131,116 thousand) in respect of leased vehicles provided to eligible employees as per Company's policy.

24.2 These include expense amounting to Rs 359,389 thousand (2021: Rs 223,362 thousand) relating to short-term leases.

	2022 (Rupees in thousand)	2021
24.3 Auditor's remuneration and tax services		
Annual audit fee	3,386	3,150
Review of half yearly accounts and other certifications	1,815	1,349
Tax services	21,820	16,864
Out of pocket expenses	435	422
	27,456	21,785
25. EXPLORATION AND PROSPECTING EXPENDITURE		
Prospecting expenditure	4,693,412	4,491,776
Cost of dry and abandoned wells	6,238,161	51,913
	10,931,573	4,543,689
26. FINANCE COST		
Unwinding of discount on provision for decommissioning cost	978,514	899,297
Bank charges	1,295	1,384
Exchange loss	-	409,795
	979,809	1,310,476
27. OTHER CHARGES		
Workers' Profit Participation Fund	2,754,074	2,350,692
Workers' Welfare Fund	868,514	731,770
	3,622,588	3,082,462
28. FINANCE INCOME		
Interest income on long term investments - TFCs	91,537	52,696
Interest income on short term investments	1,096,073	2,486,821
Income on mutual funds	498,468	169,889
Interest income on bank deposits	854,931	1,231,130
Exchange gain	1,942,076	-
	4,483,085	3,940,536
29. PROVISION FOR INCOME TAX		
Current - charge for the year	19,911,889	12,804,748
Deferred - credit for the year	(858,589)	(318,294)
	19,053,300	12,486,454

	2022 (Percentage)	2021
29.1 Reconciliation of effective tax rate		
Applicable tax rate	58.3	48.1
Effect of:		
- depletion allowance and royalty payments	(21.6)	(19.7)
- amounts not admissible for tax purposes	2.4	-
- change in tax rate	(0.5)	-
Others	(1.9)	-
Effective tax rate	36.7	28.4

29.2 The management has assessed that tax provision carried in the Company's financial statements is sufficient. Income tax liability as per financial statements for the last three tax years is adequate considering latest tax assessments for the said years.

	2022	2021
30. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year (Rupees in thousand)	33,063,011	31,444,909
Number of ordinary shares outstanding (in thousand)	133,403	133,403
Earnings per ordinary share (in Rupees)	247.84	235.71

There is no dilutive effect on the basic earnings per ordinary share of the Company.

	2022 (Rupees in thousand)	2021
31. CASH AND CASH EQUIVALENTS		
Cash and bank balances	36,496,060	7,823,125
Short term investments	4,995,065	40,782,256
	41,491,125	48,605,381

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

32. EMPLOYEE BENEFITS

The results of the actuarial valuations carried out as at June 30, 2022 and June 30, 2021 are as follows:

32.1 Funded benefits

	2022		2021	
	Management Gratuity	Non-Management Gratuity	Management Gratuity	Non-Management Gratuity
(Rupees in thousand)				
Reconciliation of net defined benefit plan				
Present value of defined benefit obligations	2,342,579	1,106,030	2,165,588	981,299
Fair value of plan assets	(2,918,407)	(1,106,030)	(3,046,384)	(981,299)
(Asset) / liability recognized in statement of financial position	(575,828)	-	(880,796)	-
Movement in net defined benefit plan				
Balance as at beginning of year	(880,796)	-	-	-
Expense / (credit) for the year	304,968	126,539	(604,232)	18,033
	(575,828)	126,539	(604,232)	18,033
Contribution to fund during the year	-	(126,539)	(276,564)	(18,033)
Balance as at end of year	(575,828)	-	(880,796)	-
Movement in the present value of defined benefit obligation				
Present value at beginning of the year	2,165,588	981,299	2,960,596	1,088,659
Current service cost	250,808	44,112	316,827	45,638
Past service cost / (credit)	207,763	-	(880,796)	(40,389)
Interest cost	200,069	87,445	252,791	86,734
Benefits during the year	(400,571)	(116,053)	(379,090)	(163,179)
Remeasurement (gain) / loss on obligation	(81,078)	109,227	(104,740)	(36,164)
Present value at end of the year	2,342,579	1,106,030	2,165,588	981,299
Movement in fair value of plan assets				
Balance as at beginning of year	3,046,384	981,299	2,960,596	1,088,659
Contributions during the year	-	126,539	276,564	18,033
Interest income on plan assets	275,997	87,445	249,387	86,617
Remeasurement (loss) / gain on plan assets	(3,403)	26,800	(61,073)	(48,831)
Benefits during the year	(400,571)	(116,053)	(379,090)	(163,179)
Balance as at end of year	2,918,407	1,106,030	3,046,384	981,299
Plan assets comprise of:				
Deposit with banks	2,918,407	1,106,030	3,046,384	981,299
Expense / (credit) for the year:				
Recognized in statement of profit or loss				
Current service cost	250,808	44,112	316,827	45,638
Past service cost / (credit)	207,763	-	(880,796)	(40,389)
Interest cost	200,069	87,445	252,791	86,734
Interest income on plan assets	(275,997)	(87,445)	(249,387)	(86,617)
	382,643	44,112	(560,565)	5,366

	2022		2021	
	Management Gratuity	Non-Management Gratuity	Management Gratuity	Non-Management Gratuity
(Rupees in thousand)				
Recognized in statement of comprehensive income				
Remeasurement loss / (gain) on obligations:				
Due to change in financial assumptions	22,669	7,237	67,556	25,942
Due to change in experience adjustments	(103,747)	101,990	(172,296)	(62,106)
Remeasurement loss / (gain) on plan assets	3,403	(26,800)	61,073	48,831
	(77,675)	82,427	(43,667)	12,667
Total expense / (credit) for the year	304,968	126,539	(604,232)	18,033
Actual return on plan assets	272,594	114,245	188,314	37,786

32.2 Un-funded benefits

	2022		2021	
	Post Retirement Leaves	Post Retirement Medical	Post Retirement Leaves	Post Retirement Medical
(Rupees in thousand)				
Present value of defined benefit obligations	585,149	66,365	595,633	90,009
Movement in un-funded defined benefit plan				
Balance at beginning of the year	595,633	90,009	576,915	79,698
Expense / (credit) for the year	9,493	(19,339)	92,950	15,241
	605,126	70,670	669,865	94,939
Benefits paid during the year	(19,977)	(4,305)	(74,232)	(4,930)
Balance at end of the year	585,149	66,365	595,633	90,009
Expense / (credit) for the year:				
Recognized in statement of profit or loss				
Current service cost	70,409	1,362	64,858	1,100
Interest cost	55,107	7,812	49,038	6,540
Remeasurement (gain) / loss	(116,023)	-	(20,946)	-
	9,493	9,174	92,950	7,640
Recognized in statement of comprehensive income				
Remeasurement (gain) / loss on obligations (experience adjustment)				
	-	(28,513)	-	7,601
Total expense / (credit) for the year	9,493	(19,339)	92,950	15,241

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

32.3 The principal actuarial assumptions used in the actuarial valuations are as follows:

	2022 (Per annum)	2021
- Discount rate	13.50%	9.0%
- Expected rate of salary increase	13.5% - 17.0%	9.0% - 15.0%
- Increase in cost of medical benefits	13.50%	9.0%
- Mortality rates	SLIC (2001-05)-1	
- Employee turnover rate	Moderate	

32.4 Weighted average duration and projected payments

	Management Gratuity	Non- Management Gratuity
Weighted average duration of the obligation as at June 30, 2022 (in years)	9.51	5.01

Projected benefit payments (undiscounted) are as follows:

