OQ Group

PROSPECTUS

OQ Exploration and Production SAOG

(under transformation)

P.O. Box 200, Postal Code 102
Knowledge Oasis Muscat
Sultanate of Oman

Initial Public Offering of 2,000,000,000 Offer Shares

Category I
Subscription Price Range:
Bzs 370 to Bzs 390 per Offer Share

Category II Subscription Price:
For Omani Individuals at a Discounted Maximum Price of Bzs 351 per Offer Share, calculated as the Maximum Price of Bzs 390 less a discount of 10 per cent.

Category II Subscription Price for Non-Omani Individuals: at a Maximum Price of Bzs 390 per Offer Share

Category I Offer Period:
30 September 2024 to 10 October 2024

Category II Offer Period:
30 September 2024 to 9 October 2024

FSA Administrative Decision No. KH/54/2024
issued on 22 September 2024

Issue Manager

Joint Global Coordinators

Two International Banks

Collection Agents

His Majesty Sultan Haitham bin Tarik


OQEP
MOGC BLOCK-8

Prospectus dated 22 September 2024

OQ Exploration and Production SAOG

(under transformation)

P.O. Box 200, Postal Code 102

Knowledge Oasis Muscat KOM/Al Seeb/Muscat Governorate

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2,000,000,000 existing ordinary shares (the "**Offer Shares**") of the total 8,000,000,000 ordinary shares of OQ Exploration and Production SAOG (under transformation) (the "**Company**") with a nominal value of Bzs 10 each ("the **Shares**") are being offered in an offering (the "**Offer**") by OQ SAOC (the "**Selling Shareholder**" or "**OQ**"). The Company and the Selling Shareholder reserve the right to amend the size of the Offer at any time prior to the end of the Offer Subscription Period (as defined below) in their sole discretion, subject to applicable laws and the approval of the Financial Services Authority of Oman (formerly, the Capital Market Authority) (the "**FSA**"). The Company will not receive any of the proceeds of the sale of the Offer Shares, all of which will be paid to the Selling Shareholder.

The Offer comprises an offering of Offer Shares: (i) in Oman in accordance with Omani laws (including the SAOG Executive Regulations); and (ii) outside the United States to certain institutional investors in reliance on Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**").

Prior to the Offer, there has been no public market for the Offer Shares. The Company will apply for the Shares (including the Offer Shares) to be listed on the Muscat Stock Exchange (the "**MSX**") under the symbol "OQEP" (the "**Admission**"). There will be no conditional dealings in the Offer Shares prior to Admission. It is expected that Admission will become effective and that dealings in the Offer Shares will commence on the MSX on or about 28 October 2024, or such other date (the "**Listing Date**") as may be notified by the Joint Global Coordinators (as defined below).

All investors, other than Omani Individuals who are Category II Applicants, will be allotted Offer Shares at the same Offer Price, which will be determined based on the Category I bookbuilding process. Omani Individuals who are Category II Applicants will be allotted Offer Shares at the Offer Price less a discount of 10 per cent.

The Company has received irrevocable commitments from the Anchor Investors (as defined below) subject to the terms contained in the Anchor Investment Agreements (as defined in "*Chapter XX —Subscription and Sale —Anchor Investors*") to subscribe to the Offer at the Maximum Price (as defined below). The following table provides details regarding such subscriptions:

Name of Anchor Investor	Number of Shares Subscribed	Subscription Amount at the Maximum Price (OMR)	% of Offer
Social Protection Fund	160,208,062	62,481,144	8.01%

Al-Hosn Investment Company SAOC	120,156,047	46,860,858	6.01%
Mars Development and Investment LLC	52,015,605	20,286,086	2.60%
Salim & Partners LLC	26,007,802	10,143,043	1.30%
Bank Dhofar SAOG	20,806,242	8,114,434	1.04%
Oman National Investments Development Company SAOC	20,806,242	8,114,434	1.04%
Total	**400,000,000**	**156,000,000**	**20%**

Refer to "*Chapter VIII – Shareholding Details*" for more details on the Anchor Investors.

Investing in the Offer Shares involves significant risks. Prospective investors should read this document in its entirety and, in particular, prospective investors are advised to examine all of the risks that are relevant in connection with an investment in the Offer Shares. See "*Chapter IV— Risk Factors*" for a discussion of certain risks and other factors that should be considered before making an investment decision with respect to the Offer.

The Offer Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Offer Shares are being offered and sold outside the United States in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of the Shares and the distribution of this Prospectus (the "**Prospectus**"), see "*Selling Restrictions*" below and "*Chapter XIX—Subscription Conditions and Procedures*".

The Offer Shares are offered by the Joint Global Coordinators and the Collection Agents named herein on behalf of the Selling Shareholder when, as and if delivered to, and accepted by them, subject to their right to reject orders in whole or in part.

Investors will be required to make full payment for the subscribed Offer Shares to the Collection Agents and the Collection Agents shall transfer the subscription proceeds to the Issue Manager, at least one Oman business day prior to the Settlement Date (as defined below), or such earlier date as required by the Joint Global Coordinators, and delivery of the Offer Shares is expected to be made on the Settlement Date through the book-entry facilities operated by the Muscat Clearing & Depository Company SAOC ("**MCDC**").

The Financial Services Authority (the "**FSA**") assumes no responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus nor will it have any liability for any damage or loss resulting from the reliance upon or use of any part of the same by any person. This Prospectus has been prepared in accordance with the requirements as prescribed by the FSA.

This Prospectus does not constitute an offer to sell or an invitation by or on behalf of the Company to subscribe to any of the Offer Shares in any jurisdiction outside Oman where such distribution is, or may be, unlawful.

The Offer Shares may be illiquid and prospective investors in the Offer Shares may be required to bear the financial risks of this investment for an indefinite period of time and should conduct their own due diligence on the securities. If you do not understand the contents of this Prospectus, you should consult an authorised financial adviser.

The Company
OQ Exploration and Production SAOG (under transformation) P.O. Box 200, Postal Code 102 Knowledge Oasis Muscat KOM/Al Seeb/Muscat Governorate
SELLING SHAREHOLDER
OQ SAOC P.O. Box 261, Postal Code 118 Muscat, Sultanate of Oman

<table>
<tr><th colspan="6">JOINT GLOBAL COORDINATORS</th></tr>
<tr><td colspan="2">An international bank</td><td colspan="2">Oman Investment Bank SAOC
P.O. Box 10, Postal Code 133,
Dana House, Al Khuwair, Muscat,
Sultanate of Oman</td><td colspan="2">An international bank</td></tr>
<tr><td colspan="3">Branch of an international bank</td><td colspan="3">Sohar International Bank SAOG
P.O. Box 44, Postal Code 114,
Ruwi, Muscat, Sultanate of Oman</td></tr>
<tr><th colspan="6">ISSUE MANAGER</th></tr>
<tr><td colspan="6">Sohar International Bank SAOG
P.O. Box 44, Postal Code 114,
Ruwi, Muscat, Sultanate of Oman</td></tr>
<tr><th colspan="6">COLLECTION AGENTS</th></tr>
<tr><td colspan="3">Ahli Bank SAOG
PO Box 545, Postal Code 116, Mina Al Fahal, Muscat,
Sultanate of Oman</td><td colspan="3">Ahli Islamic Bank
PO Box 545, Postal Code 116, Mina Al Fahal,
Muscat, Sultanate of Oman</td></tr>
<tr><td colspan="3">Bank Dhofar SAOG
PO Box 1507, Postal Code 112, Ruwi, Muscat,
Sultanate of Oman</td><td colspan="3">Bank Muscat SAOG
PO Box 134, Postal Code 112, Muscat, Sultanate of
Oman</td></tr>
<tr><td colspan="3">Bank Nizwa SAOG
PO Box 1423, Postal Code 133, Al Khuwair, Muscat,
Sultanate of Oman</td><td colspan="3">Dhofar Islamic
PO Box 1507, Postal Code 112, Ruwi, Muscat,
Sultanate of Oman</td></tr>
<tr><td colspan="3">Horizon Capital Markets SAOC
PO Box 856, Postal Code 115, Muscat, Sultanate of
Oman</td><td colspan="3">Jabal Asset Management LLC
PO Box 2209, Postal Code 133, North Alkhuwair,
Bousher, Muscat, Sultanate of Oman</td></tr>
<tr><td colspan="3">Meethaq Islamic Banking – Bank Muscat SAOG
PO Box 134, Postal Code 112, Muscat, Sultanate of
Oman</td><td colspan="3">National Bank of Oman SAOG
PO Box 751, Postal Code 112, Ruwi, Muscat,
Sultanate of Oman</td></tr>
<tr><td colspan="3">Oman Arab Bank SAOG
PO Box 2240, Postal Code 130, Al Ghubrah North,
Sultanate of Oman</td><td colspan="3">Sohar International SAOG
PO Box 44, Hai Al Mina, Postal Code 114, Muscat,
Sultanate of Oman</td></tr>
<tr><td colspan="3">Sohar Islamic
PO Box 44, Postal Code 114, Ruwi, Muscat, Sultanate
of Oman</td><td colspan="3">Ubhar Capital SAOC
PO Box 1137, Postal Code 111, Muscat, Sultanate of
Oman</td></tr>
<tr><td colspan="3">United Securities LLC
PO Box 2566, Postal Code 112, Sultanate of Oman</td><td colspan="3">Vision Securities LLC
PO Box 712, Postal Code 131, Muscat, Sultanate of
Oman</td></tr>
<tr><th colspan="6">LEGAL ADVISERS TO THE COMPANY</th></tr>
<tr><td colspan="3">As to Omani Law</td><td colspan="3">As to English and United States Law</td></tr>
</table>

MAQ Legal (Al Maamary, Al Abri & Co.) The 1991 Office Building, Suite No.321/322, PO Box 1963, Postal Code 130, Bousher, Muscat, Sultanate of Oman	**Linklaters LLP** One Silk Street, London EC2Y 8HQ United Kingdom
LEGAL ADVISERS TO THE JOINT GLOBAL COORDINATORS, THE ISSUE MANAGER AND THE COLLECTION AGENTS *As to English and United States Law*	
Allen Overy Shearman Sterling LLP One Bishops Square London E1 6AD United Kingdom	**Allen Overy Shearman Sterling LLP** 5th Floor, Al Mamoura Building B Muroor Road P.O. Box 7907, Abu Dhabi United Arab Emirates
INDEPENDENT AUDITOR	
KPMG LLC Children's Public Library Building 4th Floor Shatti Al Qurum, P.O. Box 641, Postal Code 112, Muscat Sultanate of Oman	

The Financial Services Authority (the "**FSA**") assumes no responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus nor will it have any liability for any damage or loss resulting from the reliance upon or use of any part of the same by any person. This Prospectus has been prepared in accordance with the requirements as prescribed by the FSA. This is an unofficial English language translation of the Prospectus prepared in the Arabic language and approved by the FSA in accordance with Administrative Decision no. KH/54/2024 dated on 22 September 2024

This Prospectus does not constitute an offer to sell or an invitation by or on behalf of the Company to subscribe to any of the Shares in any jurisdiction outside Oman where such distribution is, or may be, unlawful.

IMPORTANT INFORMATION

The aim of this Prospectus is to present material information that may assist investors to make an appropriate decision as to whether or not to invest in the Offer Shares pursuant to the Offer.

To the best of the knowledge and belief of the Company and its Board members, this Prospectus includes all material information and data, and does not contain any misleading information or omit any material information that would have a positive or negative impact on an investor's decision of whether or not to invest in the Offer Shares.

The Board members are jointly and severally responsible for the completeness and accuracy of the information contained in this Prospectus. To the best of the knowledge and belief of the Board members, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is accurate and complete in all material respects and no material facts, the omission of which would make misleading any statements of fact or opinion herein, have been omitted.

None of the Joint Global Coordinators (as defined herein), the Issue Manager (as defined herein), the Collection Agents (as defined herein) or any of their respective affiliates, directors, officers, employees or agents accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied as to the accuracy, completeness or verification of the information set forth in this Prospectus, and nothing in this Prospectus is, or shall be relied upon as a promise or representation in this respect, whether as to the past or future. None of the Joint Global Coordinators, the Issue Manager, the Collection Agents or their respective affiliates, directors, officers, employees or agents assumes any responsibility for the accuracy, completeness or verification of the Prospectus and, accordingly, disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it may otherwise have in respect of this Prospectus or any such statement.

The information contained in this Prospectus may not be published, duplicated, copied or disclosed in whole or in part or otherwise used for any purpose other than in connection with the Offer, without the prior written approval of the Company, the Selling Shareholder and the Joint Global Coordinators.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

THIS PROSPECTUS CONTAINS INFORMATION THAT IS SUBJECT TO COMPLETION AND CHANGE. NO OFFER OF SECURITIES WILL BE MADE AND NO INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THIS PROSPECTUS ALONE, BUT ONLY ON THE BASIS OF THIS PROSPECTUS AS FINALISED AND COMPLETED BY THE PRICING STATEMENT (AS DEFINED BELOW).

Recipients of this Prospectus are authorised solely to use this Prospectus for the purpose of considering the acquisition of the Offer Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than considering an investment in the Offer Shares. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

Prior to making any decision as to whether to subscribe for the Offer Shares, prospective investors should carefully read this Prospectus in its entirety and, in particular, the section titled "*Risk Factors*" when considering an investment in the Company. Prospective investors should not consider this Prospectus a recommendation by the Company or the Selling Shareholder to purchase the Offer Shares. Every investor is responsible for obtaining his, her or its own independent professional advice on an investment in the Offer

Shares and for conducting an independent valuation of the information and assumptions contained herein using appropriate analysis or projections. All equity investments carry market risks to varying degrees. The value of any security can fall as well as rise depending on the market conditions. Potential investors should read "*Chapter IV— Risk Factors*" of this Prospectus for an outline of important risk factors impacting the Company's business and the industry in which it operates.

In making an investment decision, prospective investors must rely upon their own examination, analysis and enquiry of the Company, the terms of this Prospectus and the Offer, including the merits and risks involved in making an investment. The prospective investors also acknowledge that: (i) they have not relied on the Joint Global Coordinators, the Issue Manager or the Collection Agents or any person affiliated with the Joint Global Coordinators, the Issue Manager or the Collection Agents in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) they have relied only on the information contained in this Prospectus as finalised and completed by the Pricing Statement (as defined below); and (iii) that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the Offer Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Selling Shareholder, Joint Global Coordinators, the Issue Manager or the Collection Agents. Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances imply that there has been no change in the Company's affairs or that the information set forth in this Prospectus is correct as at any date subsequent to the date hereof.

None of the Company, the Selling Shareholder, the Joint Global Coordinators, the Issue Manager or Collection Agents, or any of their respective representatives, is making any representation to any prospective investor in the Shares regarding the legality of an investment in the Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, business, financial or tax adviser for legal, business, financial or tax advice applicable to an investment in the Shares.

None of the Company, the Selling Shareholder, the Joint Global Coordinators, the Issue Manager or Collection Agents accepts any responsibility for the accuracy, completeness or verification of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media, regarding the Offer or the Company. None of the Company, the Selling Shareholder, the Joint Global Coordinators, the Issue Manager or the Collection Agents makes any representation as to the appropriateness, accuracy, completeness, reasonableness, verification or reliability of any such information or publication.

