

ANNEXURE A* to the **SCOPE OF WORK*
IFRS (INTERNATIONAL FINANCIAL REPORTING STANDARDS)
TECHNICAL ACCOUNTING ADVICE FOR PetroSA

1. Scope of Services

The service provider shall provide technical accounting advisory services on an ad hoc and/or recurring basis, including but not limited to the following areas:

1.1 IFRS Technical Accounting Advice

Provide written and verbal advice on the application and interpretation of IFRS, including:

- Development and documentation of accounting policies.
- Preparation of technical accounting memoranda and position papers.
- Accounting impact assessments for significant transactions.
- Benchmarking of industry practices where appropriate.
- Review of accounting treatments proposed by management.
- Assistance with IFRS disclosure requirements.

1.2 International Oil and Gas Industry-Specific Accounting

Provide specialist guidance on accounting matters relevant to international upstream E&P operations, including:

1.2.1 Exploration and Evaluation Activities

- Application of IFRS 6 Exploration for and Evaluation of Mineral Resources.
- Capitalisation versus expensing of exploration expenditures.
- Accounting for seismic surveys, geological studies, and drilling costs.
- Impairment indicators and impairment testing of exploration assets.

1.2.2 Development and Production Assets

- Capitalisation of development expenditures.
- Accounting for wells, platforms, pipelines, and production facilities.
- Unit-of-production depreciation methodologies.
- Production sharing arrangements and concession agreements.

1.2.3 Reserves and Resources

- Accounting implications of reserve revisions.
- Impact of reserve estimates on depreciation, depletion, and impairment calculations.
- Assessment of contingent resources and prospective resources.

1.3 Asset Impairment and Recoverability

Provide support relating to:

- IAS 36 impairment assessments.
- Identification of cash-generating units (CGUs).
- Determination of value-in-use calculations.
- Assessment of impairment indicators.
- Review of discounted cash flow models.
- Reversal of impairment losses.
- Documentation supporting impairment conclusions.

1.4 Asset Retirement Obligations and Decommissioning

Assist management with:

- Recognition and measurement of decommissioning liabilities.
- Application of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
- Accounting for changes in decommissioning estimates.
- Discount rate selection considerations.
- Asset retirement cost capitalisation.
- Closure and rehabilitation obligations.

1.5 Leases

Provide advice relating to:

- Application of IFRS 16 Leases.
- Identification of lease arrangements.
- Right-of-use asset recognition.
- Lease modifications and reassessments.
- Embedded leases within service contracts.
- Oilfield infrastructure lease arrangements.
- Purchase of a leased asset during the lease term (remeasurement of the lease liability, derecognition of the ROU asset and recognition of the purchased asset)

1.6 Joint Arrangements and Partnerships

Provide technical accounting assessments covering:

- IFRS 11 Joint Arrangements.
- Joint operations versus joint ventures.
- Farm-in and farm-out transactions.
- Joint operating agreements (JOAs).
- Carried interest arrangements.
- Equity accounting considerations.

1.7 Financial Instruments and Hedging

Provide support regarding:

- IFRS 9 Financial Instruments.
- Commodity price risk management arrangements.
- Foreign exchange contracts.
- Interest rate hedges.
- Expected credit loss assessments.
- Hedge accounting documentation and effectiveness testing.

1.8 Business Combinations and Asset Acquisitions

Assist with accounting analyses relating to:

- Acquisition of exploration licenses.
- Asset acquisitions.
- Business combinations under IFRS 3.
- Purchase price allocation exercises.
- Identification of acquired reserves and resources.
- Recognition of contingent consideration.
- Due diligence support.

1.9 Foreign Currency Matters

Provide guidance on:

- IAS 21 Foreign Exchange.
- Determination of functional currency.
- Multi-currency operations.
- Foreign currency translation adjustments.
- Hyperinflation considerations where applicable.

1.10 New and Emerging IFRS Standards

Provide support in respect of:

- Interpretation of new and amended IFRS standards.
- Impact assessments.
- Transition planning.
- Accounting policy updates.
- Financial statement disclosure requirements.
- Training of finance personnel on new standards.

1.11 Financial Statement Review

Perform technical reviews of annual and interim financial statements, including:

- Compliance with IFRS disclosure requirements.

- Consistency of accounting policies.
- Review of significant judgments and estimates.
- Review of critical accounting assumptions.
- Disclosure benchmarking against industry peers.
- Identification of disclosure gaps and improvement opportunities.

1.12 External Audit Support

Provide assistance during external audit processes by:

- Supporting management in responding to audit queries.
- Preparing technical position papers.
- Facilitating resolution of complex accounting matters.
- Reviewing audit findings and recommendations.
- Participating in meetings with auditors as required.

1.13 Corporate Finance Advisory Services (such as WACC calculations)

- Weighted Average Cost of Capital (WACC) - The average rate a company pays for its financing, weighted by the proportion of debt and equity in its capital structure.

2. Deliverables

Deliverables may include:

- Technical accounting memoranda.
- IFRS position papers.
- Accounting policy papers.
- Financial reporting impact assessments.
- Accounting treatment recommendations.
- Disclosure checklists.
- Audit support documentation.
- Training materials and workshops.
- Presentation packs for management, Audit Committee and Board meetings.

3. Service Levels

The service provider shall:

- Provide access to suitably qualified IFRS technical accounting specialists.
- Respond to routine queries within two (2) business days.
- Respond to urgent or transaction-critical matters within agreed timelines.
- Deliver written position papers for significant accounting matters.
- Maintain appropriate quality control and technical review procedures.
- Ensure continuity of resources throughout the engagement.

4. Required Expertise

The service provider shall demonstrate:

- Extensive experience in IFRS financial reporting.
- Specialist expertise in upstream oil and gas accounting.
- Experience advising international upstream E&P companies.
- Knowledge of reserves-based accounting considerations.
- Experience supporting listed entities, international oil companies and large state-owned enterprises.
- Capability to provide independent technical opinions accepted by external auditors.
- Access to technical accounting specialists, partners and subject matter experts.
- Proven experience advising on complex oil and gas transactions across multiple jurisdictions.

5. Period of Engagement

The services shall be provided on an ad hoc / call-off basis, or project-specific basis for an initial period of 36-months, with 2 (two) further options of 12-months each for renewal, subject to satisfactory performance.

6. Reporting and Governance

The service provider shall:

- Nominate an engagement lead.

- Provide periodic status reports on active assignments.
- Maintain confidentiality of all Company information.
- Comply with applicable professional, regulatory and ethical standards.
- Declare any conflicts of interest immediately.

7. Exclusions

The scope excludes:

- Statutory external audit services.
- Internal audit services unless separately commissioned.
- Tax compliance services.
- Valuation services requiring independent valuation specialists.
- Legal opinions or legal advisory services.

8. Key IFRS Standards Expected to be Covered

The advisory services may include application of, but not be limited to:

- IFRS 6 – Exploration for and Evaluation of Mineral Resources
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- IFRS 9 – Financial Instruments
- IFRS 3 – Business Combinations
- IFRS 11 – Joint Arrangements
- IAS 36 – Impairment of Assets
- IAS 37 – Provisions, Contingent Liabilities and Contingent Assets
- IAS 16 – Property, Plant and Equipment
- IAS 38 – Intangible Assets
- IAS 21 – The Effects of Changes in Foreign Exchange Rates
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 1 – Presentation of Financial Statements/ IFRS 18 – Presentation and Disclosure in Financial Statements (effective for annual reporting periods beginning on or after 1 January 2027)