	Rupees in thousand	
For the year 2023	104,333	132,158
For the year 2024	208,502	148,851
For the year 2025	185,353	215,631
For the year 2026	138,775	245,430
For the year 2027	262,845	196,163
For the years 2028-32	2,125,943	959,477

32.5 Sensitivity analysis of the obligation:

	Effect on present value of obligation	
	Management Gratuity	Non- Management Gratuity
	(Rupees in thousand)	
Discount rate:		
0.5% point increase	(68,868)	(27,684)
0.5% point decrease	74,422	29,057
Salary / Medical rate:		
0.5% point increase	70,618	26,434
0.5% point decrease	(65,990)	(25,421)

2022
(Rupees in thousand)

2021

33. FINANCIAL INSTRUMENTS

33.1 Financial assets and liabilities

		2022 (Rupees in thousand)	2021
Financial assets			
Maturity up to one year			
Trade debts	at amortized cost	32,359,298	28,046,706
Short term loans and advances	at amortized cost	5,702,073	1,845,193
Other receivables	at amortized cost	676,270	187,311
Current portion of long term			
investments	at amortized cost	41,068	39,831
Short term investments	at amortized cost	-	36,044,931
Short term investments	at fair value through profit or loss	4,995,065	4,737,325
Interest accrued	at amortized cost	29,853	100,635
Cash and bank balances	at amortized cost	36,496,060	7,823,125
Maturity after one year			
Long term investments	at amortized cost	1,000,000	1,000,000
Long term loans and advances	at amortized cost	43,969	34,053
Long term deposits	at amortized cost	123,515	181,818
		81,467,171	80,040,928
Financial liabilities			
Maturity up to one year			
Trade and other payables	at amortized cost	18,076,490	11,134,821
Current maturity of long			
term financing	at amortized cost	27,981	-
Maturity after one year			
Long term financing	at amortized cost	724,126	-
		18,828,597	11,134,821

33.2 Credit quality of financial assets

The credit quality of Company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA), VIS Credit Rating Company Limited (VIS) and Moody's. The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

	Rating	2022 (Rupees in thousand)	2021
Trade debts			
Counterparties with external credit rating	A1+	4,434,088	8,074,750
	A1	3,952,035	7,548,813
	A2	8,012,487	2,496,182
Counterparties without external credit rating			
Customers with no default in the past		15,960,688	9,926,961
		32,359,298	28,046,706
Short term loans and advances			
Counterparties with external credit rating	A1+	1,608,409	642,982
	A2	835,166	184,595
Counterparties without external credit rating			
Counterparties with no default in the past		3,258,498	1,017,616
		5,702,073	1,845,193
Other receivables			
Counterparties without external credit rating			
Counterparties with no default in the past		676,270	187,311
Current portion of long term investments			
Counterparties with external credit rating	AAA	41,068	39,831
Short term investments			
Counterparties with external credit rating	AAA (f)	2,990,719	2,236,244
	AA+ (f)	1,503,694	2,000,877
	AA(f)	500,652	500,204
	A1+	-	34,544,931
	A1	-	1,500,000
		4,995,065	40,782,256
Interest accrued			
Counterparties with external credit rating	A1+	29,853	100,057
	A1	-	578
		29,853	100,635
Bank balances / instruments			
Counterparties with external credit rating	A1+	36,493,951	7,786,592
	A1	25	33,656
		36,493,976	7,820,248
Long term investments			
Counterparties with external credit rating	AAA	1,000,000	1,000,000
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees with no default in the past		43,969	34,053
Long term deposits			
Counterparties without external credit rating			
Deposits with counter parties with no default in the past		123,515	181,818

33.3 Financial risk management

33.3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on identification and analysis of risks faced by the Company, setting appropriate risk limits and controls and monitoring thereof. Risk management policies and systems are reviewed regularly in the light of changes in Company's activities and business environment.

a) Credit risk

Credit risk is the risk of financial loss to the Company on a financial asset if counterparty fails to meet its contractual obligations and principally arises from trade debts, investments and bank balances. To manage credit risk, the Company maintains procedures covering the function for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes, the financial viability of all counterparties is regularly monitored and assessed.

Financial assets are considered to be credit-impaired when there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. This includes observable data concerning significant financial difficulty of the counterparty; a breach of contract; it becoming probable that the counterparty will enter bankruptcy or other financial re-organization because of financial difficulties. Where the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof for example where all legal avenues for collection of amounts due have been exhausted, the financial asset (or relevant portion) is impaired.

The Company has not recorded impact of application of ECL model on the financial assets due directly/ ultimately from the GoP in these financial statements. For other financial assets, the management believes that the impact of ECL is not material as outstanding balances are receivable from counter parties who have high credit ratings with no history of default.

The carrying amount of financial assets represents the maximum credit exposure. The Company conducts transactions with the following major types of counterparties:

Customers

Trade debts are essentially due from fertilizer companies, power generation companies, gas distribution companies and refineries and the Company does not expect these companies to fail to meet their obligations. Payment terms are agreed with customers which vary from 7 to 45 days.

An impairment analysis is performed at each reporting date in accordance with impairment requirements of IFRS 9 read with S.R.O. 1177 (I)/2021 dated September 13, 2021 issued by SECP, which has exempted financial assets due from the GoP from application of IFRS 9 till June 30, 2022. While evaluating the concentration of risk with respect to trade debts, the Company takes into account that the oil and gas industry in Pakistan is highly regulated, supported by the GOP and there is no history of default by any of the customers in the past. The Company considers current and forward looking information on macro economic factors affecting the ability of the customers to settle the receivables and applies the IFRS 9 simplified approach, read with S.R.O. 1177 (I)/2021 dated September 13, 2021 issued by SECP, to measure the expected credit losses which uses a lifetime expected loss allowance for trade debts.

Banks, mutual funds and long term investments

The Company limits its exposure to credit risk by placing funds only with approved counterparties that have a high credit rating. Investments of surplus funds are made in a safe and secure manner while ensuring optimum return and liquidity. Given these high credit ratings, strict regulations by the State Bank of Pakistan and no history of default, management does not expect any counterparty to fail to meet its obligations and accordingly, credit risk is considered very low.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

Others

The relationship with the joint operating partners is governed under Petroleum Concession Agreements (PCAs) signed by the Government of Pakistan, the Company and its respective joint operating partners with the prior approval of the Ministry of Petroleum and Natural Resources, the Government of Pakistan. Various avenues are available for the recovery of dues from joint operating partners including engaging the regulator, right to forfeit working interest, assignment of invoices etc. Based on above and considering there is no history of default by any counter party, management considers the risk of default as very low. In respect of deposits, the management does not expect any counterparty to fail to meet its obligations and accordingly, credit risk is considered very low.

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liability when due under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains sufficient cash and cash equivalents and the Company's financial assets are in excess of financial liabilities by Rs 62,638,574 thousand (2021: Rs 68,906,107 thousand).

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on financial instruments.

i) Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the Company's profit or the value of its holdings of financial instruments. The objective of currency risk management is to manage and control currency risk exposures within acceptable parameters, while optimizing the return on financial instruments.