Oman Investment Bank SAOC ("**OIB**"), Sohar International Bank SAOG ("**Sohar International**") and two international banks have been appointed as joint global co-ordinators (the "**Joint Global Coordinators**") of the Offer and Sohar International has been appointed as issue manager of the Offer (the "**Issue Manager**"). OIB is licenced and regulated by the Central Bank of Oman (the "**CBO**") and the FSA. Sohar International is authorised and regulated by the CBO and the FSA. Ahli Bank SAOG, Ahli Islamic Bank, Bank Dhofar SAOG, bank muscat SAOG, Bank Nizwa SAOG, Dhofar Islamic, Horizon Capital Markets SAOC, Jabal Asset Management LLC, Meethaq Islamic Banking – Bank Muscat SAOG, National Bank of Oman SAOG, Oman Arab Bank SAOG, Sohar International SAOG, Sohar Islamic, Ubhar Capital SAOC, United Securities LLC and Vision Securities LLC have been appointed as collection agents (the "**Collection Agents**").

The Joint Global Coordinators and the Collection Agents are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offer and will not be responsible to anyone other than the Company and the Selling Shareholder for providing the protections afforded to their respective clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to herein.

In connection with the offer of the Offer Shares, each of the Joint Global Coordinators and the Collection Agents and any of their respective affiliates may take up a portion of the Offer Shares in the Offer as a principal position and in that capacity may retain, purchase or sell for its own account Offer Shares or related investments and may offer or sell such Offer Shares or related investments otherwise than in connection with the Offer. Accordingly, references in the Prospectus to the Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Joint Global Coordinators and the Collection Agents or any of their respective affiliates acting in such capacity. In addition, certain of the members of Joint Global Coordinators and Collection Agents or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for differences) with prospective investors in connection with which such members of the Joint Global Coordinators, the Issue Manager and Collection Agents or their affiliates may from time to time acquire, hold or dispose of Offer Shares. None of the Joint Global Coordinators or the Collection Agents intends to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

No person has been authorised to make any statements or provide information in relation to the Company or the Offer Shares other than the persons whose names are indicated in this Prospectus. Where any person, other than a person authorised by the Company or the Joint Global Coordinators and Collection Agents, makes any statement or provides information, it should not be taken as authorised by the Company or the Joint Global Coordinators and the Collection Agents.

The Offer relates to securities to be listed on the MSX and potential Applicants should be aware that this Prospectus and any other documents or announcements relating to the Offer have been or will be prepared solely in accordance with the disclosure requirements applicable to a company listed on the MSX, and such requirements may differ from those applicable in any other jurisdiction.

Sohar Islamic, the Islamic banking window of Sohar International Bank SAOG, is licensed by the CBO to undertake Islamic banking business in the Sultanate of Oman, and it has issued a pronouncement dated 2 September 2024 confirming that, in its view, based on the circumstances as at the date of such pronouncement, the Offer is Sharia-compliant in accordance with pertinent Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) Sharia standards as at the date of this Prospectus. The pronouncement is not intended to be and does not constitute legal, financial, or investment advice and Sohar Islamic shall not bear any liability in this context. Investors are advised to conduct their own due diligence and consult with their own Sharia advisers before making any investment decisions based on the pronouncement.

NOTICE TO INVESTORS

The distribution of this Prospectus and the offer of the Offer Shares may, in certain jurisdictions, be restricted by law or may be subject to prior regulatory approvals. No action has been made or will be taken by the Company, the Selling Shareholder, the Joint Global Coordinators, the Issue Manager or the Collection Agents to permit a public offering of the Offer Shares or to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the Offer Shares) in any jurisdiction where action for that purpose may be required, other than Oman.

This Prospectus does not constitute an offer or an invitation by or on behalf of the Company to any person in any jurisdiction outside Oman to subscribe to any of the Offer Shares where such offer or invitation would be unlawful. This Prospectus may not be distributed in any jurisdiction where such distribution is, or may be, unlawful. The Company, the Joint Global Coordinators, the Issue Manager and the Collection Agents require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions.

Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. None of the Company, the Joint Global Coordinators, the Issue Manager or the Collection Agents or any of their respective directors, managers, accountants, advisers and employees accept any legal responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to subscribe for the Offer Shares by any person, whether or not a prospective Applicant, in any jurisdiction outside Oman where such sale, offer to sell or solicitation to subscribe would be unlawful.

The Offer Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations and CML Executive Regulations. **Applicants should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time –** ***see "Selling Restrictions" below*.**

SELLING RESTRICTIONS

Other than in Oman, no action has been taken or will be taken in any jurisdiction that would permit a public offering of the Offer Shares or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares, in any country or jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

United States

The Offer Shares have not been and will not be registered under the Securities Act or under any applicable securities laws or regulations of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States.

The Offer Shares are being offered and sold outside the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer, an offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the Securities Act.

United Kingdom

No Offer Shares have been offered or will be offered pursuant to the Offer to the public in the UK prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the Financial Conduct Authority in the UK in accordance with the UK Prospectus Regulation and the Financial Services and Markets Act 2000 (the "**FSMA**"), except that offers of Offer Shares may be made to the public in the UK at any time under the following exemptions under the UK Prospectus Regulation and the FSMA:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(iii) in any other circumstances falling within Section 86 of the FSMA, provided that no such offer of Offer Shares shall require the Company or any Joint Global Coordinator or Collection Agent to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Offer Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Offer Shares.

This Prospectus is only being distributed to, and is only directed at, persons who are qualified investors as defined under the UK Prospectus Regulation and who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (ii) are persons falling within Article 49(2)(a) to (2d) of the Order; (iii) are outside the UK; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as the "**Relevant Persons**"). The Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Offer Shares will be engaged only with the Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

The Offer Shares are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the United Kingdom. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation.

European Economic Area

In relation to each member state of the European Economic Area (the "**EEA**") which has implemented the Prospectus Regulation (each a "**Relevant Member State**"), no Offer Shares have been offered or will be offered pursuant to the Offer to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Regulation, except that Offer Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Regulation, if they are implemented in that Relevant Member State:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company or any Joint Global Coordinator or Collection Agent to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation or any measure implementing the Prospectus Regulation in a Relevant Member State, and each person who initially acquires any Offer Shares or to whom any offer is made under the Offer will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" as defined in the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Offer Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Regulation in that Relevant Member State, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129 and includes any relevant implementing measure in each Relevant Member State.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Offer Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant Member State to qualified investors, in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale. The Company, the Selling Shareholder, the Joint Global Coordinators, the Collection Agents and their respective affiliates will rely (and the Company and the Selling Shareholder each acknowledge that the Joint Global Coordinators, the Collection Agents and their respective affiliates and others will rely) upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and will not be responsible for any loss occasioned by such reliance. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Global Coordinators and the Collection Agents of such fact in writing may, with the consent of the Joint Global Coordinators, be permitted to subscribe for or purchase Offer Shares.

Kingdom of Bahrain

The Offer Shares have not been offered or sold, and will not be offered or sold, to any person in the Kingdom of Bahrain except on a private placement basis to persons who are "accredited investors". For this purpose, an "accredited investor" means:

(i) an individual holding financial assets (either singly or jointly with a spouse) of US$1,000,000 or more;

(ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than US$1,000,000; or

(iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

This offer does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article 81 of the Central Bank and Financial Institutions Law 2006 (Decree Law No. 64 of 2006). This Prospectus and related offering documents have not been and will not be registered as a prospectus with the Central Bank of Bahrain. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside Bahrain.

The Central Bank of Bahrain has not reviewed, approved or registered this Prospectus or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the Central Bank of Bahrain assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this document.

State of Kuwait

This Prospectus is provided on an exclusive basis to the specifically intended recipient thereof, upon that person's request and initiative, and for the recipient's personal use only and is not intended to be available to the public.

This Prospectus has not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Kuwaiti Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Shares in the State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of securities in the State of Kuwait ("**Kuwait Securities Laws**").

Hence, the Offer Shares have not been and will not be offered, sold, promoted or advertised in the State of Kuwait except on the basis that an offer is made in compliance with the Kuwait Securities Laws, no private or public offering of the Shares is or will be made in the State of Kuwait, no agreement relating to the sale of the Offer Shares will be concluded in the State of Kuwait, and no marketing or solicitation or inducement activities are being used to offer or market the Shares in the State of Kuwait.

Any distribution of this Prospectus shall be at the liability of the distributor.

State of Qatar

The Offer Shares have not been and will not be offered, sold or delivered, at any time, directly or indirectly in the State of Qatar in a manner that would constitute a public offering. No application has been or will be made for the Offer Shares to be listed or traded on the Qatar Stock Exchange or in the Qatar Financial Centre. This Prospectus has not been licensed for offering, promotion, marketing, advertisement or sale in the State of Qatar or in the Qatar Financial Centre or the inward marketing of an investment fund or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre. This Prospectus has not been, and will not be, reviewed or approved by or registered or filed with the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or Qatar Central Bank and may not be publicly distributed. This Prospectus is intended for the original recipient only and must not be provided to any other person. This Prospectus is not for general circulation in the State of Qatar and may not be reproduced or used for any other purpose.

South Africa

No "offer to the public" or "secondary offering" (as such terms are defined in the South African Companies Act, 71 of 2008, as amended (the "**South African Companies Act**") in South Africa is being made in connection with the Global Offering to which this document relates and accordingly this Offering Memorandum does not, nor does it intend to, constitute a "registered prospectus" or "written statement", as contemplated in chapter 4 of the South African Companies Act. Any offering of Shares under this Global Offering in South Africa constitutes an offer for the sale of the Shares in South Africa only to selected investors who fall within the exemptions set out in section 96(1)(a) or (b) of the South African Companies Act and, accordingly, such offer would not be considered to be an "offer to the public" or "secondary offering" for the purposes of the South African Companies Act.

No South African residents or offshore subsidiary of a South African resident may purchase any of the Shares or beneficially own or hold any of the Shares unless specific approval has been obtained by such persons from the Financial Surveillance Department of the South African Reserve Bank ("**SARB**") or such purchase or beneficial holding or ownership is otherwise permitted under the South African exchange control regulations or the rulings promulgated thereunder (including, without limitation, the rulings issued by the SARB providing for foreign investment allowances applicable to persons who are residents of South Africa under the applicable exchange control laws of South Africa).

Information made available in this Offering Memorandum should not be considered as "advice" as defined in the South African Financial Advisory and Intermediary Services Act, 2002.

United Arab Emirates (excluding the ADGM and the DIFC)

This Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. If you are in any doubt about the contents of this Prospectus, you should consult an authorised financial adviser.

By receiving this Prospectus, the person or entity to whom it has been issued understands, acknowledges and agrees that neither the Offer Shares nor this Prospectus have been approved by the United Arab Emirates ("**UAE**") Central Bank, the UAE Ministry of Economy, the UAE Securities and Commodities Authority or any other authorities in the United Arab Emirates. The Joint Global Coordinators and the Collection Agents have not received authorisation or licensing from the UAE Central Bank, the UAE Ministry of Economy, the UAE Securities and Commodities Authority or any other authorities in the United Arab Emirates to market or sell the Offer Shares within the United Arab Emirates. No marketing or offer of the Offer Shares has been or will be made from within the United Arab Emirates and no subscription to the Offer Shares may or will be consummated within the United Arab Emirates, in each case other than in compliance with the laws of the United Arab Emirates. It should not be assumed that any Joint Global Coordinator or Collection Agent is a licensed broker, dealer or investment adviser under the laws applicable in the United Arab Emirates, or that either advises individuals resident in the United Arab Emirates as to the appropriateness of investing in or purchasing or selling securities or other financial products. The Offer Shares may not be offered or sold directly or indirectly to the public in the United Arab Emirates. This Prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the UAE Commercial Companies Law, Federal Law No. 32 of 2021 (as amended) or otherwise.

Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice. This Prospectus is for your information only and nothing in this Prospectus is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

Abu Dhabi Global Market (ADGM)

This Prospectus relates to an Offer which is not subject to any form of regulation or approval by the Financial Services Regulatory Authority ("**FSRA**") of the Abu Dhabi Global Market ("**ADGM**"). The FSRA has not approved this document nor does it have any responsibility for reviewing or verifying any document or other documents in connection with this Offer. Accordingly, the FSRA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it.

The Offer Shares have not been offered and will not be offered to any persons in the ADGM except on the basis that an offer is:

(i) an "Exempt Offer" in accordance with the FSRA Financial Services and Markets Regulations and Markets Rules; and

(ii) made only to persons who are "Authorised Persons" or "Recognised Bodies" (as such terms are defined in the Financial Services and Markets Regulations 2015 ("**FSMR**")) or persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of the FSMR) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated.

The FSRA has not taken steps to verify the information set out in this Prospectus, and has no responsibility for it. If you do not understand the contents of this Offer or are unsure whether the securities to which the Offer relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

Dubai International Financial Centre (DIFC)

This Prospectus relates to an Offer which is not subject to any form of regulation or approval by the DFSA. The DFSA has not approved this Prospectus nor does it have any responsibility for reviewing or verifying any document in connection with the Offer. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it.

The Offer Shares have not been offered and will not be offered to any persons in the DIFC except on the basis that an offer is:

(i) an "Exempt Offer" in accordance with the Markets Rules module of the DFSA; and

(ii) made only to persons who meet the "Deemed Professional Client" criteria set out in the DFSA Rulebook, Conduct of Business Module, who are not natural persons.

This Prospectus must not, therefore, be delivered to, or relied on by, any other type of person. The Offer to which this document relates may be illiquid and/or subject to restrictions on its resale. Prospective purchasers should conduct their own due diligence on the Offer.

The DFSA has not taken steps to verify the information set out in this Prospectus, and has no responsibility for it. If you do not understand the contents of this Offer or are unsure whether the securities to which this the Offer relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

Kingdom of Saudi Arabia

This document may not be distributed in the Kingdom of Saudi Arabia, except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If a prospective purchaser does not understand the contents of this document, they should consult an authorised financial adviser.

The Offer Shares must not be advertised, offered or sold and no memorandum, information circular, brochure or any similar document has or will be distributed, directly or indirectly, to any person in the KSA other than as permitted by the Saudi Regulations.

The offer of the Offer Shares in the KSA shall not constitute a "public offer" pursuant to the Saudi Regulations. Prospective investors are informed that Article 14 of the Saudi Regulations places restrictions on secondary market activity with respect to the Offer Shares. Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the Saudi Regulations shall not be recognised by the Company.

Switzerland

The offering of the Shares in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because the shares are offered to fewer than 500 investors and the shares will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus or a similar document pursuant to FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the shares.

Japan

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "**FIEL**"). This Prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Canada

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offer.

