FRONTIER HOLDINGS LIMITED
[A subsidiary of Jura Energy Corporation]

June 28, 2024

Mr. Musadiq Malik
Federal Minister of Petroleum
Ministry of Energy (Petroleum Division)
3rd Floor, A Block
Pak Secretariat, Islamabad

Badin IV South
Gas theft/unlawful Third Party Gas Sale

Dear Sir,

We write with reference to matter of grave concern related to the irrefutable involvement of Petroleum Exploration (Pvt) Ltd ("PEL") in an unprecedented and colossal gas theft that has continued with impunity since January 2022.

Overview

On December 6, 2022, Frontier Holdings Limited ("**FHL**") filed a complaint with the Ministry of Energy (Petroleum Division) ("**MOEP**") regarding gas theft/illegal third party gas sale from the Ayesha, Ayesha North and Aminah development and production leases in the Badin IV South Block ("**Badin South**") by PEL to Shahzad Processing Solutions (Pvt.) Ltd, its affiliate ("**SPS**"). Badin South Joint Venture includes two foreign companies namely FHL, a wholly owned subsidiary of Jura Energy Corporation, listed on Toronto Stock Exchange - Venture and Gulf Petroleum Exploration Pakistan, Kuwait ("**GPX**"). Both FHL and GPX did not approve third party gas sale from Badin South.

Based on FHL's complaint, on February 17, 2023, the MOEP constituted a four-member Inquiry Committee to conduct a fact-finding investigation of PEL's involvement in gas theft/unlawful gas sale from Badin South. We have learnt that the Inquiry Committee (i) provided full opportunity of being heard to PEL (ii) found PEL guilty of gas theft/unlawful gas sale, and (iii) directed the authorities to take strict action against PEL and initiate legal proceedings for recovery of misappropriated money. However, despite undeniable evidences on record that PEL is involved in an unlawful act of gas theft, the Director General of Petroleum Concession ("**DGPC**"), one of the four members of Inquiry Committee, opted not to sign fact finding final report without providing any rational basis.

In-order to circumvent implementation of Inquiry report, PEL challenged the neutrality of the Inquiry Committee. Instead of implementing the recommendations of the Inquiry Committee, to our surprise, the Secretary Petroleum constituted another inquiry committee (the "**New Inquiry Committee**") to conduct fact-finding investigation of PEL's involvement in gas theft/unlawful gas sale from Badin South.

The New Inquiry Committee advised DGPC to direct PEL to immediately suspend the third party gas sale. In compliance therewith, instead of directing PEL to suspend unlawful/illegal gas sale, the DGPC vide its letter dated June 22, 2023, directed PEL to stop the sale of gas to an unlicensed entity i.e., SPS. On July 6, 2023, PEL secured a stay order from the Islamabad High Court ("**IHC**") against the directives of the DGPC for the suspension of the illegal third party gas sale to its affiliate by submitting false arguments which are contrary to the facts. Had DGPC instructed PEL to stop sale of illegal/unlawful gas, PEL would not have secured a stay order from IHC. In September 2023, the Petroleum Division submitted its response to PEL's Petition in the IHC, which clearly states that PEL's grounds for securing the stay from IHC are full of falsehood, frivolous and contrary to facts.

Canadian Office:
Suit 2100, 144 - 4th Avenue SW
Calgary, Alberta T2P 3N4
Canada
Tel: (403) 266-6364
Fax: (403) 266-6365

www.juraenergy.com

Pakistan Office:
Plot 56-G, 4th Floor, Beverly Center
Jinnah Avenue, Blue Area
Islamabad - Pakistan
Tel: (+92-51) 2270702-5
Fax: (+92-51) 2270701

We have also learnt that (i) the New Inquiry Committee concluded its fact-finding investigations and it found PEL guilty of gas theft/illegal sale of gas to its affiliate and (ii) the Secretary Petroleum approved the New Inquiry Committee's recommendations and instructed the DGPC to ensure their implementation. A brief summary on FHL's complaint background and findings of both the Inquiry Committees has been enclosed as Annexure – A for your ease of reference.

It is evident from the undeniable facts outlined above, that PEL is involved in an unprecedented act of gas theft/unlawful third party gas sale from Badin South. However, for inexplicable reasons the DGPC's inaction has enabled PEL to continue unlawful gas sale/gas theft from the Badin South with impunity.

Economic loss suffered by the GoP

The volume of gas theft/unlawful gas sales exceeds 1.3 Bcf, having a corresponding value of approximately US$12.26 million. This unlawful gas sale is being made in cash, that has inflicted huge loss of circa US$14.1 million on the GoP, in the form of (a) royalty and windfall levy revenue of circa US$6.9 million and income tax and sales tax evasion of circa US$4.6 million and US$2.6 million respectively.

GOP obligations defaults

PEL is the biggest wilful defaulter of royalty and GoP obligations under the PCA. The amount of GoP obligations and royalty due from PEL **is circa PKR 4 billion**.

Based on the foregoing submissions, we would appreciate your immediate intervention in the matter for an expeditious action against PEL for suspension of gas theft/unlawful third party gas sale to SPS, its affiliate and initiate recovery of losses inflicted on the exchequer as a result of gas theft and recovery of outstanding GoP obligations.

We remain available to provide any further information/clarification in this respect, should you so desire.

Yours sincerely,

Dr Shakeel Ahmed
GM (JV & Commercial)

Encl: as above

CC:

1. The Honourable Prime Minister
   PMO Office

2. Mr. Momin Agha
   Secretary - Ministry of Energy (Petroleum Division)

3. Mr. Hassan Mehmood Yousafzai
   Additional Secretary (Policy) - Ministry of Energy (Petroleum Division)

4. Mr. Hassan Mehmood Yousafzai
   Additional Secretary (Admin)/AC - Ministry of Energy (Petroleum Division)

5. Mr. Kashif Ali
   Director General Petroleum Concession

6. Mr. Abdul Rasheed Jokhio
   Director General (Gas)

7. Mr. Imran Maniar
   Managing Director - Sui Southern Gas Company Limited

8. Mr. Khaled M Al Saati
   Chief Executive Officer - Gulf Petroleum Exploration Pakistan Ltd

9. Mr. Shahzad Zaheer
   Chairman / CEO - Petroleum Exploration (Pvt) Limited

10. Mr. Jamil Ahmad Qureshi
    Secretary - Special Investment Facilitation Council (SIFC)

11. Chairman
    Public Accounts Committee (PAC)

12. Mr. Justice (R) Zia Parwez
    Chairman - Transparency International – Pakistan (TIP)

13. Mr. Masroor Khan
    Chairman - Oil & Gas Regulatory Authority

14. Mr. Mohammad Naeem Ghouri
    Member Finance - Oil & Gas Regulatory Authority

15. Mr. Zain-ul-Abideen Qureshi
    Member Oil - Oil & Gas Regulatory Authority