Exposure to foreign currency risk

The Company's exposure to currency risk is as follows:

	2022 (Rupees in thousand)	2021 (Rupees in thousand)	2022 (US\$ in thousand)	2021 (US\$ in thousand)
Cash and bank balances	9,006,883	4,535,417	43,797	28,651
Other receivables	5,671,110	1,815,367	27,577	11,468
Trade and other payables	(5,699,845)	(5,103,654)	(27,716)	(32,240)
Net financial assets	8,978,148	1,247,130	43,658	7,879

The following are significant exchange rates:

	Average rate		Closing rate	
	2022 (Rupees)	2021 (Rupees)	2022 (Rupees)	2021 (Rupees)
US\$ 1	179.71	160.27	205.65	158.30

Foreign currency sensitivity analysis

A 10 percent variation of the Pak Rupee against the US\$ at June 30, would have affected profit or loss after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Change in foreign exchange rates	Effect on profit after tax	Effect on equity
(Rupees in thousand)			
2022			
US\$	+10%	466,864	466,864
	-10%	(466,864)	(466,864)
2021			
US\$	+10%	64,726	64,726
	-10%	(64,726)	(64,726)

ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Financial assets		
Long term investments	1,000,000	1,000,000
Current portion of long term investments	41,068	39,831
Interest accrued	29,853	100,635
Short term investments	4,995,065	40,782,256
Bank balances	35,305,266	7,790,641
	41,371,252	49,713,363
Financial liabilities		
Long term financing	724,126	-
Current maturity of long term financing	27,981	-
	752,107	-

The effective interest rates for the financial assets are mentioned in respective notes to the financial statements.

Interest rate sensitivity analysis

At June 30, 2022 if interest rates had been 50 basis points higher/ lower and all other variables were held constant, the Company's profit after tax for the year ended June 30, 2022 would increase/ decrease by Rs 1,029,030 thousand (2021: increase/ decrease by Rs 1,263,078 thousand).

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company does not have any material financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

33.3.2 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain a going concern and continue to provide returns to shareholders and benefits to other stakeholders.

In order to achieve the above objectives, the Company may issue new shares through right issue or raise financing from financial institutions.

33.4 Fair value of financial instruments

The carrying values of financial assets and liabilities approximate their fair values except for financial assets due directly/ultimately from GoP for which ECL model has not been applied due to exemption provided by SECP upto June 30, 2022. Had the exemption not been granted, carrying value of said financial assets would approximate their fair value.

Fair value hierarchy

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has the following financial assets at fair value:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Short term investments - at fair value through profit or loss				
June 30, 2022	4,995,065	-	-	4,995,065
June 30, 2021	4,737,325	-	-	4,737,325

34. INFORMATION ABOUT JOINT OPERATIONS

The Company's working interests in Pakistan are as follows:

	2022	2021
	Working interest (%)	
OPERATED BLOCKS / FIELDS		
Zarghun Field	35.0	35.0
Ziarat Block	60.0	60.0
Karak Block	60.0	60.0
Wali West Block	95.0	95.0
Taung Block	60.0	60.0
Harnai Block	60.0	60.0
Ghauri Block	65.0	65.0
Peshawar East Block	98.2	98.2
Bannu West Block	55.0	55.0
Block 28	95.0	95.0
Khetwaro Block *	51.0	51.0
Sharan Block	60.0	60.0
Nareli Block	39.0	39.0
NON - OPERATED BLOCKS		
Hala Block	35.0	35.0
Kohat Block	33.3	33.3
Kohlu Block	30.0	30.0
Kalchas Block	50.0	50.0
Shah Bandar Block	32.0	32.0
Bela West Block	39.0	25.0
North Dhurnal Block	40.0	40.0
Killa Saifullah Block	40.0	40.0
Zindan Block *	35.0	35.0

* The Company has applied for the relinquishment of these blocks and GoP's approval is awaited.

Notes to and Forming Part of the Financial Statements

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35. DISCLOSURE REQUIREMENTS FOR SHARIAH COMPLIANT COMPANIES AND THE COMPANIES LISTED ON ISLAMIC INDEX

Description	Explanation	Rupees in thousand
i) Balance as at June 30, 2022:		
Assets		
Long term investments including current portion - TFCs	Placed under interest arrangement	1,041,068
	Placed under Shariah permissible arrangement	-
		1,041,068
Interest accrued	Placed under interest arrangement	28,778
	Placed under Shariah permissible arrangement	1,075
		29,853
Short term investments	Placed under interest arrangement	4,744,365
	Placed under Shariah permissible arrangement	250,700
		4,995,065
Bank balances / instruments	Placed under interest arrangement	35,425,196
	Placed under Shariah permissible arrangement	1,068,780
		36,493,976
Liabilities		
Long term financing including current portion	Obtained under interest arrangement	752,107
	Obtained under Shariah permissible arrangement	-
		752,107
ii) Transactions for the year ended June 30, 2022		
Interest income on long term investments - TFCs	Placed under interest arrangement	91,537
	Placed under Shariah permissible arrangement	-
		91,537
Interest income on short term investments	Placed under interest arrangement	877,925
	Placed under Shariah permissible arrangement	218,148
		1,096,073
Income on mutual funds	Placed under interest arrangement	470,156
	Placed under Shariah permissible arrangement	28,312
		498,468
Interest income on bank deposits	Placed under interest arrangement	825,633
	Placed under Shariah permissible arrangement	29,298
		854,931
Borrowing costs paid on long term financing	Obtained under interest arrangement	15,669
	Obtained under Shariah permissible arrangement	-
		15,669

iii) Names of Company's shariah compliant banks

1. Askari Bank Limited (Islamic)
2. Bank Alfalah Limited (Islamic)
3. Meezan Bank Limited
4. Al Baraka Bank (Pakistan) Limited
5. Bank Islami Pakistan Limited
6. Dubai Islamic Bank
7. Bank of Punjab

Disclosures other than above are not applicable on the Company.

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements as remuneration and allowances including all benefits to key management personnel (chief executive and directors) and executives of the Company is as follows:

	2022		2021	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in thousand)			
Managerial remuneration	34,839	1,945,885	22,964	800,621
Company's contribution to provident fund	3,484	174,173	2,296	68,561
Company's contribution to / (receivable from) gratuity fund	4,023	270,668	3,570	(565,648)
Housing and utilities	19,161	1,366,731	13,385	809,963
Other allowances and benefits	-	1,072,168	5,168	1,510,141
Bonuses	23,436	2,033,825	22,253	1,143,030
	84,943	6,863,450	69,636	3,766,668
Number of persons including those who worked part of the year	1	597	2	317

The above were also provided with medical facilities and post retirement leave benefits. The Chief executive and certain executives were provided with free use of Company maintained cars, residential telephones and use of club facilities. Executives based at plant site, Daharki, are also provided with children schooling and subsidized club facilities.

Non-executive directors were paid aggregate fee and reimbursable expenses of perquisite nature of Rs 68,434 thousand (2021: Rs 61,167 thousand). As at June 30, 2022, total directors were 11 (2021: 14).

	2022	2021
37. NUMBER OF EMPLOYEES		
Total number of employees as at year end	1,559	1,293
Average number of employees during the year	1,414	1,270

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

38. BALANCES AND TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED COMPANIES

The related parties of the Company comprise of entities having significant influence over the Company, associates, employees' retirement funds and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its MD/CEO and Directors to be key management personnel. Associated companies have been identified in accordance with the requirements of the Companies Act, 2017.

Transactions and balances with related parties and associated companies, other than below, have been disclosed in relevant notes to these financial statements.