Other Jurisdictions

Should this Prospectus be received by any person in any jurisdiction not mentioned in the foregoing, the receiving party should disregard this Prospectus in cases where the receipt of this Prospectus or its distribution is, or may be, unlawful. The Company, the Selling Shareholder, the Joint Global Coordinators and the Collection Agents require persons into whose possession this Prospectus comes to inform themselves of and observe all relevant investing restrictions in their jurisdiction. None of the Company, the Selling Shareholder, the Joint Global Coordinators, the Issue Manager or the Collection Agents accept any legal responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to subscribe for the Offer Shares by any person, whether or not a prospective investor, in any jurisdiction outside Oman where such sale, offer to sell or solicitation to subscribe would be unlawful.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements", which relate to, among other things, the Company's plans, objectives, goals, targets, strategies, future operational performance and anticipated developments in markets in which the Company operates and in which it may operate in the future. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Company's current beliefs and expectations about future events. These forward-looking statements generally can be identified by the use of forward-looking terminology, including terms such as "aim", "anticipate", "assume", "believe", "could", "expect", "estimate", "goal", "intend", "may", "objective", "plan", "potential", "predict", "project", "shall", "should", "will", "will continue", "will pursue", "would", or the negative thereof, other variations thereon or comparable terminology. Similarly, statements that describe the Company's strategies, objectives, plans or goals are also forward-looking statements. They appear in a number of places throughout this Prospectus and include statements regarding intentions, beliefs and current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies, backlog, dividend policy and the industry in which the Company operates. In particular, the statements under the headings regarding the Company's strategy and other future events or prospects in the following sections are forward-looking statements: "*Chapter II—Summary Information Relating to the Company*", "*Chapter IV—Risk Factors*", "*Chapter X—Industry Overview and Regulatory Framework*", "*Chapter XII—Description of the Company and Business Overview*, "*Chapter XIV—Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Chapter XV—Dividend Policy*".

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual outcomes including, among other things, the Company's result of operations, financial condition, cash flows, liquidity, financial projections and growth to differ materially from those contemplated by the relevant forward-looking statement. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements.

Important factors that could cause actual results to differ materially from the Company's expectations are contained in cautionary statements in this Prospectus, including, without limitation, in conjunction with the forward-looking statements included in this Prospectus and specifically under the section entitled "*Chapter IV—Risk Factors"* or the underlying assumptions. These factors include, but are not limited to:

- an inability to estimate future performance;
- an inability to successfully manage existing and new regulatory requirements that are imposed in relation to the Company's business;

- an inability to expand the Company's business;
- an inability to obtain necessary financing to fund capital expenditure projects;
- an inability to meet payment obligations;
- climate change and the decarbonisation impact on the Company's operations;
- a change in the monetary and/or interest policies of Oman, local and/or international inflation or local and/or international interest rates;
- a change in the fiscal policies related to the oil and gas industry of Oman;
- fluctuations in the prices of oil;
- fluctuations in foreign exchange rates, equity prices or other rates or prices;
- customer concentration;
- the limited reliability of oil and gas reserve estimates;
- the reliance on third-party infrastructure;
- the performance of the financial markets in Oman;
- general political, economic and business conditions in Oman which may have an impact on the Company's business activities; and
- other risks set out in "*Chapter IV—Risk Factors*".

The above list is not exhaustive and for a further discussion of factors that could cause actual results to differ, see "*Chapter IV—Risk Factors*" of this Prospectus.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could be materially different from those that have been estimated. The forward-looking statements contained in this Prospectus speak only as at the date of this Prospectus. None of the Company, Selling Shareholder, Joint Global Coordinators, the Issue Manager or Collection Agents or any of their respective affiliates has any obligation to update or otherwise revise any statements in this Prospectus to reflect circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions prove incorrect or future gains or losses differ materially from the estimates made in this Prospectus. The Company, the Selling Shareholder, the Joint Global Coordinators, the Issue Manager and the Collection Agents expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this Prospectus to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based, unless required to do so by applicable law.

Under no circumstances should the inclusion of such forward-looking statements in this Prospectus be regarded as a representation or warranty by the Company, the Selling Shareholder, the Joint Global Coordinators, the Issue Manager or the Collection Agents or any other person with respect to the achievement of the results set out in such statements.

After listing on the MSX, the Company will adhere to the disclosure rules and regulations issued by the FSA, which includes making timely disclosure regarding the Company's results of operation. The Company advises Applicants to track any information or announcements made by it after listing through the MSX website at *www.msx.om* in the event they subscribe for Offer Shares and become Shareholders.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

The Company's audited consolidated financial statements as at and for the years ended: (i) 31 December 2023 (which include the comparative financial information as at and for the year ended 31 December 2022) (the "**2023 Annual Financial Statements**"); and (ii) 31 December 2022 (which include the comparative financial information as at and for the year ended 31 December 2021) (the "**2022 Annual Financial Statements**", and together with the 2023 Annual Financial Statements, the "**Annual Financial Statements**"), and the Company's audited interim carve-out financial statements as at and for the six months ended 30 June 2024, together with the comparative carve-out financial information for the six months ended 30 June 2023 (the "**Interim Carve-Out Financial Statements**", and together with the Annual Financial Statements, the "**Financial Statements**") are set out in "*Chapter XXVI—Historical Financial Statements*" of this Prospectus.

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board, the CCL and CCL Executive Regulations.

The Interim Carve-Out Financial Statements have been prepared from the consolidated financial statements of the Company in accordance with IFRS, excluding Abraj Energy Services SAOG ("**Abraj**"). The principal activity of Abraj is to provide oilfield services, which mainly include services such as onshore drilling, workover, flowback, well testing, well intervention, cementing, fracturing, coil tubing, integrated project management, drilling fluids services and training services.

The Company was the immediate parent Company of Abraj, with a 100 per cent. shareholding until 13 March 2023. Effective from 14 March 2023, through the initial public offering and listing of Abraj on the MSX, the Company divested 49 per cent. and therefore reduced its shareholding in Abraj to 51 per cent. In connection with the Offer, the Company transferred the remainder of its stake in Abraj to OQ, effective 4 July 2024.

Thus, as of 30 June 2024, the date of the Interim Carve-Out Financial Statements, the legal formalities of the share transfer were in process. For further information, see Note 2 of the Interim Carve-Out Financial Statements. The Interim Carve-Out Financial Statements reflect the operating results and financial position of all the subsidiaries of the Company as of 30 June 2024, other than Abraj.

Thus, as the Annual Financial Statements consolidated the financial results of Abraj for the relevant financial periods, they are not directly comparable to the Company's financial results in the Interim Carve-Out Financial Statements.

Non-IFRS Information and Certain Other Financial and Operational Data

Non-IFRS Information

The Company presents in this Prospectus certain measures to assess the financial performance of its business that are not measures of financial performance under IFRS or other generally accepted accounting principles. These selected non-IFRS financial measures comprise Adjusted Revenue, Adjusted Cost of sales, Adjusted Gross Profit, Adjusted Operating Profit, Adjusted Profit before tax, Adjusted Profit for the year/period, Adjusted Total assets, Adjusted Total current liabilities, Adjusted Total equity, Adjusted EBITDA (including Abraj), Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Free Cash Flow, Adjusted Capital Expenditure, Adjusted Net External Debt (including Abraj), Adjusted Net External Debt, Adjusted Leverage, Adjusted Gearing and Adjusted ROCE.

The Company has presented these Non-IFRS Measures because it believes these are helpful to prospective investors and financial analysts in highlighting trends in the overall business of the Company and are used as supplemental measures of performance and liquidity.

None of the Non-IFRS Measures are a measurement of performance or liquidity under IFRS or any other generally accepted accounting principles and you should not consider these Non-IFRS Measures as an alternative to financial measures determined in accordance with IFRS or other generally accepted accounting principles. Non-IFRS Measures have limitations as analytical tools, and prospective investors should not consider them in isolation or as substitutes for analysis of the Company's financial performance reported in accordance with IFRS. Further, other companies, including those in the same industry, may calculate similarly titled financial measures differently from the Company.

The Non-IFRS Measures are Management's responsibility and are based on the Company's review of its financial results and estimates. Accordingly, the above information has not been audited or reviewed by any independent third party, such as independent auditors, consultants or experts, and is to be read in conjunction with the historical information presented, but is not intended to form part of Financial Statements. Prospective investors should not place undue reliance on the Non-IFRS Measures contained in this Prospectus.

The Company defines:

- "Adjusted Revenue" is defined as revenue excluding revenue attributable to Abraj, further adjusted to add intercompany revenue with Abraj, in respect of the years ended 31 December 2021, 2022 and 2023;
- "Adjusted Cost of sales" as cost of sales excluding cost of sales attributable to Abraj, further adjusted to add cost of sales relating to intercompany revenue with Abraj, in respect of the years ended 31 December 2021, 2022 and 2023;
- "Adjusted Gross Profit" as gross profit excluding the gross profit attributable to Abraj in respect of the years ended 31 December 2021, 2022 and 2023;
- "Adjusted Operating Profit" as operating profit excluding the operating profit attributable to Abraj in respect of the years ended 31 December 2021, 2022 and 2023;
- "Adjusted Profit before tax" as profit before tax excluding the profit before tax attributable to Abraj in respect of the years ended 31 December 2021, 2022 and 2023;
- "Adjusted Profit for the year/period" as profit for the year/period excluding the profit for the year/period attributable to Abraj in respect of the years ended 31 December 2021, 2022 and 2023;
- "Adjusted Total assets" as total assets excluding the portion of total assets attributable to Abraj in respect of the years ended 31 December 2021, 2022 and 2023;
- "Adjusted Total current liabilities" as current liabilities excluding the current liabilities attributable to Abraj in respect of the years ended 31 December 2021, 2022 and 2023;
- "Adjusted Total equity" as total equity excluding the portion of total equity attributable to Abraj in respect of the years ended 31 December 2021, 2022 and 2023;
- "Adjusted EBITDA (including Abraj)" as profit before tax minus finance income plus finance costs and depreciation, depletion and amortisation, further adjusted for, in respect of the year ended 31 December 2021, the net reversal of impairment of oil and gas assets and other property, plant and equipment and, in respect of the year ended 31 December 2023, the net reversal of impairment of oil and gas assets and other property, plant and equipment and the gain on divestment of Block 60;

- "Adjusted EBITDA" as Adjusted EBITDA (including Abraj) minus the profit before tax, finance costs, depreciation, depletion and amortisation and plus the finance income attributable to Abraj in respect of the years ended 31 December 2021, 2022 and 2023 and further adjusted for, in respect of the year ended 31 December 2021, the net impairment of oil and gas assets and other property, plant and equipment attributable to Abraj, in respect of the year ended 31 December 2023, the net reversal of impairment of oil and gas assets and other property, plant and equipment attributable to Abraj and, in respect of the six months ended 30 June 2024, the exploration and evaluation assets written off Block 42 and the provision for impairment on exploration and evaluation assets of Block 52;
- "Adjusted EBITDA Margin" as Adjusted EBITDA divided by Adjusted Revenue, expressed as a percentage;
- "Adjusted Capital Expenditure" as additions of oil and gas assets and exploration assets plus additions of property, plant, and equipment and other intangible assets, minus the additions of property, plant and equipment attributable to Abraj in respect of the years ended 31 December 2021, 2022 and 2023;
- "Adjusted Free Cash Flow" as net cash generated from operating activities minus the net cash generated from operating activities attributable to Abraj in respect of the years ended 31 December 2021, 2022 and 2023, minus Adjusted Capital Expenditure;
- "Adjusted Net External Debt (including Abraj)" as current borrowings plus non-current borrowings minus cash and cash equivalents, which is adjusted to exclude restricted cash from its definition in respect of the year ended 31 December 2021;
- "Adjusted Net External Debt" as Adjusted Net External Debt (including Abraj) minus the current borrowings and non-current borrowings plus the cash and cash equivalents attributable to Abraj in respect of the years ended 31 December 2021, 2022 and 2023;
- "Adjusted Leverage" as Adjusted Net External Debt divided by Adjusted EBITDA which, in respect of the six months ended 30 June 2024, comprises the Adjusted EBITDA for the six months ended 31 December 2023 and the Adjusted EBITDA for the six months ended 30 June 2024, expressed as a percentage;
- "Adjusted Gearing" as Adjusted Net External Debt divided by Adjusted Total equity, expressed as a percentage; and
- "Adjusted ROCE" as Adjusted Operating Profit which, in respect of the six months ended 30 June 2024, comprises the Adjusted Operating profit for the six months ended 31 December 2023 and the operating profit for the six months ended 30 June 2024, divided by Adjusted Total assets minus Adjusted Total current liabilities, expressed as a percentage.

Certain Operational Data

This Prospectus also contains a discussion of certain key performance indicators ("**KPIs**") of the Company, including Lost Time Injury, Lost Time Injury Frequency, Total Recordable Injury Frequency, Million Working Hours, Serious Motor Vehicle Incident Frequency and Million Km Driven (each as defined below). These KPIs are derived from Management estimates and are based on operational, and not financial, data. These KPIs do not form part of the Company's financial reporting records and have not been audited or reviewed by any independent third party such as independent auditors, consultants or experts. The computation methodology of these KPIs may not be comparable to the similar measures reported by other companies or by market reports or experts. Management believes that each of these measures is a useful indicator of the Company's business and performance.

The Company defines:

- “Lost Time Injury (“**LTI**”)” as a work-related injury or illness for which the injured or ill employee or contractor is affected to such an extent that days must be taken off from the job for medical treatment or recuperation;
- “Lost Time Injury Frequency (“**LTIF**”)” as LTI per million working hours, both employees and contractors;
- “Total Recordable Injury (“**TRI**”)” as recordable injuries (fatalities, LTI, MTC, RWC), both employees and contractors, where:
    - A restricted work case (“**RWC**”) is defined as a work-related injury or illness which does not amount to an LTI but for which the injured or ill employee or contractor is affected to such an extent that the employee or contractor cannot perform all routine job functions; and
    - A medical treatment case (“**MTC**”) is defined as a work-related injury or illness which does not amount to an LTI or RWC but for which the injured or ill employee or contractor is affected to such an extent that the employee or contractor receives medical treatment beyond first aid;
- “Total Recordable Injury Frequency (“**TRIF**”)” as TRI per million working hours, both employees and contractors;
- “Serious Motor Vehicle Incident Frequency (“**MVIF**”)” as LTI, MTC, RWC, rollover or severe damage (where estimated repair costs exceed 10,000 OMR) motor vehicle-related incidents per Million Km Driven;
- “Million Working Hours” as hours worked by employees and contractors, in millions; and
- “Million Km Driven” as km driven in motor vehicles by employees and contractors in performance of their duties.

Currency of Presentation

In this Prospectus, all references to “OMR” and/or “Omani Rial” are to the legal currency of Oman, and all references to “US$” and/or “U.S. Dollars” are to the legal currency of the United States of America. Conversions of amounts from U.S. Dollars to Omani Rials in this Prospectus are solely for the convenience of the reader. The Omani Rial has been pegged to the U.S. Dollar since 1973 and the exchange rate has remained unchanged since June 1986. Unless otherwise specified, conversions of amounts between Omani Rials and U.S. Dollars have been made at an exchange rate of US$1.00 = OMR 0.3851.

Industry and Market Data

The Company has included in this Prospectus market data and other market information derived from industry publications, surveys or studies conducted by Management, third-party market consultants and market research firms, or publicly available information, in each case from sources that are generally believed to be reliable. The Company cannot assure you that any of the assumptions underlying any statements regarding the oil and gas market are accurate or correctly reflect the Company’s position in such market. Market data and statistics are inherently predictive and speculative and are not necessarily reflective of actual market conditions. Such data and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, as well as information publicly available related to the size of the market, including judgments about what types of products and transactions should be included in the relevant market.

In addition, certain statistics, information relating to the Company's business and markets and other industry data in this Prospectus are based on a report, data and information prepared by Wood Mackenzie Limited ("**Market Consultant**") for the Company in connection with the Offer (collectively, the "**Market Report**"). The Market Report addresses matters stated therein at that time or at the times otherwise specified therein and does not take into account any changes or developments which may have occurred since then. The Market Report contains the Market Consultant's forward-looking views, which were derived from its assumptions regarding the anticipated development of the market relevant to the Company. As at the date of this Prospectus, the Market Consultant has given, and not withdrawn, its consent for the use of its name and the statements in the manner and format set out in this Prospectus.

Industry and market data is subject to change and cannot always be verified with complete certainty due to limits in the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey of market size. External sources have been used for some of the information about the Company's peers in comparative jurisdictions, which have not been contacted to verify the accuracy or the completeness of the information included herein. While the Company believes that the information and data from third-party sources contained in this Prospectus, including information and data derived from public sources or provided by the Market Consultant, is reliable, such information and data has not been independently verified by the Company, the Board, the Joint Global Coordinators, the Issue Manager, the Collection Agents or the Selling Shareholder, and none of them bears any liability for the accuracy or completeness of such information or data. Accordingly, the market, economic and industry data and statistics and any other information from such third-party sources included in this Prospectus should be viewed with caution.

In addition, in certain instances in this Prospectus, the Company has included its own estimates, assessments, adjustments and judgments in preparing market information, which have not been verified by an independent third party. Such information is, to a certain degree, subjective. While the Company believes that its own estimates, assessments, adjustments and judgments are reasonable and that the market information prepared by the Company approximately reflects the industry and the market in which the Company operates, there is no assurance that the Company's own estimates, assessments, adjustments and judgments are the most appropriate for making determinations relating to market information or that market information prepared by other sources will not differ materially from the market information included herein.

Rounding

Certain data in this Prospectus, including financial, statistical and operating information, has been rounded. As a result of the rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

Sharia Compliance

Certain of the Company's financing arrangements are Sharia-compliant and references in relation thereto in this Prospectus to "interest", "lender", "borrower", "repayment", "loans", "borrowings" or similar non-Sharia-compliant terms in relation thereto should be interpreted as references to "profit", "rental", "finance costs", "financier", "obligor", "payment", "financings", etc. as applicable.

No Incorporation of Website Information

The contents of the Company's website, any available public information or statements or any website directly or indirectly linked to these websites have not been verified and do not form part of, and are not incorporated by reference into, this Prospectus, and prospective investors should not rely on the foregoing.

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Chapter I
Abbreviations and Definitions

Glossary of Defined Terms

2022 Annual Financial Statements	The audited financial statements of the Company together with its consolidated subsidiaries, joint operations, joint ventures and equity accounted investees as at and for the year ended 31 December 2022 (which includes the comparative financial information as at and for the year ended 31 December 2021).
2023 Annual Financial Statements	The audited financial statements of the Company together with its consolidated subsidiaries, joint operations, joint ventures and equity accounted investees as at and for the year ended 31 December 2023 (which includes the comparative financial information as at and for the year ended 31 December 2022).
AAOIFI	Accounting and Auditing Organisation for Islamic Financial Institutions.
Admission	The listing of the Shares on MSX under the symbol "**OQEP**".
AGM	An annual general meeting of the Shareholders.
Anchor Investor(s)	Investors identified as anchor investors in "*Chapter VIII—Shareholding Details*", being Al-Hosn Investment Company SAOC, Bank Dhofar SAOG, Mars Development and Investment LLC, Oman National Investments Development Company SAOC, Salim & Partners LLC and Social Protection Fund.
Annual Financial Statements	The 2022 Annual Financial Statements and the 2023 Annual Financial Statements.
API gravity	A measure of density developed by the American Petroleum Institute. It represents the inverse measure of liquid hydrocarbon density against water, with lighter hydrocarbon liquids having higher API gravities.
Applicant	A Category I Applicant or Category II Applicant.
Application	The application form used to apply for Offer Shares pursuant to the terms of this Prospectus.
Application Revision Form	The application form used by a Category I Applicant to revise the bids submitted in the Category I Offer, pursuant to the terms of this Prospectus.
Application Money	The amount to be paid by each Applicant at the time of submission of an Application as specified in "*Chapter XIX—Subscription Conditions and Procedures*" of this Prospectus.
Articles	The articles of association of the Company, as registered with the MOCIIP.
Auditor	KPMG LLC.
Basis of Allotment	The basis on which the Offer Shares will be allotted to Applicants under the Offer and which is described in "*Chapter XIX—Subscription Conditions and Procedures*" of this Prospectus.

Bid Amount	Bid price multiplied by the total Offer Shares demanded at the bid price.
Board/Board of Directors	The board of directors of the Company.
Bzs	Omani Baisas, a subunit of the Omani Rial (OMR), which is the national currency of the Sultanate of Oman, with 1,000 Baisas being equivalent to 1 OMR.
CAGR	Compound annual growth rate.
Category I Application Money	The highest Bid Amount from all the bids in the Application in Category I. Refer to "*Chapter XIX—Subscription Conditions and Procedures*" for an illustration of the calculation of Category I Application Money.
Category II Application Money	The amount to be paid by each Category II Applicant at the time of submission of his/her Application at a fixed price as specified in "*Chapter XIX—Subscription Conditions and Procedures*" of this Prospectus.
Category I Applicants	Juristic persons (non-individuals) who apply for Offer Shares in the Category I Offer for a minimum of 100,000 Offer Shares and in multiples of 100 Offer Shares thereafter.
Category II Applicants	Category II Applicants (small retail) together with Category II Applicants (large retail).
Category II Applicants (large retail)	Omani Individuals and Non-Omani Individuals who apply for Offer Shares in the Category II Offer for a minimum of 28,600 Offer Shares and in multiples of 100 Offer Shares thereafter.
Category II Applicants (small retail)	Omani Individuals and Non-Omani Individuals who apply for Offer Shares in the Category II Offer for a minimum of 500 Offer Shares and a maximum of 28,500 Offer Shares and in multiples of 100 Offer Shares thereafter.
Category I Offer	Category I Offer as set out in "*Chapter XIX—Subscription Conditions and Procedures*".
Category I Offer Opening Date	The opening date of the Category I Offer, which is described in "*Chapter XIX—Subscription Conditions and Procedures*" of this Prospectus.
Category I Offer Closing Date	The closing date with respect to the Category I Offer, which is described in "*Chapter XIX—Subscription Conditions and Procedures*" of this Prospectus.
Category II Offer	Category II Offer as set out in "*Chapter XIX—Subscription Conditions and Procedures*".
Category II Offer Opening Date	The opening date of the Category II Offer, which is described in "*Chapter XIX—Subscription Conditions and Procedures*" of this Prospectus.
Category II Offer Closing Date	The closing date with respect to the Category II Offer, which is described in "*Chapter XIX—Subscription Conditions and Procedures*" of this Prospectus.

CBO	The Central Bank of Oman.
CCL	The Commercial Companies Law of Oman issued by Royal Decree 18/2019, as amended.
CCL Executive Regulations	The Commercial Companies Regulations issued by MOCIIP Decision No.146/2021, as amended.
Chairman	The chairman of the Board.
Civil Transactions Law	The Civil Transactions Law, promulgated by Royal Decree 29/2013, as amended.
CML Executive Regulations	Regulations issued by the FSA under the Decision 1/2009 – issuing "*Executive Regulation of the Capital Market Law*", as amended.
Code	The FSA Code of Corporate Governance for Public Joint Stock Companies issued by the FSA, as amended.
Collection Agents	Banks and brokers appointed to collect bids and subscriptions for the Offer.
Commercial Register	The commercial register maintained by the MOCIIP pursuant to the Commercial Register Law issued by Royal Decree 3/1974, as amended.
Company	Where the context so requires, OQ Exploration and Production SAOG (under transformation) and, otherwise, OQ Exploration and Production SAOG (under transformation) together with its consolidated subsidiaries, joint operations, joint ventures and equity accounted investees.
Council of Ministers	An executive branch of the Government, responsible for implementing policies, overseeing government administrations, and advising the Sultan. It is chaired by the Sultan and comprises ministers in charge of various Government ministries and agencies.
COVID-19	A novel strain of coronavirus (SARS-CoV-2)
Discounted Maximum Price	Bzs 351, being the Maximum Price less a discount of 10 per cent.
EDO	Energy Development Oman SAOC.
E-IPO Application	The Application pursuant to the E-IPO Mechanism.
E-IPO Mechanism	The mechanism to apply for the Offer Shares through one of the "E-IPO channels" offered by Collection Agents.
E-IPO Platform	The platform available to the Category II Applicants to create the E-IPO Application.
EEA	European Economic Area.
EGM	An extraordinary general meeting of the Shareholders.
Environment Authority	The Environment Authority of Oman, previously the Ministry of Environment and Climate Affairs, renamed and reconstituted pursuant to Royal Decree 106/2020, as amended.
EPSA	Exploration and production sharing agreement.
EPSA Joint Management Committee	In respect of each EPSA, a committee consisting of members nominated by the Government and the contractor under the EPSA

	which is required among other things to approve work programs, budgets and development plans in respect of petroleum operations under the EPSA.
ESG	Environmental, social and governance.
EU	European Union.
EV	Electric vehicle. Includes plug-in hybrids, excludes autonomous electric vehicles.
FCV	Fuel cell vehicle.
FID / pre-FID	Final investment decision / pre-final investment decision.
Financial Statements	The Annual Financial Statements together with the Interim Carve-Out Financial Statements.
Financial Year/FY	The period of 12 months starting on 1 January and ending on 31 December of a calendar year.
FPSO	Floating production, storage and offloading unit.
FOB	Free on board.
FSA	The Financial Services Authority of Oman, previously the Capital Market Authority, renamed and reconstituted pursuant to Royal Decree 20/2024.
GaffneyCline	Gaffney, Cline & Associates Limited.
GaffneyCline Reserves Report	The independent third-party reserves and resources report which has been prepared using the Society of Petroleum Engineers' Petroleum Resource Management System and which was produced following an external audit by GaffneyCline.
GCC	The Cooperation Council for the Arab States of the Gulf, comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates.
GDP	Gross Domestic Product.
GHG	Greenhouse Gas.
GHG Protocol	An internationally recognised framework for measuring and managing greenhouse gas emissions from private and public sector operations, value chains, and mitigation actions developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).
Government	The Government of Oman.
HSE	Health, Safety and Environment.
IAS	International Accounting Standards.
ICV	In-country value, i.e., the total spend retained in-country that benefits business development, contributes to human capability development and stimulates productivity in Oman's economy.
IFRS	International Financial Reporting Standards.
IGC	Integrated Gas Company SAOC.

Independent Director	Shall have the meaning attributed to it under the Code.
Information Centre	Information centre of the MSX.
Institutional Settlement Agreement	The institutional settlement agreement between the Company, the Selling Shareholder, the Joint Global Coordinators and the Collection Agents dated 22 September 2024 with respect to the Offer Shares.
Interim Carve-Out Financial Statements	The audited interim carve-out financial statements of the Company together with its consolidated subsidiaries, joint operations, joint ventures and equity accounted investees (excluding Abraj Energy Services SAOG) as at and for the six months ended 30 June 2024 (which includes comparative carve-out financial information for the six months ended 30 June 2023).
IOC	International oil company.
Investor Number	The investor number issued by the MCDC to investors holding investor accounts with the MCDC.
IPO	The initial public offering of the Offer Shares pursuant to the Offer.
IRR	Internal rate of return.
Issue Manager	Sohar International Bank SAOG.
Issued Share Capital	The issued share capital of the Company, which amounts to OMR 80,000,000 divided into 8,000,000,000 Shares.
JOA	Joint operating agreement.
Joint Global Coordinators	Oman Investment Bank SAOC, Sohar International Bank SAOG and two international banks.
KPIs	Key performance indicators.
Labour Law	The Labour Law of Oman, promulgated by Royal Decree 53/2023, as amended.
Law on Environment	Royal Decree No. 114/2001 issuing the Law on Conservation of the Environment and Prevention of Pollution, as amended.
Listing Date	The date on which Admission will become effective and that dealings in the Shares will commence on the MSX, expected to be up to two Oman business days after the Settlement Date, or such other date as may be notified by the Joint Global Coordinators.
LLC	A limited liability company.
LNG	Liquefied natural gas.
Management	The senior management team of the Company.
Market Consultant	Wood Mackenzie Limited.
Market Report	Report, data and information prepared by the Market Consultant for the Company in connection with the Offer.
MASAR	Management and Administrative Skills and Responsibilities programme.
Maximum Price	The maximum price of the Price Range, being Bzs 390.
MCDC	Muscat Clearing and Depository Company SAOC.

MEM	Ministry of Energy and Minerals of Oman, previously the Ministry of Oil and Gas, renamed and reconstituted pursuant to Royal Decree 96/2020, as amended.
Memorandum	The memorandum of association of the Company, as registered with the MOCIIP.
MENA	Middle East and North Africa.
Ministry of Commerce, Industry and Investment Promotion/MOCIIP	The Ministry of Commerce, Industry and Investment Promotion of Oman, previously the Ministry of Commerce and Industry/MOCI, renamed and reconstituted pursuant to Royal Decree 97/2020, as amended.
Ministry of Finance/MoF	The Ministry of Finance of Oman.
Ministry of Housing and Urban Planning/MOHUP	The Ministry of Housing and Urban Planning of Oman, previously the Ministry of Housing, renamed and reconstituted pursuant to Royal Decree 93/2020, as amended.
Ministry of Labour	The Ministry of Labour of Oman, previously the Ministry of Manpower, renamed and reconstituted pursuant to Royal Decree 89/2020, as amended.
MSX	The Muscat Stock Exchange, formerly known as the Muscat Securities Market, operated by the Muscat Stock Exchange Company SAOC, renamed and reconstituted pursuant to Royal Decree 5/2021, as amended.
NCSI	National Centre for Statistics and Information of Oman.
NOC	National oil company.
OECD	Organisation for Economic Co-operation and Development.
Offer	The offer for sale of 2,000,000,000 Shares owned by the Selling Shareholder, with a Price Range of Bzs 370 to Bzs 390; the IPO is split into Category I Offer, Anchor Investors and Category II Offer as described in this Prospectus.
Offer Period	The period between the Offer Opening Date and the Offer Closing Date (inclusive of both days) including any extension as permitted by the FSA.
Offer Price	The price from within the Price Range discovered under the Offer in accordance with "*Chapter XIX—Subscription Conditions and Procedures*" which shall also be the price for the Category II Offer.
Offer Shares	The Shares that are offered for subscription in the Offer.
Oil and Gas Law	The Oil and Gas Law of Oman, promulgated by Royal Decree 8/2011, as amended.
Oil and Mineral Law	Oil and Mineral Law of Oman, repealed by Royal Decree 8/2011, as amended.
OGM	An ordinary general meeting of the Shareholders.
OIA	Oman Investment Authority, established pursuant to Royal Decree 61/2020, as amended.