Name and nature of relationship	Nature of transaction	Transactions for year ended June 30,	
		2022 (Rupees in thousand)	2021 (Rupees in thousand)
Related parties			
Entities with significant influence over the Company			
Fauji Foundation *	Dividend paid	7,249,537	3,598,310
	Cost recharge expense	249,736	248,941
	Corporate Social Responsibility	409,620	153,270
Oil and Gas Development Company Limited (OGDCL)*	Dividend paid	3,624,768	1,799,155
Employees' retirement funds			
Gratuity funds (Management and Non-Management)	Company's contribution	126,539	294,597
Provident fund	Company's contribution	176,883	112,030
Associated companies			
Askari Bank Limited	Interest income	575,698	473,603
Fauji Fertilizer Company Limited	Gas sale	22,225,373	18,384,834
Foundation Power Company Daharki Limited	Gas sale	3,439,580	2,367,587
Fauji Cement Company Limited	Crude sale	94,521	73,448
Fauji Fertilizer Bin Qasim Limited	Crude sale	3,338	-
Foundation Gas	LPG sale	5,001	4,550

Name and nature of relationship	Nature of balance	Balance as at June 30,	
		2022 (Rupees in thousand)	2021 (Rupees in thousand)
Related parties			
Entities with significant influence over the Company			
Fauji Foundation *	Cost recharge payable	60,524	61,858
Oil and Gas Development Company Limited (OGDCL)*	Payable to joint operating partner	1,950,509	388,709
	Receivable from joint operating partner	1,608,409	642,982
Key management personnel			
Managing Director / CEO	Advance as per Company's policy	-	12,020
Associated companies			
Askari Bank Limited	Bank balances / instruments	24,289,285	5,316,603
	Short term investments	-	5,000,000
	Interest accrued	16,474	28,122

* These entities are also associated entities by virtue of common directorship.

39. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

Significant transactions and events that have affected the Company's financial position, performance and cash flows during the year include:

- Net sales increased on account of increased production and higher prices prevailed during the year.
- Fixed assets representing property, plant & equipment and exploration, development & production assets have increased by more than 50% over the year, reflecting the enhancement of asset base of the Company.

40. NON - ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors in its meeting held on August 04, 2022 has proposed final cash dividend for the year ended June 30, 2022 @ Rs 62 per share, for approval of the shareholders in the Annual General Meeting.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2022

41. GENERAL

41.1 Impact of COVID-19 on the financial statements

The Company has taken appropriate measures to keep its human resource and assets safe and secure. Further, the Company is continuously monitoring the situation to counter act the changed environment.

The management believes that there is no significant financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income or expenses, as disclosed in these financial statements. The management has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosures in these financial statements.

41.2 Revenue from major customers constitutes 94% of the total revenue during the year ended June 30, 2022 (2021: 95%).

41.3 Capacity and Production

Product	Unit	Production for the year
Gas	MMSCF	283,173
Crude oil	Barrels	458,509
LPG	Metric ton	32.20

Due to the nature of operations of the Company, installed capacity of above products is not relevant.

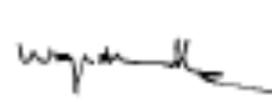
41.4 All investments out of Provident Fund and Gratuity Funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified for this purpose.

41.5 These financial statements have been authorized for issue by the Board of Directors of the Company on August 04, 2022.


Nabeel Rasheed
Chief Financial Officer


Faheem Haider
Managing Director / CEO


Abid Hasan
Director


Waqar Ahmed Malik
Chairman

Definition and Glossary of Terms

2D Seismic

Exploration method of sending energy waves or sound waves into the earth and recording the wave reflections to indicate the type, size, shape, and depth of subsurface rock formations. 2-D seismic provides two dimensional information.

3D Seismic

Exploration method of sending energy waves or sound waves into the earth and recording the wave reflections to indicate the type, size, shape, and depth of subsurface rock formations. 3-D seismic provides three dimensional information.

Abbreviations

2D/3D	Three-Dimension / Two-Dimension
2C	Contingent Resources
2P	Proven and Probable Reserves
ACCA	Association of Certified Chartered Accountants
ADNOC	Abu Dhabi National Oil Company
AFIC	Armed Forces Institute of Cardiology
AGM	Annual General Meeting
ALARP	As Low As Reasonably Practicable
ATL	Active Tax Payers List
B2B	Business to Business
BBLS	Barrels
BCF/BSCF	Billion Cubic Feet/Billion Standard Cubic Feet
BESOS	Benazir Employees Stock Option Scheme
BI	Business Intelligence
BOE	Barrel of Oil Equivalent
BOPD/BPD	Barrels of Oil Per Day/Barrels Per Day
BTU	British Thermal Unit
CAPEX	Capital Expenditure
CATS	Cross Application Timesheets
CCG	Code of Corporate Governance
CCR	Central Control Room
CDC	Central Depository Company of Pakistan Limited
CDRS	Comprehensive Disaster Response Services
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGS	Chief of General Staff
CGU	Cash Generating Unit
CIM	Central Inspectorate of Mines
CMF-I/CMF-II	Central Manifold-I & II
CNIC	Computerized National Identity Card
CNPC	China National Petroleum Corporation
COO	Chief Operating Officer
COVID-19	Coronavirus Disease 2019
CSR	Corporate Social Responsibility
D&PL	Development and Production Lease
DGPC	Directorate General of Petroleum Concessions
DRP	Disaster Recovery Plan
DST	Drill Stem Test
DTP	Directors' Training Programme
DVD	Digital Video Disc
E&E	Exploration & Evaluation
E&P	Exploration and Production
EAD	Exposure at Default
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
ECC	Economic Coordination Committee
ECL	Expected Credit Loss

EIA	Environmental Impact Assessment
EMS	Environmental Management System
EOGM	Extraordinary General Meeting
EPA	Environmental Protection Agency
EPS	Earnings Per Share
EPZ	Export Processing Zones
ERM	Enterprise Risk Management
EWT	Extended Well Test
FBR	Federal Board Of Revenue
FCA	Fellow of Chartered Accountants
FF	Fauji Foundation
FFBL	Fauji Fertilizer Bin Qasim Limited
FFC	Fauji Fertilizer Company Limited
FLNG	Floating Liquefied Natural Gas
FPCCI	Federation of Pakistan Chambers of Commerce & Industry
FY	Financial Year
G&G	Geological and Geophysical
GDP	Gross Domestic Product
GDS	Gas Development Surcharge
GENCO	Generation Company
GHG	Greenhouse Gas
GHPL	Government Holdings (Pvt) Ltd
GIDC	Gas Infrastructure Development Cess
GOP	Government of Pakistan
GPA	Gas Wellhead Price Agreement
GTH	Goru B, Tipu, Habib Rahi Limestone
HAZOP	Hazard and Operability Study
HI (M)	Hilal-i-Imtiaz (Military)
HP	Horse Power
HPHT	High-Pressure High-Temperature
HR&R	Human Resource and Remuneration
HRL	Habib Rahi Limestone
HSE	Health, Safety and Environment
HSEQ	Health, Safety, Environment and Quality
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBA	Institute of Business Administration
IBAN	International Bank Account Number
ICAP	Institute of Chartered Accountants of Pakistan
ICCI	Islamabad Chamber of Commerce and Industry
ICMAP	Institute of Cost and Management Accountants of Pakistan
IEA	International Energy Agency
IEE	Initial Environmental Examination
IFRS	International Financial Reporting Standards
IMS	Integrated Management System