Oman	The Sultanate of Oman.
Omani Rial/OMR	Omani Rials, the lawful currency of Oman with OMR 1 divided into 1,000 Bzs.
Oman LNG	Oman Liquified Natural Gas LLC.
Oman Oil Marketing Co.	Oman Oil Marketing Company SAOG.
Omani Individual	An individual who currently holds citizenship of the Sultanate of Oman, whether such citizenship has been granted by way of a specific Royal Decree or under the Omani Nationality Law promulgated by Royal Decree 38/2014, as amended.
OPEC	Organisation of the Petroleum Exporting Countries, which includes Algeria, Congo, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, the United Arab Emirates and Venezuela.
OPEC+	OPEC+ is a coalition consisting of the 12 OPEC members plus 10 non-OPEC oil-producing countries that collaborate to manage oil production and stabilise the global oil market. The non-OPEC members of OPEC+ include Azerbaijan, Bahrain, Brunei, Kazakhstan, Malaysia, Mexico, Oman, Russia, South Sudan and Sudan.
OQ	OQ SAOC.
OQ Alternative Energy	OQ Alternative Energy LLC.
OQGN	OQ Gas Networks Company SAOG.
OQ RPI	OQ Refineries and Petroleum Industries LLC.
OQ Trading	OQ Trading Limited.
Non-Omani Individual	Any individual who is not an Omani Individual.
Paris Agreement	The Paris Agreement is an international treaty adopted in 2015 aimed at combating climate change by limiting global warming to well below 2 degrees Celsius above pre-industrial levels, with efforts to limit the increase to 1.5 degrees Celsius.
PDO	Petroleum Development Oman LLC.
PDPL	Personal Data Protection Law, promulgated by Royal Decree 6/2022, which came into force in February 2023 and replaces the previous limited data protection regime contained in Chapter 7 of the Electronic Transactions Law (Royal Decree 69/2008).
Price Range	Bzs 370 to Bzs 390 per Offer Share applicable to the Category I Offer.
Pricing Date	The pricing date of the Offer, which is expected to be on or around 17 October 2024.
Pricing Memorandum	The pricing memorandum to the Institutional Settlement Agreement.
Pricing Statement	A statement containing the Offer Price and certain other information.
PRMS	Petroleum Resources Management System.
SAOC	*Société-Anonyme-Omanaise-Closed*, an Omani closed joint stock company.

SAOG	*Société-Anonyme-Omanaise-Générale*, an Omani public stock company.
SAOG Executive Regulations	The regulation for Public Joint Stock Companies issued by FSA Decision No.27/2021, as amended.
Securities Law	The Securities Law of Oman promulgated by Royal Decree 46/2022.
Selling Shareholder	OQ SAOC.
Settlement Date	The date of: (i) delivery of the Shares through the book-entry facilities operated by the MCDC to the account numbers of investors; and (ii) transfer of the net proceeds by the Issue Manager to the escrow account of the MCDC – such date is expected to be up to seven calendar after the Pricing Date, or such earlier date as may be notified by the Joint Global Coordinators.
Share	An ordinary share of the Company with a nominal value of Bzs 10.
Shareholder	A shareholder of the Company.
Takeover Code	The code providing rules to govern the takeover of SAOG's issued by FSA Decision 2/2019, as amended.
U.S.	United States of America.
US$/USD	U.S. Dollars, the lawful currency of the United States of America.

Glossary of Measurement and Technical Terms

1P, 2P, 3P	Proved reserves (1P), proved plus probable reserves (2P), Proved plus probable plus possible reserves (3P).
1C, 2C, 3C	Contingent resources - low estimate (1C), best estimate (2C), high estimate (3C).
1U, 2U, 3U	Risked prospective resources (low estimate, best estimate, high estimate).
associated gas (and condensate)	Gas found in association with crude oil and any condensate present within that gas.
bbl	Barrel of oil and/or condensate.
bbl/d	Barrels of oil and/or condensate per day.
bboe	Billion barrels of oil equivalent.
bscf	Billion standard cubic feet.
bscf/d	Billion standard cubic feet per day.
boe	Barrel of oil equivalent. This term is used to quantify the energy content of different hydrocarbons in terms equivalent to the energy in a barrel of oil. Conversion for gas made at 1 boe = 5.8 kscf of gas.
boe/d	Barrels of oil equivalent per day.
Btu	British thermal units.

commercial reserves/resources/production	Commercial assets are defined as those in production, under development or likely to be developed.
DOC	Declaration of commerciality in respect of an exploration asset
gas	Natural gas, a mixture of hydrocarbons in a gaseous state under standard temperature and pressure conditions. It can be found in association with crude oil (associated gas) or in isolated reservoirs (non-associated gas).
kbbl/d	Thousand barrels of oil and/or condensate per day.
kboe/d	Thousand barrels of oil equivalent per day.
km	Kilometres.
km^2	Square kilometres.
kscf	Thousand standard cubic feet.
kt	Thousand metric tonnes.
m	Metres.
m^2	Square metres.
m^3	Cubic metres.
mmbbl	Million barrels of oil and/or condensate.
mmbbl/d	Million barrels of oil and/or condensate per day.
mmboe	Million barrels of oil equivalent.
mmboe/d	Million barrels of oil equivalent per day.
mmBtu	Million British thermal units.
mmscf	Million standard cubic feet.
mmscf/d	Million standard cubic feet per day.
mmt	Million metric tonnes.
mmtCO2	Million metric tonnes of carbon dioxide.
mmtpa	Million metric tonnes per year.
non-associated gas (and condensate)	Gas found in isolated reservoirs without the presence of crude oil, and any condensate present within that gas.
OEB	Oman Export Blend.
OSP	The Government's official selling price for OEB.
participation rights	Rights exercised by the Government to participate in oil and gas developments in Oman that achieve a DOC.
sub-commercial contingent resources	Sub-commercial assets contain discovered volumes of petroleum potentially recoverable by a development project but not currently considered to be commercial. This may be due to several reasons, such as a lack of development plans, low resource volumes, technical constraints, low product quality or the lack of accessible markets (such as stranded gas deposits) or viable price regimes.
t	Metric tonnes.
tcf	Trillion standard cubic feet.

tCO2	Metric tonnes of carbon dioxide.
technical success rate	Number of discoveries made divided by the number of exploration wells drilled.
TTF	The price of gas at the Title Transfer Facility in the Netherlands.
working interest	An equity interest in a contract area (without reduction for royalties or production share allocated to the Government under the applicable fiscal terms).
working interest production	The gross production of a contract area multiplied by the Company's working interest (without reduction for royalties or production share allocated to the Government under the applicable fiscal terms), which may be aggregated across contract areas.
working interest (reserves, contingent resources)	In the context of reserves and contingent resources, the percentage of the Company's working interest multiplied by the relevant gross reserves or resources figure (in either case based on Company estimates) for the contract area, aggregated across contract areas (without reduction for royalties or production share allocated to the Government under the applicable fiscal terms). Capitalised terms defined in "*Chapter XIII—Selected Historical Financial, Operating and Other Information—GaffneyCline Reserves Report*" are based on GaffneyCline's estimates.

Chapter II
Summary Information Relating to the Company

This summary highlights information contained elsewhere in this Prospectus. It does not contain all the information that prospective investors should consider before investing in the Offer Shares. All prospective investors should read the entire Prospectus carefully, including the Financial Statements set out in "Chapter XXVI—Historical Financial Statements" of this Prospectus. All prospective investors should specifically read "Chapter IV—Risk Factors" of this Prospectus for more information about important risk factors that should be considered before applying for Offer Shares.

Overview

The Company is Oman's largest pure-play oil and gas exploration and production company and its only upstream oil and gas operator wholly owned by the government of Oman (the "**Government**"). It currently ranks among the top three oil and gas producers and is also one of the largest holders of oil and gas reserves in Oman. The Company, founded in 2009, is a wholly owned subsidiary of OQ, Oman's flagship energy company, and is one of its core assets, with its Adjusted EBITDA[1] accounting for approximately 40 per cent. of OQ's adjusted EBITDA in 2023.

Since 2009, the Company has witnessed significant growth, expanding its average daily production nearly 14 times, averaging 249 kboe/d on a working interest basis by 2023. Its total production in 2023 constituted approximately 14 per cent. of Oman's total oil, gas and condensate production for that year. As at 30 June 2024, based on Company estimates, it had 2P working interest reserves of approximately 0.974 bboe and 2C working interest contingent resources of 820 mmboe.

The Company benefits from Oman's fundamental advantages, including: (i) its strategic location in a prolific hydrocarbon province with direct access to global shipping routes and logistics hubs; (ii) its well-developed oil and gas sector, which is a major driver of macro-economic fundamentals and a significant contributor to Oman's GDP; (iii) a stable and highly prospective oil and gas operating environment which has attracted many international investors; (iv) the Government's encouragement of investment in gas-intensive industries to support economic diversification and hydrocarbon value optimisation across several industrial cities and zones; (v) an established and competitive regulatory and fiscal framework for the hydrocarbon sector; and (vi) its stable currency, with the Omani Rial having been pegged to the U.S. Dollar since 1973.

The Company has benefited from being the only entity since 2009 assigned or nominated by the Government to exercise its right to economically participate ("**participation rights**") in prospective oil and gas developments in Oman when a declaration of commerciality ("**DOC**") is made by the incumbent explorer and holder of an oil and gas contract area in the country.

The Company has also been supported and strategically positioned by the Government as a participant in several key oil and gas projects. These range from the development of new major oil and gas discoveries, the renewal or extension of an international oil and gas company's development and production license of a legacy contract area, to the redevelopment of small peripheral fields or the deployment of technology at scale to enhance production and maximise the recovery of a field's reserves.

The Company has a high-quality portfolio of 14 upstream oil and gas assets in Oman (excluding those assets that it is relinquishing or otherwise exiting). These assets range from those in the development and production phase to others being appraised for commerciality or undergoing exploration programmes. Some assets are

[1] For a discussion of how Adjusted EBITDA is calculated, see "*Presentation of Financial, Industry and Market Data—Non-IFRS Information and Certain Other Financial and Operational Data—Non-IFRS Information*" and "*Chapter XIII—Selected Historical Financial, Operating and Other Information—Other Financial and Operational Data*".

operated by the Company, while in others, the Company is a participant/non-operator alongside one or more joint venture partners.

The Company's six *key producing assets* comprise:

- Block 60, its flagship operated asset, an onshore contract area that primarily produces oil, and which accounted for nearly 25 per cent. of the Company's total working interest production in 2023;
- Block 61, a non-associated gas and condensate asset, which accounted for 33 per cent. of Oman's gas production in 2023;
- Block 65, a recent addition after a successful exploration programme and subsequent commercial development of the discoveries, which primarily produces oil and offers long-term prospects with sizeable reserve growth potential;
- Block 53, the largest thermal enhanced oil recovery ("**EOR**") contract area in the Middle East;
- Block 9, which produces oil, gas and condensate and accounted for 10 per cent. of Oman's oil production in 2023; and
- Block 10, a non-associated gas and condensate asset which was brought online in 2023 with the commencement of gas sales and which currently sells its gas production domestically, though with the sanctioning of the Marsa LNG project in 2024, is also now intended, once the LNG train is ready (currently expected for 2028), to supply gas to the Marsa LNG plant at the Port of Sohar, which will be the Middle East's first LNG bunkering facility with the option to export LNG.

The Company's three *exploration assets* comprise Blocks 48, 11 and 47.

The Company's five *other assets* comprise:

- Block 8, the only offshore production contract area in the Company's portfolio, which it operates on behalf of the Government through a service agreement;
- Musandam Gas Plant ("**MGP**"), an oil and gas processing facility and oil export terminal operated by the Company which currently processes the production from Block 8 and is well positioned to provide similar services to new oil and gas discoveries in the Musandam region, providing strategic energy infrastructure with fixed returns;
- two other service agreements in respect of the Karim Small Fields cluster ("**KSF**") and the Rima Small Fields cluster ("**RSF**"), both of which relate to producing contract areas; and
- a long-term sale and purchase arrangement in respect of gas imported to Oman from the Dolphin field in Qatar.

The Company is currently in the process of relinquishing its interests in three assets – Blocks 52, 30 and 62. It also completed the relinquishment of another asset, Block 42, in December 2023.

The majority of the Company's assets are operated pursuant to the terms of an exploration and production sharing agreement ("**EPSA**"), the main granting instrument by which the Government assigns the rights and obligations to a contractor to explore and produce hydrocarbons from a contract area, and a joint operating agreement ("**JOA**"), which governs the relationship between the participants for joint venture assets. Other assets operate under service agreements, concession agreements (in which case, a JOA as well) or tariffs-based agreements. The Company's partners include some of the world's largest oil and gas companies, including BP, Eni, MedcoEnergi, Occidental, Petronas, PTTEP, Shell and TotalEnergies, among others.

The Company sells all its oil and condensate entitlements to OQ Trading, an affiliated company that is wholly owned by OQ, on an FOB basis and for export at the Mina Al Fahal terminal pursuant to one- to two-year renewable contracts for each applicable contract area. These contracts are priced based on the Government's official selling price ("**OSP**") for Oman Export Blend ("**OEB**") plus a fixed premium for the term of the contract. The OSP is the monthly mean of the "Marker Price" for OEB as traded two months ahead for the relevant month on the Dubai Mercantile Exchange ("**DME**"). The Company currently sells all of its gas entitlement to Integrated Gas Company SAOC ("**IGC**") at pre-agreed prices pursuant to long-term, U.S. dollar-denominated gas sales agreements ("**GSAs**"), signed with IGC, with take or pay features.

The following table sets out certain key reserves data of the Company as at 31 December 2021, 2022 and 2023 and 30 June 2024, based on Company estimates.

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
1P reserves (*bboe*)[1]	0.614	0.705	0.675	0.632
of which oil (mmbbl)	266	252	262	240
of which gas (bscf)	2,019	2,628	2,394	2,274
2P reserves (*bboe*)[1]	0.917	1.076	1.016	0.974
of which oil (mmbbl)	400	407	422	400
of which gas (bscf)	3,001	3,879	3,449	3,330
3P reserves (*bboe*)[1]	1.218	1.449	1.338	1.296
of which oil (mmbbl)	554	614	578	556
of which gas (bscf)	3,855	4,845	4,411	4,291
2C contingent resources (*mmboe*)[1]	N/A	950	820	820
of which oil (mmbbl)	N/A	395	323	323
of which gas (bscf)	N/A	3,223	2,882	2,882

Note:

(1) Reserves and resources are shown on a working interest basis, which is calculated based on the Company's percentage of working interest multiplied by the relevant reserves or resources figure for the contract area and aggregated across contract areas.

The following table sets out certain key financial metrics of the Company as at and for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024.

	As at and for the year ended 31 December			As at and for the six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
Adjusted Revenue[1] (*OMR '000*)	843,873	1,266,290	1,087,762	554,884	427,892
of which oil and condensate sales (*OMR '000*)	642,172	1,027,140	867,181	456,617	321,416
of which gas sales (*OMR '000*)	169,964	199,525	136,044	73,040	80,696
Adjusted Profit before tax[1] (*OMR '000*)	491,044	619,426	690,396	217,759	179,161
Adjusted EBITDA[1] (*OMR '000*)	648,304	1,025,474	789,774	416,416	317,365

	As at and for the year ended 31 December			As at and for the six months ended 30 June	
	2021	2022	2023	2023	2024
Adjusted Free Cash Flow[1] (*OMR ’000*)	326,542	767,466	510,958	258,808	85,388
Adjusted Total assets[1] (*OMR ’000*)...............	1,867,240	1,960,658	1,770,663		1,781,072

Note:

(1) For a discussion of how Adjusted Revenue, Adjusted Profit before tax, Adjusted EBITDA, Adjusted Free Cash Flow and Adjusted Total assets are calculated, see “*Presentation of Financial, Industry and Market Data—Non-IFRS Information and Certain Other Financial and Operational Data—Non-IFRS Information*” and “*Chapter XIII—Selected Historical Financial, Operating and Other Information—Other Financial and Operational Data*”. Non-IFRS information presented for the years ended 31 December 2021, 2022 and 2023 is derived primarily from the Annual Financial Statements, which are presented on a consolidated basis. Non-IFRS information presented for the six months ended 30 June 2023 and 2024 is derived primarily from the Interim Carve-Out Financial Statements, which are presented on a carve-out basis, excluding Abraj.

Competitive Strengths and Strategies

The Company’s competitive strengths include:

- holding a differentiated and highly strategic position in the Sultanate of Oman as the largest pure-play upstream company in the country and the only wholly-Government-owned operator;
- benefiting from Oman’s attributes as an attractive investment destination, underpinned by stability, economic growth and long-term commitment to the oil and gas sector;
- maintaining a top-tier portfolio of operated and non-operated assets;
- being a partner of choice to blue-chip international oil companies (“**IOCs**”)
- possessing a proven track record of delivering value and growth, including through its selection for Government participation rights;
- driving resilient growth and robust cash flow generation to support self-funded growth and shareholder returns;
- upholding strong environmental, health and safety commitments and culture; and
- having a seasoned leadership team with significant industry experience and a track record of project delivery and growth.

The Company’s strategies include:

- continuing to invest in hydrocarbon exploration and production to maintain and further enhance its commitment to the Oman upstream landscape and sustain competitiveness and differentiation;
- further investing in and expanding its gas business to meet the growing demand for low-cost, lower carbon intensity energy and promoting the energy transition; and
- growing production across oil and gas through several avenues, including exploration, organic growth, asset optimisation, inorganic growth and by leveraging the Government’s participation rights.

For further details in relation to the Company's competitive strengths and strategies, see "*Chapter XII—Description of the Company and Business Overview*".

Chapter III
General Information on the Offer and the Company

Name	OQ Exploration and Production SAOG (under transformation).
Commercial registration number	1069417.
Date of registration	20 May 2009.
Registered office	P.O. Box 200, Postal Code 102.
Principal place of business/headquarters	Knowledge Oasis Muscat KOM/Al Seeb/Muscat Governorate.
Duration	Unlimited.
Financial Year	Commences on 1 January and ends on 31 December each year.
Issued share capital	OMR 80,000,000 divided into 8,000,000,000 Shares with a nominal value of Bzs 10 per Share.
Number of Shares offered for subscription (Offer Shares)	2,000,000,000 Shares, representing 25 per cent. of the Company's total Issued Share Capital.
Type of Shares offered for subscription	All the Shares issued by the Company and the entire equity capital of the Company consist only of ordinary shares. Each single Share carries the right to one vote at any general meeting, including any AGM, OGM or EGM.
Category I Subscription Price Range	Bzs 370 to Bzs 390 per Offer Share.
Category II Subscription Price Range	• For Omani Individuals who are Category II Applicants: Discounted Maximum Price of Bzs 351 per Offer Share, calculated as the Maximum Price of Bzs 390 less a discount of 10 per cent. • For Non-Omani Individuals who are Category II Applicants: Maximum Price of Bzs 390 per Offer Share.
Offer Price	The final offer price for the Offer Shares, which will be discovered through a bookbuilding in the Category I Offer. The Offer Price shall be determined within the limits of the Price Range as determined in "*Chapter XIX—Subscription Conditions and Procedures*".
Percentage of the total Issued Share Capital on Offer	25 per cent. of the Issued Share Capital of the Company.
Name of the Selling Shareholder and number of Shares being sold	OQ SAOC: 2,000,000,000 Shares, representing 100 per cent. of the Offer Shares.
Purpose of the IPO	The Company and the Selling Shareholder are undertaking the IPO as part of the divestiture of a minority stake in the Company by the Selling Shareholder in accordance with the Government's divestment programme.
Persons eligible for the Category I Offer Shares	Category I Applicants, as described in "*Chapter XIX—Subscription Conditions and Procedures*" of this Prospectus.
Persons eligible for the Category II Offer Shares	Category II Applicants, as described in "*Chapter XIX—Subscription Conditions and Procedures*" of this Prospectus.

Persons prohibited from subscribing to the Offer	The following Applicants shall not be permitted to subscribe to the Offer: • Sole proprietorship establishments: The owners of sole proprietorship establishments may only submit Applications in their personal names. • Trust accounts: Customers registered under trust accounts may only submit Applications in their personal names (except in specific circumstances detailed in "*Chapter XIX—Subscription Conditions and Procedures*" of this Prospectus). • Selling Shareholder: The selling shareholder of the Company may not subscribe to the Offer Shares in the IPO. • Multiple Applications: An investor may not submit more than one Application. • Joint Applications: Investors may not submit applications in the name of more than one individual (including on behalf of legal heirs). • Related Parties: The related parties of the Company may not participate in the Category I Offer of the IPO, except where such relationship is due to common shareholding or control exercised by the administrative apparatuses of the Government or their primary activity is investment related.
Proposed allocation procedure	The allocation of the Offer Shares will be made as follows: <u>Category I Applicants (non-individual investors):</u> • 800,000,000 Offer Shares have been allocated for Category I Applicants, being 40 per cent. of the Offer (allocation to Category I Applicants to be made on a proportionate basis). <u>Anchor Investors (non-individual/institutional investors):</u> • 400,000,000 Offer Shares have been allocated for Anchor Investors, being 20 per cent. of the Offer. The allotment to Anchor Investors has been confirmed by the Selling Shareholder as presented in "*Chapter VIII—Shareholding Details*" and "*Chapter XX—Subscription and Sale*" of this Prospectus. <u>Category II Applicants (individual investors):</u> • 800,000,000 Offer Shares have been allocated for Category II, being 40 per cent. of the Offer (allocation to Category II Applicants to be made on a proportionate basis). The Category II Offer is further subdivided, with 50 per cent. of the Category II Offer being allocated to Category II Applicants (large retail) and 50 per cent. of the Category II Offer being allocated to Category II Applicants (small retail). If the aggregate demand in Category II is less than 40 per cent. of the Offer, then after full allocation to the

	Category II Applicants, the balance of the Offer Shares will be made available to the Category I Applicants in the respective proportion outlined above for allocation at the Offer Price, if there is oversubscription in Category I. If the aggregate demand in Category II is greater than 40 per cent. of the Offer Shares, the FSA may decide that a minimum number of Category II Offer Shares be distributed equally among Category II Applicants (small retail), and the remainder of Category II Offer Shares shall be allocated on a pro-rata basis.
Minimum limit for subscription by each Applicant	Category I Applicants: 100,000 Offer Shares and in multiples of 100 Offer Shares thereafter. Category II Applicants (large retail): 28,600 Offer Shares and in multiples of 100 Offer Shares thereafter. Category II Applicants (small retail): 500 Offer Shares and in multiples of 100 Offer Shares thereafter.
Maximum limit for subscription by each Applicant	• Category I Applicants: No maximum limit. • Category II Applicants (large retail): No maximum limit. • Category II Applicants (small retail): 28,500 Offer Shares.
Maximum limit for subscription by each Anchor Investor	400,000,000 Offer Shares (equivalent to 20 per cent. of the Offer Shares).
Category I Offer Opening Date	30 September 2024.
Category I Offer Closing Date	10 October 2024.
Category II Offer Opening Date	30 September 2024.
Category II Offer Closing Date	9 October 2024.
Pricing Date	17 October 2024.
Settlement Date	On or about 24 October 2024, or such earlier date as may be notified by the Joint Global Coordinators.
Listing Date	On or about 28 October 2024, or such earlier date as may be notified by the Joint Global Coordinators.
Date of EGM for approval of the IPO	8 September 2024.
Issue Manager	Sohar International Bank SAOG.
Joint Global Coordinators	**Oman Investment Bank SAOC** P.O. Box 10, Postal Code 133, Dana House, Al Khuwair, Muscat, Sultanate of Oman **Sohar International Bank SAOG** P.O. Box 44, Postal Code 114, Ruwi, Muscat, Sultanate of Oman *and two international banks.*
Collection Agents	Ahli Bank SAOG, Ahli Islamic Bank, Bank Dhofar SAOG, bank muscat SAOG, Bank Nizwa SAOG, Dhofar Islamic, Horizon Capital Markets SAOC, Jabal Asset Management LLC, Meethaq Islamic Banking – Bank Muscat SAOG,

	National Bank of Oman SAOG, Oman Arab Bank SAOG, Sohar International SAOG, Sohar Islamic, Ubhar Capital SAOC, United Securities LLC and Vision Securities LLC.
Auditor	**KPMG LLC** Children's Public Library Building 4th Floor, Shatti Al Qurum PO Box 641, PC 112 Sultanate of Oman
Legal Adviser to the Company as to Omani Law	**MAQ Legal** Al Maamary, Al Abri & Co. Suite No. 321/322 The 1991 Office Building PO Box 1963, Postal Code 130 Bousher, Muscat, Sultanate of Oman
Legal Adviser to the Company as to U.S. and English law	**Linklaters LLP** One Silk Street London EC2Y 8HQ United Kingdom
International Legal Adviser to the Joint Global Coordinators, Issue Manager and Collection Agents as to U.S. and English Law	**Allen Overy Shearman Sterling LLP** One Bishops Square London E1 6AD United Kingdom 5th Floor, Al Mamoura Building B Muroor Road P.O. Box 7907, Abu Dhabi United Arab Emirates

Chapter IV
Risk Factors

Investing in and holding the Shares involves financial risk. Prospective investors in the Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the following risks associated with an investment in the Company and the Shares, that should be considered together with all other information contained in this Prospectus. If one or more of the following risks were to arise, the Company's business, financial condition, results of operations and prospects or the price of the Shares could be materially and adversely affected, and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily include all of the risks associated with an investment in the Company and the Shares. Additional risks and uncertainties not currently known to the Company or which the Company currently deems immaterial may arise or become material in the future and may have a material adverse effect on the Company's business, financial condition, results of operations and prospects, prospects or the price of the Shares.

Risks Relating to the Company and its Business

1. The Company's cash flows and results of operations are significantly impacted by international oil supply and demand and the price at which its oil and condensate is sold.

Sales of oil and condensate, which is a by-product of both oil and gas production, are the largest component of the Company's revenue, accounting for 67.1 per cent., 73.9 per cent., 71.8 per cent. and 75.1 per cent. of the Company's revenue for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively. Accordingly, the Company's results of operations and cash flows are significantly impacted by the price at which its oil and condensate is sold.

International oil supply and demand and the sales price for oil are affected by many factors that are beyond the Company's control, including:

- market expectations with respect to the future supply of petroleum products, demand and price changes;
- global economic and political conditions and geopolitical events, including, amongst others, financial crises and events that impact or disrupt international trade (including trade routes);
- conflicts and war, including the conflicts in Ukraine and the Palestinian territories (and neighbouring regions) and acts of terrorism;
- decisions regarding production levels by oil-producing states;
- the introduction of financial sanctions by governments, particularly sanctions targeting oil-producing states and oil-producing companies;
- the impact of natural disasters and public health pandemics or epidemics on supply and demand for oil, general economic conditions and the ability to deliver oil;
- the development of new oil exploration, production and transportation methods or technological advancements in existing methods, including hydraulic fracturing or "fracking";
- capital investments of oil and gas companies relating to the exploration, development and production of oil reserves;

- the impact of climate change on the demand for, and price of, hydrocarbons (see "—*Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause the Company to incur costs or invest additional capital*");
- changes to environmental or other regulations or laws applicable to oil and related products or the energy industry generally (see "—*The Company could face significant liabilities for damages, clean-up costs or penalties under environmental and safety laws and changes in such laws could materially increase the Company's costs*");
- the adoption of gas as a less carbon-intensive fuel than oil products;
- the adoption of alternative energy sources, including renewable energy sources such as solar, wind and hydrogen, which could reduce the demand for oil, gas and condensate;
- the electrification of transportation, technological developments in the cost or endurance of batteries or fuel cells for electric vehicles and changes in transportation-mode preferences;
- seasonal fluctuations and global and regional weather conditions affecting supply and demand; and
- fluctuations in the value of the U.S. dollar, the currency in which oil is priced globally.

Following significant fluctuations in the price of Brent as a result of the COVID-19 pandemic's impact on worldwide demand for oil and economic activity, as well as other supply and demand factors, Brent prices recovered to above US$60/bbl in January 2021, reaching US$77.24/bbl by 31 December 2021. Following the beginning of the conflict in Ukraine in February 2022, Brent prices increased significantly, reaching a high of US$133/bbl in August 2022. In subsequent months, Brent prices decreased to levels comparable to those prior to the conflict in Ukraine, ending 2022 at US$82.82/bbl, reflecting the Chinese government's abandonment of its zero-COVID policy and robust consumption in the United States.

In the first half of 2023, Brent crude prices decreased to a low of US$71.03/bbl in connection with developments in the banking sector, such as the collapse of Silicon Valley Bank, the takeover of Credit Suisse and fears regarding a global recession (including concerns about China's economic growth and fears of a U.S. recession) and higher-than-expected Russian oil exports that put downward pressure on oil prices. However, during the second half of 2023, the average price of Brent crude increased to US$84.52/bbl and the price as at 31 December 2023 was US$77.69/bbl, primarily reflecting the resilience of the U.S. economy and production cuts by OPEC+. During the first six months of 2024, the price of Brent oil remained strong, increasing to US$87.26 at 30 June 2024 due to the extension of OPEC+ cuts in production.[2]

Since 2018, the OEB price, from which the Government derives the OSP, which in turn yields the price (as adjusted by a fixed premium for the term of a given contract) at which the Company sells its oil and condensate, has largely followed fluctuations in Brent prices. For further information on the pricing of Brent and OEB, see "*Chapter XIV—Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Company's Business and Results of Operations—Market Supply, Demand and Related Price of Oil and Gas—Oil*" and "*Chapter X—Industry Overview and Regulatory Framework—Role of Hydrocarbons in Oman—Oman Crude Price vs. Benchmark Crudes*". In 2021, 2022, 2023 and the first six months of 2024, the average price for OEB per barrel was US$64.29, US$95.36, US$82.30 and US$83.24, respectively.

In addition to the factors noted above, the price of OEB is also affected by the following Oman-specific factors:

[2] Source: US Energy Information Administration.

- policies and regulations of the Government;
- oil and gas production decisions by other producers in Oman, including producers owned by the Government;
- the stability and quality of oil that is produced and marketed as OEB;
- disruptions in demand for oil in Oman;
- supply disruptions due to oil storage or transportation issues in Oman; and
- pricing issues, such as disruptions at the DME, where OEB forward contracts are traded.

Volatile oil prices make it a challenge to estimate the value of production and often cause disruption in the market for oil producing assets. Price volatility also makes it a challenge to budget for, and project the return on, potential acquisitions and exploration and development projects. In addition, the price of OEB is affected by the demand for OEB in Asia, particularly China, which represents a large portion of the market for OEB. As a result, any prolonged slowdown in economic growth, an economic recession or any other adverse economic or political developments in Asia, and China in particular, that negatively impacts the demand for oil could lead to reductions in demand for OEB, which could adversely affect the price of OEB. While during the periods under review, the OEB price at which the Company sold its oil and condensate exceeded the average break-even price for its contract areas, there can be no assurance that this will remain the case in the future, and significant declines in the OEB price (as was the case in 2020) can nevertheless have a material impact on the profitability of a contract area, particularly because the Company does not engage in financial hedging activities to protect against fluctuations in OEB prices.