ڈائریکٹرز رپورٹ

INGOS	International Non-governmental Organizations
IOGP	International Association of Oil & Gas Producers
IRE	Initial Recognition Exemption
ISAS	International Standards on Auditing
ISE	Islamabad Stock Exchange
ISMS	Information Security Management System
ISO	International Standards Organization
IT	Information Technology
JD	Juris Doctor
JV/JVP	Joint Venture/Joint Venture Partner
KMI	KSE Meezan Index
KP	Khyber Pakhtunkhwa
KPIS	Key Performance Indicators
KPOGCL	Khyber Pakhtunkhwa Oil & Gas Company Limited
KSE	Karachi Stock Exchange
LEAS	Law Enforcement Agencies
LGD	Loss Given Default
LNG/RLNG	Liquefied Natural Gas/Re-Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LSE	Lahore Stock Exchange
LTIF	Lost Time Injury Frequency
LUMS	Lahore University of Management Sciences
M&A	Mergers and Acquisitions
MAP	Management Association of Pakistan
MBA	Master of Business Administration
MD	Managing Director
MD	Managing Director
MDG	Master Data Governance
MDU	Mari Drilling Unit
MGCL	Mari Gas Company Limited
MMBOE	Million Barrels of Oil Equivalent
MMD	Mari Mobile Dastarkhawan
MMSCF/D	Million Standard Cubic Feet/Day
MOC	Management of Change
MOU	Memorandum of Understanding
MPCL	Mari Petroleum Company Limited
MSD	Mari Services Division
MSPC	Mari Seismic Data Processing Center
MSU	Mari Seismic Unit
NEBOSH	National Examination Board in Occupational Safety and Health
NGOS	Non-governmental Organizations
NITL	National Investment Trust Limited
NRL	National Resources (Pvt) Limited
NTN	National Tax Number
NUST	National University of Science & Technology
OBM	Oil Based Mud
OGDCL	Oil & Gas Development Company Limited
OGRA	Oil & Gas Regulatory Authority
OICCI	Overseas Investors Chamber of Commerce and Industry
OPL	Ocean Pakistan Limited
P/E	Price to Earnings Ratio
PACRA	Pakistan Credit Rating Agency
PAPCO	Pak-Arab Pipeline Company Limited
PARCO	Pak-Arab Refinery Company Limited
PBC	Pakistan Business Council
PCAS	Petroleum Concession Agreements
PD	Probability of Default
PICG	Pakistan Institute of Corporate Governance
PIOL	Pakistan International Oil Limited

POL	Pakistan Oilfields Limited
PPIIS	Pakistan Petroleum Information Service
PPL	Pakistan Petroleum Limited
PSA	Participation & Shareholders Agreement
PSER	Process Safety Event Report
PSI/PSIG	Pounds Per Square Inch Gauge
PSO	Pakistan State Oil
PSSR	Pre-Startup Safety Reviews
PSX	Pakistan Stock Exchange
Q&A	Questions and Answers
Q1/Q2/Q3	Quarter 1/2/3
RO PLANT	Reverse Osmosis Plant
RRR	Reserves Replacement Ratio
SAP	Systems, Applications and Products
SBP	State Bank of Pakistan
SCADA	Supervisory Control and Data Acquisition
SCM	Supply Chain Management
SCP	Supreme Court of Pakistan
SDGS	Sustainable Development Goals
SDV	Shutdown Valve
SECP	Securities and Exchange Commission of Pakistan
SEED	Skills Enhancement & Employee Development
SEHCL	Sindh Energy Holding Company Limited
SEL	Saif Energy Limited
SGPC	Sachal Gas Processing Complex
SHRM	Society for Human Resource Management
SI	Sitara-i-Imtiaz
SML	Sui Main Limestone
SNGPL	Sui Northern Gas Pipelines Limited
SOES	State-owned Enterprises
SOPS	Standard Operating Procedures
SOS	Save Our Souls
SPE	Special Purpose Entity
SQ. KM	Square Kilometers
SRO	Statutory Regulatory Order
STEP	Special Talent Exchange Program
SUL	Sui Upper Limestone
SWOT	Strengths, Weaknesses, Opportunities & Threats
TB	Tuberculosis
TCF	Trillion Cubic Feet
TCF	The Citizen Foundation
TERF	Temporary Economic Relief Facility
TFCS	Term Finance Certificates
TPDL	Tullow Pakistan (Developments) Limited
TRCF	Total Recordable Case Frequency
UAE	United Arab Emirates
UEP	United Energy Pakistan
UK	United Kingdom
UN	United Nations
USA	United States
VDI	Virtual Desktop Infrastructure
VIS	Vital Information Services (Pvt.) Ltd
WAPDA	Water and Power Development Authority
WHFP	Wellhead Flowing Pressure
YOY	Year-on-Year
ZPCL	Zaver Petroleum Corporation (Pvt) Limited

بیرونی آڈیٹرز
 موجودہ آڈیٹرز سمیرا ڈے ایف فرگوسن اینڈ کو، چارٹرڈ اسیٹنٹس، آئی سی آئی کے اعلامیہ رینج میں رہیں گے اور انہوں نے کمپنی کے بیرونی آڈیٹرز کے طور پر دوبارہ تقرری کے لیے غور کو پیش کیا ہے۔
 آئی سی آئی نے آڈیٹرز کی تقرری کو زیر غور لیا ہے اور کمپنی کے لیے سمیرا ڈے ایف فرگوسن اینڈ کو، چارٹرڈ اسیٹنٹس کو اپنی سالانہ 2023 کے لیے بیرونی آڈیٹرز تصدیق کی سفارش کی ہے۔ آئی سی آئی کی سفارشات کی پوری آف ڈائریکٹرز نے توثیق کی ہے اور یہ معاملہ آئی سی آئی میں پیش کیا جائے گا۔

انتخاب و تفکر
 پورا آف ڈائریکٹرز ہم ملازمین کی کوششوں اور محنت کو سراہتا ہے جس کے نتیجے میں ممالک کو اپنا درجہ برقرار رکھنے کی باوقار اور فرائض مہم ہو رہی ہے۔ سرمایہ کاروں اور ذیلی حکومت کے مختلف شعبوں کے ممبروں کے ساتھ ساتھ (مظاہرہ علم اور محنت) وزارت خزانہ، اور گریڈ و لم کنسٹیبلز آف اینڈ ٹیکس کے ڈی جی، قومی ڈیولپمنٹ، ای سی ڈی سی ایل، ایف بی آر اور قانون نافذ کرنے والے اداروں، اپنے سپلائیرز اور دیگر اسٹیک ہولڈرز کی جانب سے معاونت اور تعاون فراہم کرنے پر جہد دل سے شکور و ممنون ہے۔
 پورا کے لیے اور اس کی جانب سے

(دستخط)
 د. طارق احمد ملک (سی ای او)
 مینجمنٹ

(دستخط)
 نجیب حیدر
 ای سی آئی

اسلام آباد
 04 اگست 2022

ڈائریکٹرز رپورٹ

ڈائریکٹری کسی بھی سٹیجیٹری کے لئے کوئی بھی اخٹاک آپشن انھیں موجود نہیں ہے۔

سال کے دوران ایگزیکٹو اور ایگزیکٹو ڈائریکٹرز کو ایگزیکٹو کے معاوضے کی تصدیق ہائیڈرو کاربن کے نوٹ 36 میں دی گئی ہے۔

جن-منجمنٹ سٹاف گریجویٹ فنڈ 1,077 ملین روپے
(ج) ایگزیکٹو بورڈ سے حقیقی سطحات ہائیڈرو کاربن کے نوٹس میں دی گئی ہے۔

ڈیویڈنڈ

سال کے دوران کمپنی نے 30 مارچ 2021 کو رقم ہونے والے مالی سال 754 روپے فی شیئر (750 لاکھ) کا حقیقی نقد منافع اور 30 مارچ 2022 کو رقم ہونے والے مالی سال 620 روپے فی شیئر (620 لاکھ) کا مجموعی نقد منافع ادا کیا۔

حریہ بر آں، پورا آف ڈائریکٹرز نے 4 اگست 2022 کو منظور ہونے والے اجلاس میں 30 مارچ 2022 کو رقم ہونے والے سال کے لیے 62 روپے فی شیئر (620 لاکھ) کا حقیقی نقد منافع کی تجویز پیش کی ہے۔ یہ کہ سال 2021 میں ہمیں شیئر ہولڈرز کی منظوری کے لیے پیش کیا جائے گا۔

کمپنی کے مستقبل کے منصوبہ جات

کمپنی اپنی ترقی کو برقرار رکھنے کے لیے یکساں طور پر اپنے آپ کو بحال کرنے کے ساتھ ساتھ اپنے انسانی، تکنیکی، مالی اور مادی سرمایے کی تعمیر کر رہی ہے۔ کمپنی اپنی بیورو کو بحال کرنے اور مقامی اور بین الاقوامی سطح پر اپنے موجودہ ایکٹیویشنز پر توجہ مرکوز کرنے کا ارادہ رکھتی ہے۔

کمپنی IIRL ایئر لائنز کو سٹاک اور ایئر لائنز کے کورسے اخٹار سے بیورو بحال کرنے پر توجہ مرکوز کرے گی۔ کمپنی موجودہ اور نئے ہوائی جہازوں میں عمل و گیس کی سٹاک کی سرگرمیاں اہم دیتی رہے گی تاکہ حریہ وسماگ اور پائلٹ کے مادی لیڈا سے بیورو میں اضافہ کیا جاسکے۔ دیگر جہازوں میں عمل و گیس کی سٹاک اور ترقیاتی منصوبوں میں سرمایہ کاری بھی کمپنی کی قدر میں اضافہ کرے گی۔

انوں ویسٹ اور پائلٹ سے گیس کی جلد از جلد بیورو حاصل کرنے اور نکل گیس پر وسیع گیمپس کی کھلافت جھیل کے لیے حتمی ٹرکوشنیں جاری رکھی گی۔

مالی سال 2023 میں مختلف آپریٹنگ اور جن آپریٹنگ ہاؤس میں مجموعی طور پر نو ایکٹیو سٹریٹجی، جن میں اپریٹنگ، پارڈاؤنٹ اور جن ہاؤس اور کوئلوں کی کھدائی کی منصوبہ بندی کی گئی ہے۔

کمپنی پانچ سے آج 13 اگست 2022 میں 24 لاکھ ایکٹیو سٹریٹجی سرگرمیاں شروع کرنے کے لیے حکومت پاکستان کے ساتھ EEL کی منظوری اور PCA سے دستخط کرنے کے لیے جاری کر رہی ہے۔ کمپنی پانچ سے 2021 میں بیورو کے سٹاکوں اور ٹریڈ ہاؤس میں کوششیں شروع کرے گی۔

کمپنی کا سرورسز اور جن کمپنی، اس کے جوائنٹ وینچر پارٹنرز اور دیگر فریقین کی ضرورت کو برقرار رکھنے کے لیے اپنی صلاحیت کو بحال کر رہی ہے جو کمپنی کی قدر میں اضافہ کرے گا اور ملک کے لیے ذرا ہمارا کی بچت کرے گا۔

کمپنی بیورو میں 2022 میں ایکٹیو سٹریٹجی ہاؤس میں 10 لاکھ روپے کے سوانح کا مسئلہ جاری رکھے گی۔ بیورو تک ایجنسیوں میں آف شور ہاؤس 5 کے آج 10 سے کمپنی کی ڈیٹا پر مبنی کردہ سٹریٹجی کو تقویت دے گی۔

کمپنی ٹیڈ ہاؤس اپریٹنگ (ٹوٹوں کی ترقی، منافع کو محفوظ بنانے اور کمرہ درمیں کو بچانے کے لیے) یا کر پاکستان بھر میں مطبوعہ اور پانچ CSR اقدامات کے لیے اپنے سٹریٹجی اور مادی اثرات کو بحال کرنے کا ارادہ رکھتی ہے۔

کمپنی نے 10 اقوامی معاہدات کے مطابق سیمک مارٹنگ اور بیورو سرگرمیوں کے لیے اپنے HSR سیمک مارٹنگ جاری رکھے گی۔

شیئر ہولڈنگ کا قانون

سالانہ راجسٹری میں 30 مارچ 2022 کے شیئر ہولڈنگ قانون کی تصدیق شدہ شکل ہے۔

کوڈ آف کارپوریٹ گورننس (CCG)

کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (انس ای سی پی) کی طرف سے جاری کردہ سٹاک ایکسچینج (کوڈ آف کارپوریٹ گورننس) کو اپنی گورننس پالیسی 2019 کی عملیاتی بنانے کے لیے سرگرم عمل ہے۔ پورا آف ڈائریکٹرز کی جانب سے منجمنٹ آف کمپنی گورننس کا آئینی ادارہ کے ذریعہ جانچ لیا جاتا ہے اور ممبران کو ان کی جانچ راجسٹری میں سالانہ راجسٹری میں شامل کی جاتی ہے۔

ڈائریکٹرز کی فیملیاں کا قانون

کمپنی کے ڈائریکٹرز اور ان کے رشتہ داروں کی تصدیق کرنے کے لیے:

- (a) انکشاف کی طرف سے جاری کیے گئے ہائیڈرو کاربن کے کمپنی کی ویسٹ آف انڈیا کے آپریٹنگ کے سٹاک ہولڈرز اور انکوائری میں ہونے والی تبدیلیوں سے متعلقہ طور پر پیش کی جاتی ہے۔
- (b) کمپنی کے حساب کتاب اور سٹاک ہولڈرز کے حریہ پر قرار دیکھے گئے ہیں۔
- (c) کمپنی کے ایک ہائیڈرو کاربن کے حریہ پر قرار دیکھے گئے ہیں۔
- (d) ہائیڈرو کاربن کی ترقی میں منجمنٹ آف پاکستان کا سٹاک ہولڈنگ پالیسی کو بحال کرنے میں اپنی فیملیاں کو شامل کرنے کے لیے اور انکشاف کے لیے سٹاک ہولڈرز اور انکشاف کے لیے پیش کی جاتی ہے۔
- (e) ہائیڈرو کاربن کی ترقی میں پاکستان میں داخل ہونے والی 10 لاکھ روپے کی ترقی پالیسی پر توجہ دینی چاہیے گی۔
- (f) ڈائریکٹرز اس بات کے اصرار ہیں اور انہوں نے منجمنٹ آف پاکستان سے اس بات کو چھٹی ہونا ہے کہ ہائیڈرو کاربن کے ساتھ ساتھ اور دینی سٹاک ہولڈرز کا نظام دستخط ہونے چاہیے اور اسے سٹاک ہولڈرز سے لاکھ لاکھ اور گرانٹی کی گئی ہے۔
- (g) سٹاک ایکسچینج (کوڈ آف کارپوریٹ گورننس) کو اپنی گورننس پالیسی 2019 میں کارپوریٹ گورننس کے بیوروں سے کوئی قابل ذکر تغیر نہیں پایا گیا۔
- (h) قابل اور آپریٹنگ ہاؤس 10 سالوں کا ہونا اس راجسٹری کے ساتھ شلک ہے۔
- (i) مختلف آف شور 10 لاکھ روپے کی ہائیڈرو کاربن 2022 تک سرمایہ کاری، انٹرنل ویلنگ اپڈیٹس اور مختلف سٹاک کی مدد میں حاصل ہونے والی آمدنی کی تحصیل ہو جائے گی۔

تعمیراتی طور پر ہونے والے فنڈ	1,336 ملین روپے
منجمنٹ سٹاف گریجویٹ فنڈ	3,115 ملین روپے

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی کمیٹی

بورڈ کے کاموں میں معاونت فراہم کرنے کے لئے بورڈ کی جانب سے کمیٹیوں تشکیل دی گئی ہیں۔ یہ کمیٹیوں اپنے حلقہ ذمہ داریوں اور اختیارات میں اپنے اپنے اہم معاملات پر غور و خوض کرتی ہیں اور اپنی سفارشات پر مزید غور و خوض کرنے اور حتمی فیصلے کے لئے بورڈ کو پیش کرتی ہیں۔

آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی اس وقت درج ذیل ڈائریکٹرز پر مشتمل ہے:

ڈائریکٹر	نہم
جناب طاہر مسیح	مختار حسین (انٹرنیٹ، مانیٹنگ اور ایگزیکٹو ڈائریکٹر)
ڈاکٹر محمد سعید	میر
جناب علی رضا ہندو	میر
جناب احمد حیات گنگ	میر
جناب محمد جان آفریدی	میر

HR&R کمیٹی

بورڈ کی HR&R کمیٹی درج ذیل ڈائریکٹرز پر مشتمل ہے:

ڈائریکٹر	نہم
جناب محمد جان آفریدی	مختار حسین (انٹرنیٹ، مانیٹنگ اور ایگزیکٹو ڈائریکٹر)
میر جنرل احمد محمود حیات (ریٹائرڈ)	میر
جناب عبدالرشید رحیم گنج	میر
جناب احمد حیات گنگ	میر
جناب طاہر مسیح	میر

تعمیراتی کمیٹی

بورڈ کی تعمیراتی کمیٹی درج ذیل ڈائریکٹرز پر مشتمل ہے:

ڈائریکٹر	نہم
میر جنرل احمد محمود حیات (ریٹائرڈ)	مختار حسین
جناب عبدالرشید رحیم گنج	میر
سید طاہر سراج سہانی	میر
جناب محمد جان آفریدی	میر
مس سید عادل	میر

سرمایہ کاری کمیٹی

بورڈ کی سرمایہ کاری کمیٹی درج ذیل ڈائریکٹرز پر مشتمل ہے:

ڈائریکٹر	نہم
ڈاکٹر محمد سعید	مختار حسین
میر جنرل احمد محمود حیات (ریٹائرڈ)	میر
سید طاہر سراج سہانی	میر
جناب محمد جان آفریدی	میر
مس سید عادل	میر

بورڈ، مختلف کمیٹیز اور انٹرنی ڈائریکٹرز کی کارکردگی کا جائزہ

بورڈ نے اپنی مالی سال 2022 کا جائزہ لینے کے لئے پاکستان انٹیلیجنٹ آف کارپوریشن گورننس (PICOG) کی خدمات حاصل کرنے کا فیصلہ کیا ہے۔ PICOG پاکستان میں گورننس کا سب سے زیادہ اہم ہے۔ کارپوریشن گورننس کے بہترین طریقوں کو فروغ دینے کے ساتھ ساتھ تعلیم و ترویج، تحقیق و تجزیہ اور ان کی اہمیت اور دیگر رہنمائی کو فروغ دینے کے لئے PICOG نے نو گوانڈا کارکردگی کی جانچ کا اہم ایجنٹ کے لئے ایک خصوصی طریقہ کار وضع کیا ہے۔

کارکردگی کے جائزے کی نتیجے میں ہماری حتمی اور عمل میں آنے والے کارپوریشن گورننس کی رپورٹ اور HR&R کمیٹی کو پیش کر کے گا، کمیٹی اس رپورٹ کو اپنی سفارشات کے ساتھ بورڈ کو پیش کرے گی۔

ڈائریکٹرز کی سوانح پالیسی

سلف کمیٹی (گورننس آف کارپوریشن گورننس) کی رپورٹ 2019 کی فن 16 کے تحت ڈائریکٹرز کے سوانح کی باقاعدہ پالیسی موجود ہے۔ ایگزیکٹو ڈائریکٹر، چیف ایگزیکٹو آفیسر اور ایگزیکٹو ڈائریکٹر ہیں۔ وہ بورڈ اور کمیٹی کی پالیسیوں کے مطابق حضور شاہ سوانح کے سوانح کے مطابق گوانڈا اور دیگر معاملات کے حوالہ ہیں۔ چیف ایگزیکٹو آفیسر اور ایگزیکٹو ڈائریکٹرز اور تمام اجلاسوں میں شرکت کے لئے کوئی نہیں اور انہیں کی جاتی۔

مانیٹنگ ایگزیکٹو ڈائریکٹر:

مانیٹنگ ایگزیکٹو ڈائریکٹر اور بورڈ کمیٹی کے اجلاسوں میں شرکت کے لئے ایک حوالہ میں کے حوالہ ہیں۔ میں حضور شاہ پالیسی کے مطابق ہے جب کمیٹی کے کاروبار میں تو تمام ڈائریکٹرز حضور شاہ کمیٹی پالیسی کے مطابق ڈائریکٹرز حاصل کرنے کے حوالہ ہیں۔ کمیٹی کے تمام اجلاسوں میں شرکت کرنے کے لئے ہیں۔ ایگزیکٹو ڈائریکٹر کو کوئی نہیں اور انہیں کی جاتی، اس کے علاوہ وہ کسی قسم کے بزنس اور رجسٹرڈ معاملات حاصل کرنے کے حوالہ ہیں۔

ڈائریکٹرز رپورٹ

ذریعہ کاروبار کی پیمائش

تمام عملیاتی اثاثوں کی قیمت 80 امریکی ڈالروں پر مبنی فرض کر لی جائے تو کمپنی کے پیدا کردہ عملیاتی دھنسی کی وجہ سے اس سال تک کو تقریباً 3 بلین امریکی ڈالر کے ذریعہ کاروبار کی پیمائش ہوئی ہے۔

ایک پیڈریشن میں کامیابی

کمپنی کو شمالی بحرہند میں دو نئے تیل کے ذخائر دریافت کیے گئے ہیں اور ان میں سے ایک ذخیرہ بڑی کامیابی حاصل ہوئی ہے۔ ایک ذخیرہ سے 2 تا 3 ارب ڈالر کے ذخائر دریافت کیے گئے ہیں اور ان میں سے ایک ذخیرہ بڑی کامیابی حاصل ہوئی ہے۔ اس دریافت نے ملک کے سطحی حصے میں تیل دھنسی کی تلاش کی نئی راہیں کھول دی ہیں۔

ذخائر اور وسائل (Reserves and Resources)

کمپنی نے 12MMBOE اپنے 2P ذخائر میں شامل کیے ہیں اور اپنے مشروط ذخائر میں 55MMBOE کے نئے ذخائر کا اضافہ کر کے اہم کامیابی حاصل کی۔ 30 ارب ڈالر، 2022 تک کمپنی کے مجموعی ذخائر (2P + 2C) 642MMBOE تھے۔

اہم ذیلی منصوبے

AI لیفٹ کو SNGPL ایف ڈک کے ساتھ شریک کرنے کے لیے کمپنی نے اپنی 20 ارب ڈالر، 25 کلو میٹر طویل پائپ لائن چھائی اور اس سال کے دوران اس کا افتتاح بھی کر دیا گیا۔

SGPC فیز-1 پر کام ستمبر 2022 میں مکمل کر لیا گیا۔ فیز-2 کی تعمیراتی عملے میں ہے اور عملیاتی دھنسی اپریل 2023 کی دوسری سہ ماہی کے دوران حاصل ہونے کی امید ہے۔

SGPC فیز-III منصوبہ (HRL) کو شریک ہونے پر دستیابی کے نام سے بھی جانا جاتا ہے) جو اپریل 2021 کے دوران 2 کھرب روپیہ کی منصوبہ کے ساتھ شروع کیا گیا تھا۔ فیز-1 کے بعد مجموعی 7 تیل کی صلاحیت کو 60MMSCFD تک بڑھا کر اب مکمل کر لیا گیا۔ اس منصوبے نے کمپنی کو زیادہ تیل فراہم کرنے کی صلاحیت دے دی ہے اور اس کے سطر کے لیے استعمال شدہ HRL جس کو SNGPL ایف ڈک میں منتقل کرے گا۔