Any of the foregoing factors could result in a decrease in the price at which the Company can sell its oil and condensate and impact the projected economic return of both producing and exploration assets, any of which could have a material adverse effect on its business, financial condition, results of operations and prospects.

2. The Company's growth strategy depends, in part, on its successfully competing for new contract areas to expand its production capacity.

The oil exploration and production industry in Oman is competitive, and the Company's growth strategy depends in part upon its ability to successfully bid for and win Government auctions for new oil and gas exploration and production contract areas, in particular those contract areas with the most attractive potential oil and gas reserves. The Company's primary competitors in these auctions include other Omani oil companies, national oil companies outside Oman ("**NOCs**") and international oil companies ("**IOCs**"), any of which may possess greater technical, operational and/or financial resources than the Company.

This competition may result in the Company failing to obtain desirable contract areas or acquiring contract areas at a price or terms and conditions which could result in the subsequent production not being economically viable or failing to recover its initial investment or price, either of which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

3. The Company has historically benefited from the exercise by the Government of its participation rights through the Company, although the Government is not obliged to do so.

Pursuant to the EPSA that is signed for any contract area before exploration or production activities can begin, the Government retains participation rights in prospective oil and gas developments that achieve a DOC. It does this by appointing a nominee to claim up to a 30 per cent. working interest in the contract area. The Company has historically been the Government's preferred nominee to exercise these participation rights, having been chosen as the sole beneficiary of both of the Government's participation rights that have been exercised since the Company's foundation in 2009. For further information on how the Company has benefited from participation rights, see "*—Chapter XII—Description of the Company and Business Overview—Participation Rights*". However, there can be no assurance that the Company will be the beneficiary of future participation rights exercised by the Government, as the Government is not obliged to grant any such rights to the Company. Should the Government choose another entity to act as its nominee with respect to future participation rights, this would affect the Company's access to future additional supply of oil, gas and condensate outside its current portfolio, and therefore its business, financial condition, results of operations and prospects could be adversely affected.

4. The Company's production capabilities are subject to operational risks and hazards that may have a significant impact on its operations or result in significant liabilities and costs.

The Company is subject to operational risks that are common in the oil and gas industry. These risks include, but are not limited to:

- oil or gas spills, pipeline leaks and ruptures, storage tank leaks, and accidents involving explosions, fires, blowouts and surface cratering;
- power shortages or failures;
- unavailability of, or delay in the receipt of, necessary supplies and services;
- mechanical or equipment failures;
- transportation interruptions and accidents, including road traffic accidents;
- cyclones, storms, floods, earthquakes and other natural disasters;
- extreme weather, including lighting strikes and sand storms; and
- chemical spills, discharges or releases of toxic or hazardous substances or gases.

These risks could result in disruption of, damage to, or destruction of the Company's facilities, death or injury to people and harm to the environment, any of which could have a significant impact on the Company's operations or result in decreased revenues, increased costs, or regulatory or legal action, including penalties, fines, remediation commitments or the loss of essential licences. Furthermore, the Company may also be subject to claims with respect to workplace exposure, workers' compensation and other matters. If a subcontractor is responsible for the damage, the Company's recourse may be limited by contractual agreements or the subcontractor's financial viability. Such occurrences could also interrupt the Company's operations or delay projects, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

Furthermore, certain recovery methods, such as hydraulic fracturing, or the overproduction of hydrocarbons or over injection of water or other improper operations, could damage the Company's reservoirs or otherwise reduce the volume of recoverable hydrocarbons.

Moreover, all of the Company's assets are located in Oman, and, with respect to its oil and condensate, it relies on an extensive network of pipelines, booster stations and metering facilities primarily operated by PDO (the "**Main Oil Line**") to allow oil and condensate produced in its contract areas to be sent to Oman's main oil terminal at Mina Al Fahal. With respect to its gas, the Company's current sole gas customer, IGC, relies on the gas pipeline infrastructure operated by OQ Gas Networks ("**OQGN**") to take delivery of and transport gas throughout Oman. The Company also depends on the continued operability of production facilities to process its oil and condensate, some of which are owned and operated by third parties. A significant disruption to these transport networks and processing facilities could have a material adverse effect on its business, financial condition, results of operations and prospects. See also "*—The Company relies on oil, gas and condensate* *processing plants and facilities to conduct its activities, and any unplanned curtailment or interruption of the operations of these facilities could adversely impact its business*.” and “*—The Company could be materially adversely affected by disruptions to the storage, transportation and distribution infrastructure on which it relies*.”

5. All the Company’s oil and condensate is sold to OQ Trading and, as a result, the Company is exposed to risks associated with OQ Trading’s ability to take and to pay for the Company’s oil and condensate.

The Company sells all its oil and condensate entitlements to OQ Trading, an affiliated company that is wholly owned by OQ, on an FOB basis and for export at the Mina Al Fahal terminal pursuant to one- to two-year renewable contracts for each applicable contract area. These contracts are priced based on the Government’s OSP for OEB plus a fixed premium for the term of the contract. The OSP is the monthly mean of the “Marker Price” for OEB as traded two months ahead for the relevant month on the DME.

As a result, the Company is exposed to risks relating to OQ Trading being the sole offtaker for the Company’s oil and condensate. These risks include non-payment risks, which may involve OQ Trading facing financial instability or insolvency or insufficient access to liquidity in the form of cash on hand or short-term borrowings, and non-performance risks, which may involve OQ Trading suffering operational disruptions that adversely affect its ability to offtake the Company’s oil and condensate.

If OQ Trading does not offtake the Company’s oil and condensate or reduces the quantity of oil and condensate that it offtakes for any reason, the Company would need to seek alternative offtakers, which could take time to co-ordinate and manage, also increasing the risk of underlift and the complexity of related reconciliations, large discounts for disposals at very short notice, disposal by PDO due to high tank top by distress sale or flaring and the possibility of claims for damages from joint venture partners or PDO. Additionally, the terms it negotiates with alternative offtakers may not be as commercially attractive as those it has agreed with OQ Trading. Furthermore, OQ Trading could seek to alter the terms of its offtake agreements with the Company, and there can be no assurance that any such changes would be to the Company’s benefit.

If any of these circumstances were to occur, it could have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

6. All the Company’s gas is currently sold to IGC and, as a result, the Company is exposed to risks associated with relying on a sole customer.

The Company currently sells all its gas entitlement to IGC pursuant to long-term, U.S. dollar-denominated GSAs in which IGC agrees to pay for the Company’s gas at a pre-agreed price with take or pay features (although once the Marsa LNG plant is commissioned, which is expected in 2028, a portion of the Company’s gas entitlement will be sent there). As a result, the Company is exposed to customer concentration risks with IGC. If IGC is unable to take or pay for the Company’s gas, the Company would need to source other purchasers, and there can be no assurance that it would be able to do so, particularly because IGC is currently the sole domestic offtaker of gas in Oman. Consequently, the Company might need to curtail production if it is unable to source purchasers quickly. Furthermore, IGC could seek to alter the terms upon which it is willing to pay for the Company’s gas for commercial or other reasons when it enters into a new GSA. Any disruption in IGC’s ability to take or pay for the Company’s gas entitlement, or change in the terms on which IGC purchases gas from the Company, could materially adversely affect the Company’s business, financial condition, results of operations and prospects.

7. There can be no assurance that the Company will be able to implement its strategy or that its strategy, when implemented, will deliver all the benefits envisaged.

The Company's strategy aims to reinforce its competitive positioning across its upstream operations while ensuring the safety of its people and the sustainable monetisation of its hydrocarbon resources. Among other things, the Company intends to continue investing in exploration and production opportunities and to expand its gas business.

The Company's strategy may not be successful or may not proceed as swiftly as planned. If the implementation of the strategy is slower than envisaged, it could hinder the Company's ability to achieve its goals, involve higher costs than expected, and result in reduced savings from anticipated efficiencies and cost reductions. Additionally, it may require more resources to execute its strategy than it had initially planned for. For further information about the risks related to the Company's exploration and production projects, see "*—The Company's ongoing projects expose it to a range of financial, regulatory, construction and other risks*". In addition, the Company's ability to acquire, develop and retain adequate talent and resources is key to achieving its strategy. Its failure to do so may impede the Company from realising its strategic ambitions and objectives, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

8. Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products, and could cause the Company to incur costs or require it to invest additional capital.

The Company's operations result in the emission of carbon dioxide, which is a by-product of burning fuels (including oil, gas and condensate) and is a greenhouse gas ("**GHG**"), which has been linked to the physical and transition risks associated with climate change. Climate change risks include physical risks resulting from changing climate and weather patterns and extreme weather-related events, as well as transition risks resulting from the process of adjustment towards a lower carbon, climate-resilient or environmentally sustainable economy (including policy changes, legislative changes, technological progress and behavioural changes). Both physical risks and transition risks can have financial consequences, for example through higher insurance settlements or disruptions to operations.

In particular, increasing pressure on governments to reduce GHG emissions has led to a variety of actions that aim to reduce the use of fossil fuels, including, among others, carbon emission cap and trade regimes, carbon taxes, increased energy efficiency standards and incentives and mandates for renewable energy and other alternative energy sources. International conventions and agreements that aim to limit or reduce GHG emissions are currently in various stages of implementation, and it is difficult to predict with certainty the ultimate impact that GHG-related laws, regulations and international agreements will have on the Company. For example, Oman's entry into the Paris Agreement, which was ratified by the Royal Decree No. 28/2019 and became effective in April 2019, signifies a commitment to its goals. Many of the countries that have ratified the Paris Agreement are adopting domestic measures to meet these goals, which include reducing their use of fossil fuels and increasing their use of alternative energy sources.

Furthermore, many countries, including Oman, are also actively trying to develop alternative sources of energy or alternative methods of increasing domestic oil production to reduce their dependence on imported oil, as well as combating climate change. At the 2023 United Nations Climate Change Conference, nearly 200 countries, including Oman, agreed to a new climate deal which aims to reduce carbon pollution and transition away from fossil fuels in energy systems with the target of achieving net zero by 2050. In general, it is too early to know or measure the impact that these pledges and investments will have on hydrocarbon production in Oman or on demand for fossil fuels from Oman in the medium or long term, but the impact could be substantial.

Oman's compliance with the Paris Agreement and these other initiatives, as well as the goals set out in its Vision 2040 strategy, will require the reduction of carbon dioxide emissions in Oman, and the responsibilities of Omani companies may change following the implementation of any carbon dioxide mitigation regulations. In furtherance of these global initiatives, in March 2022, Oman established the National Committee for Climate Change and Protection of the Ozone Layer, which convenes representatives from 32 stakeholders to address climate change-related issues in Oman. The work of this committee is intended to complement Oman's National Strategy for Adaptation and Mitigation of Climate Change for the 2020-2040 period. Oman has also supported different renewable energy initiatives within the country, such as labelling appliances based on energy efficiency, mandates on use of LED bulbs and others. Oman has also pledged to reduce total GHG emissions by 21 per cent. by 2030. In March 2023, a representative of Oman's Environment Authority confirmed that Oman has adopted a national plan for zero carbon neutrality, pursuant to which five main sectors have been targeted as part of the strategy to reduce GHG emissions, including oil and gas, electricity production, transportation, industry and construction. It is unclear to what extent regulations and emission-reducing measures targeting the oil and gas sector will impact the Company, but any such measures could result in, for example, increased costs to operate and maintain the Company's operations, reduced production, increased capital expenditure to install new emission controls at the Company's operations and increased costs to administer and manage any potential GHG emissions or cap and trade or other control programmes, all of which could require additional cash contributions. The Company also intends to apply heightened screening for compliance with changing climate change regulations, which may materially impact production if future projects do not meet new screening criteria.

Existing and future climate change concerns and impacts, including physical impacts to infrastructure, and related laws, regulations, treaties, protocols, policies and other actions could shift demand to other fuels, reduce demand for hydrocarbons and hydrocarbon-based products, reduce production and have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

9. The Company's ongoing projects expose it to a range of financial, regulatory, construction and other risks.

The Company is actively involved in various exploration and development projects in its operated contract areas and through joint venture operators in its non-operated contract areas.

In its operated contract areas, for example, in 2021, it completed several projects associated with Block 60, including the Bisat B oil processing facility, an operations camp extension, the main oil export pipeline connection, an asphalt road and other associated off-plot projects. In 2022, the Company completed the Bisat field Phase 2 development, which included the Bisat C oil processing facility, an upgraded fuel station, a temporary power generation facility (stage 1) and other associated off-plot projects. In 2023, the Company initiated the Bisat field Phase 3 development, which involves the completion of the temporary power generation Facility (stages 2 and 3), along with other associated off-plot projects. Additionally, the Company began the tendering and contractor award process for the Bisat oil and water processing facilities expansion, Bisat gas recovery, a water treatment plant and a permanent power generation facility. Further expansions of the Bisat oil and water processing facilities as well as the water treatment plant and permanent power generation facility are scheduled for completion by the end of 2025.

When undertaking a significant project (for operated and/or non-operated assets), the Company faces various risks, including:

- making significant capital expenditure (e.g., exploratory drilling) with no guarantee that such expenditure will result in the discovery of commercially deliverable oil or gas, and without receiving cash flow from the project concerned until future periods or being unable to cover costs;

- a shortage of available cash to fund construction and capital improvements, and the related possibility that financing for such construction and capital improvements may not be available to the Company on suitable terms or at all;
- delays in obtaining, or a failure to obtain, all necessary permits, approvals and authorisations;
- failure of the project to achieve agreed technical parameters at completion;
- an inability to complete projects on schedule, within budget or at all;
- a failure to complete the minimum work obligations as set out in the applicable EPSA by the deadline specified therein, as a result of which the Company could be required to pay the value of the unfinished minimum work obligation to the Government; and
- the fact that actual results might differ from modelled results due to a number of factors, including, *inter alia*, fluctuations in the price of hydrocarbons, errors or erroneous assumptions in the models, such as unanticipated market and economic conditions or heightened competition from third parties, that may result in the Company's investment not being profitable or not generating the originally anticipated level of cash flows.

The Company's estimated exploration and development costs and benefits are subject to assumptions that may not materialise. Any inability to explore, appraise or develop a contract area or the non-materialisation of assumptions regarding such costs or benefits may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company's ongoing activities (for operated and/or non-operated assets) also expose it to a number of execution risks and potential cost overruns, including, but not limited to:

- major design and/or project execution changes, whether caused by changes in technological demand, market conditions or other factors;
- an inability to find suitable contractors either at the commencement of a project or following a default by an appointed contractor;
- default or failure by the Company's contractors to finish projects on time and within budget;
- disruption in service and access to third parties;
- delays and increased costs arising from shortages of material, equipment and labour;
- long lead times for the delivery of complex plant and equipment
- defective materials;
- not receiving necessary approvals, either on time or at all;
- adverse weather conditions or natural disasters;
- labour disputes or disputes with subcontractors;
- accidents;
- changes in governmental priorities; and
- escalating costs of materials, manpower and global commodity prices.

Any of these factors, or any other unforeseen circumstances, could materially delay the completion of a project or materially increase the costs associated with a project, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

10. The oil and gas reserve estimates set out in this Prospectus are subject to various uncertainties, including factors beyond the Company's control.