پرست اور تیل کی فراہمی

اور تیل کی فراہمی کی ضرورت کی وجہ سے 4 سہ ماہی پائپ لائن EBP کمپنیوں اور MPCPL کے کنسورٹیم کو اور تیل میں آف شور ڈاک-5 پائپ لائن اور ڈاک ڈیا گیا ہے۔ یہ ڈاک تیل دھنسی کی تلاش کے لیے اچھا موزوں علاقے میں واقع ہے۔ کنسورٹیم 2023 میں پہلے تیل کی کھدائی شروع کرنے کا منصوبہ ہے۔ کمپنی کا یقین ہے کہ اس فراہمی پرست فراہم کرنے میں مددگار ہو گا۔

حکومت پاکستان کی جانب سے 2022 کے دوران کی جانے والی سہ ماہیاتی ہولی کے دوران کمپنی کو 5 ڈاکس سے فراہم کیا گیا ہے۔

کاروباری سرگرمی کی پیشکش

سال کے دوران، کمپنی کے بریلے پھیل رہے اور سبز (پراجیکٹ) لکھنؤ میں 200 لاکھ حصص کی فروخت کی ضرورت کی ضرورت رہی ہے، جس کے لئے روزانہ ضروریات کا عمل جاری ہے۔

کمپنی جیل اور تیل دھنسی کی تلاش میں سرمایہ کاری کے مواقع تلاش کرنے کے علاوہ توانائی سے متعلق دیگر اور قریبی شعبوں میں سرمایہ کاری کے مختلف مواقع تلاش کر رہی ہے۔

کمپنی یقین دہانی کی پیشکش کے لیے اپنی دیگر ایسی منصوبوں کا کامیاب اعلان پر بھی غور کر رہی ہے۔

مالی سرگرمیوں کا جائزہ (MSD) کی اہمیت

MSD کمپنی کے کاروبار کا ایک اہم حصہ ہے۔ MSD کی موجودہ اور نئی ترقی کے لحاظ سے حاسنہ طور پر سیکرٹ اور ڈیٹا کے آپریشن کو اہم ہونے کی صلاحیت نے نہ صرف انٹرنیشنل بزنس میں سیکرٹ منصوبوں کو حتمی فراہم کی بلکہ ان کے ڈیٹا کو بھی کامیابی سے مکمل کرنے کے قابل بنایا۔ سال کے دوران ملکی مرحلہ 3rd پارٹی سے تقریباً 15 بلین امریکی ڈالر کی مالیت کے کاروبار کا حصول MSD کی ایک اور نئی کامیابی ہے۔

MSD نے اس سال تقریباً 35 بلین امریکی ڈالر کا حتمی عملیاتی کاروبار چھایا اور اس کے ساتھ ساتھ ملکی لوگوں کے لیے روزانہ کے مواقع کی فراہمی کی بدولت ملکیت کے ایک اہم رکن کے طور پر MSD کی ساکن میں نمایاں اضافہ ہو رہا ہے۔

کاروبار میں سماجی ذمہ داری (CSR)

تمام سٹیک ہولڈرز، خاص طور پر کمپنی کے آپریشن کے علاقوں میں رہنے والی کمیونٹی کا احترام حاصل کرنا، کمپنی کے لیے انتہائی اہمیت کا حامل ہے۔ کمپنی نے ہر نئی طرح پر مختلف ملکی کاسٹس میں بڑھ چڑھ کر حصہ لیا اور سال کے دوران اسی طرز عمل کی پیروی کی ہے۔

سال کی نمایاں کامیابیوں میں ہے کہ کمپنی نے ملکی کمیونٹی میں کمیونٹی ڈیولپمنٹ پراجیکٹس کے لیے 3 ارب روپے (پچھو ہاری بوش اور ملکی بھود کی آمد داریوں کے تحت ملکی طبی مرکز قائم کرائی۔

اس کے علاوہ مختلف منصوبوں پر عملیاتی عمل کو مکمل کرنے پر کمیونٹی کے لیے کامیاب منصوبہ جات ہوں گے۔ کمپنی نے اہم ترین ملکی بھود کے منصوبوں پر ابھی 800 ملین روپے اپنی آمد داریوں کے علاوہ خرچ کیے ہیں۔

تعمیر اور ترقی

کمپنی نے کاروبار کی ترقی اور انسانی وسائل کے لیے پلیٹ کو شامل کرنے، بین الاقوامی بہترین طریقوں کے خلاف اور بین الاقوامی E&P صنعت کے بہترین سہ ماہی کو مستحکم اور فروغ دینے کے لیے نئی تکنیکی کامیابیوں کو استعمال کرتے ہوئے اپنی عملیاتی کاروبار کو ترقی دینے پر اپنی توجہ مرکوز کر رہی ہے۔

کمپنی نے ایک مشہور 10 سالہ عرصے میں 355 سالہ کاروباری منصوبہ جاری کیا ہے جس میں پچھو ہاری اور ذخائر اور اسٹاک کی منتقلی کو زیادہ سے زیادہ کرنے کے لیے عملیاتی اور مالیاتی اور طویل مدتی مواقع حاصل کیے گئے ہیں۔

Form of Proxy
Mari Petroleum Company Limited
 21 – Mauve Area, 3rd Road, G-10/4, Islamabad
 Tel: 051-111-410-410, Fax: 051-2352859



I/We _____ of _____, being a member(s) of Mari Petroleum Company Limited and holder of _____ Ordinary Shares as per the Share Register Folio / CDC Account No. _____ hereby appoint Mr. _____ of _____ or failing him Mr. _____ of _____ or failing him Mr. _____ of _____ as my / our Proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the 38th Annual General Meeting of the Company to be held on Wednesday, September 28, 2022 at 21-Mauve Area, 3rd Road, Sector G-10/4, Islamabad and at any adjournment thereof.

Signed under my / our hand(s) this _____ day of _____ 2022.

Please affix appropriate Revenue Stamp

Signature of Member

Name: _____

Signature of Proxy: _____ Folio/CDC A/c No. _____

WITNESSES:

1. Signature: _____ Name: _____ Address: _____ _____ CNIC or Passport No. _____	2. Signature: _____ Name: _____ Address: _____ _____ CNIC or Passport No. _____
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NOTE:

1. A Member entitled to attend and vote at the above meeting may appoint a person/representative as Proxy to attend and vote on his behalf at the Meeting. The instrument of Proxy in order must be received at the Registered Office of the Company at 21-Mauve Area, 3rd Road, Sector G-10/4, Islamabad not less than 48 hours before the time of holding of the meeting.
2. The Company shareholders in Central Depository Company of Pakistan are requested to attach an attested photocopy of their National Identity Card or Passport with this Proxy Form before submission to the Company.
3. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted with this Proxy Form before submission to the Company.

FORM FOR VIDEO CONFERENCE FACILITY

I/We _____ of _____, being member(s) of Mari Petroleum Company Limited and holder of _____ Share(s) as per Registered Folio/CDC Account No. _____, hereby opt for Video Conference facility at _____

Signature of member(s)





M P C L

REGISTRY

27-Phase 4th, 5th, 6th
Opp. F. A. S. B. Office, F-4/2
EME-54, 55, 56, 57, 58, 59, 60, 61

ENFORCEMENT CELL
177th, 178th, 179th, 180th
Opp. F. A. S. B. Office
EME-62, 63, 64, 65, 66, 67, 68, 69

BOARD OF DIRECTORS
17th, 18th, 19th, 20th
EME-27, 28, 29, 30, 31, 32, 33, 34

CONTROLLER OFFICE
25th, 26th
Opp. F. A. S. B. Office
EME-35, 36, 37, 38, 39, 40, 41, 42

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