The reserve estimates set out in this Prospectus were evaluated using Company estimates. This Prospectus also includes an independent third-party reserves report (the "**GaffneyCline Reserves Report**") which has been prepared using the Society of Petroleum Engineers' Petroleum Resource Management System ("**PRMS**"), following an external audit by Gaffney, Cline & Associates ("**GaffneyCline**"). For further detail on the GaffneyCline Reserves Report, see "*Chapter XIII—Selected Historical Financial, Operating and Other Information—GaffneyCline Reserves Report*" and Appendix 1. There are numerous uncertainties inherent in estimating quantities of proved, probable and possible oil and gas reserves and other resources, including many factors beyond the Company's control. The reserves information set out in this Prospectus comprises estimates as at 31 December 2023 and 30 June 2024. In general, estimates of oil and gas reserves are based on recognised rules and use a number of factors and assumptions made as at the date on which the reserves estimates were determined, such as geological and engineering estimates (which have inherent uncertainties), historical production from the assets, the assumed effects of regulation by governmental agencies and estimates of commodity prices and capital and operating costs, all of which may vary considerably from actual results. All such estimates are, to some degree, uncertain, and the classification and categorisation of reserves and resources aims to quantify the degree of project maturity and uncertainty involved. For these reasons, estimates of the oil and gas reserves attributable to any particular group of assets and the classification of such reserves based on assessments of risk and recoverability prepared by different engineers or by the same engineers at different times may vary substantially. In addition, due to the inherent risks in development activities, there can be no assurance that the estimated oil and gas reserves set out in this Prospectus will be converted into commercial production, the value of such production will be in accordance with targeted or expected value or that the Company will meet its targeted production timelines. Actual production, revenue, taxes and development and operating expenditures with respect to reserves are likely to vary from estimates, and such variances could be material. The recording of a reduction in reserves, often referred to as "de-booking", is not strictly an accounting process but is linked to more holistic impairment testing, which also considers various factors, including market conditions, new technical information, production costs and future development plans. While the de-booking of reserves may not necessarily result in an asset impairment write-down, major oil companies have in the past recorded significant losses as a result of reserves estimates being reduced due to sustained periods of low oil and gas prices or for other reasons.

Potential investors should note that the definitions and guidelines prescribed by the U.S. Securities and Exchange Commission or any other regulatory body may provide for a more conservative approach to reserve estimates and therefore result in lower reserve values than the approach currently followed by the Company to assess the Company's reserves. There can be no assurance that an assessment of the reserves using the Company's current methodology would be consistent with an assessment using any other methodology.

11. The Company's operations are capital intensive and it will continue to have material funding requirements.

Upstream oil and gas activities are capital intensive, particularly those associated with exploration and EOR projects where the injection of gas, steam, heat and/or chemicals into reservoirs may be employed to increase oil and gas production. Therefore, ready access to funds is essential to the Company's business including, in particular, from third parties to finance maintenance and capital expenditure when net operating cash flow is negative or insufficient to cover such costs. If exploration efforts and EOR recovery methods do not result in expected production levels, the Company may not realise an acceptable return on the investments it makes to use such methods and they thus may not contribute satisfactorily to cash flow. Consequently, if cash flows from the Company's operating activities, contract area divestments and third-party borrowings are not sufficient to fund the Company's maintenance and capital expenditure requirements, the Company may be required to reallocate available capital among its projects, modify its capital expenditure plans and/or raise additional external financing. Such measures may result in delays to, or cancellation of, certain projects or deferral of certain capital expenditure.

In addition, the Company's ability to obtain external financing and the costs of such financing depend on numerous factors, including general economic and market conditions, international interest rates, credit availability from banks or other lenders and investor confidence in the Company and the success of its business. Global credit markets have been and continue to be affected by periods of uncertainty, volatility and disruption, including most recently as a result of the conflict in Ukraine, U.S. and European bank failures, inflation and the conflict in the Palestinian territories (and neighbouring regions). These challenging market conditions have resulted in higher interest rates, reduced liquidity, greater volatility, a widening of credit spreads and a lack of price transparency in credit markets. Although the Company recently refinanced its indebtedness and entered into a new series of term loans, if it is required to raise additional external financing in the near to medium term, a worsening of general global economic conditions or any further changes in investment markets, including, but not limited to, changes in expectations for international, regional or local growth rates, geopolitical tensions, commodity prices, international interest rates, exchange rates and returns from equity, property and other investments, could affect its ability to secure financing on terms similar to those received in the past or at all.

Moreover, the Company has entered into a US$500 million bridge facility due in 2026 with a semi-annual interest payment equivalent to 85 basis points over term SOFR (the "**Bridge-to-Bond**"). While the Company intends to repay the Bridge-to-Bond ahead of maturity through the proceeds raised from the issuance of publicly issued bonds, there can be no assurance that it will be able to do so on acceptable terms or at all. This could result in the Bridge-to-Bond remaining in place over a longer period of time than currently anticipated, which could result in the Company incurring higher interest expense than would otherwise be the case if it were able to replace the Bridge-to-Bond with a public bond which may be entered into on more favourable terms than the Bridge-to-Bond.

If appropriate sources of financing are not available or are only available on onerous terms and there is not sufficient operating cash flow, this could adversely affect the Company's business through increased borrowing costs. In addition, the Company may be forced to, among other things, delay or reduce capital and investment expenditures, forgo business opportunities, or restructure or refinance all or a portion of its debt on or before maturity. Any of the foregoing could have a material adverse effect on the Company's business, financial condition and results of operations.

12. Nearly all of the Company's exploration and production assets are held through joint ventures, exposing the Company to risks related to such ownership structures.

All of the Company's production entitlement derives from joint venture assets, including one operated contract area (Block 60) and five non-operated contract areas (Blocks 61, 9, 10, 65 and 53). The Company's exploration assets, all of which are joint ventures, include one operated contract area (Block 48) and two non-operated contract areas (Blocks 11 and 47). Each of these contract areas is operated either by the Company or by a joint venture partner, with operations carried out in the interest of the joint venture partners through JOAs. The relationship between the joint venture partners and the Ministry of Energy and Minerals of Oman ("**MEM**") is governed by an EPSA or concession agreement. Whether operated or non-operated, the Company's business and legal interests may not be aligned with those of its joint venture partners. Furthermore, a failure by any of the Company's partners to comply with obligations under the relevant production licences could lead to fines, penalties, restrictions or even revocation of the production licence or expulsion from an EPSA or concession agreement. Since joint venture partners are jointly and severally liable to the Government for obligations arising from petroleum activities as per the EPSAs, if a partner fails to pay their share of a licence cost (related to, e.g., a mandatory work programme or decommissioning liability), the Company could be held liable for such partner's share of the relevant cost.

Additionally, there is a risk that the Company's joint venture partners may not be able to fund or may elect not to participate in or consent to certain exploration or production activities which require their consent. These activities include but are not limited to decisions related to: (i) the acquisition of technical/seismic data; (ii) drilling programmes, such as decisions on the number, identity and sequencing of wells; (iii) appraisal and development; (iv) production; and (v) abandonment (e.g., "drill or drop" decisions). In such circumstances, it may not be possible for the Company alone or with other joint venture partners to undertake these activities at the desired time, sequence, or at all. Conversely, decisions by joint venture partners to engage in these activities may be contrary to the Company's preferences, potentially requiring the Company to incur its share of related costs, which may be significant. Furthermore, if a joint venture partner defaults on its obligations, other partners, including the Company, would need to fund (or obtain financing to fund) the defaulting partner's share. Other joint venture partners may also enforce decisions which could delay or affect the profitability of a project.

Investments in non-operated assets are subject to additional risks. Where the Company is not the operator of a contract area under a joint venture, it generally retains voting rights for significant operational matters, depending on the interest level in the asset (as most decisions by the operating committee require at least a majority vote). However, this offers only a limited degree of control over non-operated assets. As a result, the Company may be unable to enact strategic goals or prevent operational issues, inefficiencies or other problems. Mismanagement by the operator, or disagreements with the operator or other joint venture partners regarding the appropriate course of action could result in significant delays, losses or increased costs to the Company or, in the worst case, the cessation of operations and/or termination of the EPSA or concession agreement by the Government.

Additionally, a change in the current or anticipated operational performance of, or an announcement of adverse changes or events by, the operator of the asset could lead to an impairment charge on the Company's investment. Significant asset impairments, material divestments to inexperienced or inappropriate joint venture partners, changes in operational performance or loss of key personnel at the operator, among other factors, could impact the operator's performance and impair their ability to achieve targets. Additionally, operators perform their duties on a no-profit no-loss basis, being entitled to only their working interest share of entitlements of the contractor under an EPSA or a concession agreement. As a result, generally speaking, the loss resulting from any action of an operator is shared in proportion to the working interest of the joint venture partners. Further, if a partner defaults in its ability to bear such loss, although the non-defaulting partners have legal recourse to try and recover the loss from such defaults from the defaulting partner, it may ultimately not be possible to do so financially, as often such participation is through limited liability special purpose vehicles and the ultimate parent is not obliged to honour the obligations of such vehicles.

Any of the above risks could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

13. The Company relies on third-party suppliers, manufacturers and subcontractors to provide rigs, other capital equipment, components, supplies and services, which exposes it to risks relating to product and service quality and price, interruptions in supply and disruptions to its operations.

The Company relies on third-party suppliers, manufacturers and subcontractors, including OQ affiliated companies, to provide rigs and other capital equipment, components, supplies and services. This reliance exposes it to risks relating to the quality, price and availability of these items and services. Certain equipment and components that the Company uses in its operations may only be available from a small number of third-party suppliers, manufacturers or subcontractors. The failure of one or more of these suppliers, manufacturers or subcontractors to provide rigs and other capital equipment, components, supplies or services at the required quantity and expected quality, whether due to insolvency, capacity constraints, production or delivery disruptions, price increases, quality control issues, recalls, lack of qualified personnel or otherwise decreased availability of parts and equipment, is beyond the Company's control, could disrupt its operations and expose it to liability to its customers or the Government. Although the Company may be able to seek compensation from its suppliers, manufacturers or subcontractors for any such losses, there can be no assurance that such amounts will be recovered or the amounts recovered will fully compensate it for any liabilities the Company may otherwise have.

In addition, if the Company's suppliers or other contractual partners are unable or unwilling to meet their contractual obligations, the Company may be forced to obtain the necessary products or services from alternative third parties, and the pricing, timing or other terms on which it does so may be less favourable to the Company. In certain cases, it may not be possible or commercially feasible for the Company to arrange alternative sources of supply and, accordingly, any such interruption may be prolonged. If any such material goods or services become unavailable, then the Company may not be able to obtain suitable or cost-effective substitutes.

The occurrence of any of the foregoing events could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

14. The Company relies on oil, gas and condensate processing plants and facilities to conduct its activities, and any unplanned curtailment or interruption of the operations of these facilities could adversely impact its business.

The oil, gas and condensate that is produced at the Company's contract areas must be processed at facilities that are located at or near to each contract area before it can be sold. These facilities include plants operated by the Company, such as MGP and the Block 60 facilities in Abu Butabul and Bisat, as well as plants operated by the operators of non-operated contract areas and other third parties. In addition, the Marsa LNG plant will, once operational, convert gas into LNG. Some of the Company's processing systems, or those operated by its joint venture partners, are integrated, increasing the risk that interruptions in one area could lead to problems in another. For example, production from Block 65 is sent to Blocks 9 and 27 for processing and production from Block 10 is sent to Block 6 for processing. Unplanned interruptions to the operations of these facilities, production curtailments or unscheduled shutdowns of one or more units at any of these facilities may adversely affect the Company's ability to produce and sell oil, gas and condensate. These unplanned events could include, among others, adverse weather conditions, power outages, equipment failures, fires, force majeure events or interruptions to services or the supply of feedstock or other key raw materials. For example, although a power outage may only last a few hours, an emergency shut down of the affected facility may still be triggered by such an event, resulting in a service interruption of several hours or longer before normal operations and production capacities can resume. For example, in March 2023, the Company experienced power outages resulting from heavy rain in Block 9. While operations proceeded as normal soon after, there can be no assurance that more significant outages or similar incidents will not occur in the future, which could result in lost sales or increased costs. Any of these issues could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

15. The Company could be materially adversely affected by disruptions to the storage, transportation and distribution infrastructure on which it relies.

In order to move oil, gas and condensate from contract areas to end customers, the Company and the operators of its non-operated assets rely on the availability of storage, transportation and distribution systems, such as pipeline networks (including the Main Oil Line with respect to oil and condensate and IGC's reliance on

OQGN's gas pipeline network with respect to gas), booster stations, metering facilities, oil and gas terminals and the Mina Al Fahal storage and loading terminal, which, in the case of oil and condensate the Company uses under the terms of a crude oil handling and transportation agreement with PDO. See "*Chapter XII—Description of the Company and Business Overview—Material Contracts—PDO Pipeline Agreements*". In the case of oil and condensate, the Company and the operators of its non-operated assets use processing facilities which are designed to store oil during scheduled maintenance on the Main Oil Line, which typically lasts less than 24 hours.

There may be disruptions to the above infrastructure. In particular, these storage, transportation and distribution systems, equipment and services are subject to various hazards, including extreme weather conditions, system failures, equipment failure, work stoppages, spills or other operating hazards. If the operators of oil and gas pipelines, or any other third-party infrastructure upon which the operations of the Company or the operators of its non-operated assets rely, fail to adequately maintain the integrity of, or invest in, such infrastructure to the extent required to ensure their continued effective operation, the Company may not be able to deliver oil, gas and condensate to its customers where and when specified in the applicable contracts with OQ Trading, in the case of oil and condensate, and IGC, in the case of gas. In addition, when pipelines and other key infrastructure are shut down unexpectedly or planned shutdowns last for longer than anticipated, the Company may not be able to source alternative routes to transport its oil, gas and condensate to the delivery points, or otherwise adequately plan for or mitigate the impact of such events on its production. If the Company is unable to do so in the event of such a disruption, its business, financial condition, results of operations and prospects could be materially adversely affected.

16. The Company may be exposed to risks related to the product specification and quality requirements of its customers.

The Company's contracts with OQ Trading mandate the delivery of OEB, while its agreements with IGC require the delivery of gas that meets certain requirements, such as delivery pressure, composition and temperature.

With respect to its sale of OEB, which the Company sells based on OSP (the monthly mean of the "Marker Price" for OEB as traded two months ahead for the relevant month on the DME), the Company is subject to the risk that the product characteristics of OEB change in a way which makes it a less attractive grade for end consumers (for example, through an unfavourable change in the API gravity), which could in turn result in decreases in the OSP in future months, taking into account other market factors. This would result in the Company's profit margin for OEB declining.

Under the terms of the GSAs, and subject to certain limitations, IGC may reject off-specification gas. If IGC were to do so, the Company could be forced to cease supplying such off-specification gas and accept a lower price for any off-specification gas already supplied, leading to foregone revenue. Additionally, the Company may be liable to IGC and certain of IGC's customers to which IGC is liable, for any mitigation and/or clean-up costs attributable to the off-specification gas that it supplied.

The materialisation of any of the foregoing risks could adversely affect the Company's reputation, reduce demand for its products and have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

17. Negative publicity may harm the Company's business and results of operations.

The Company is exposed to the risk of negative publicity and press speculation regarding the industry in which it operates. Issues such as environmental pollution, water usage and greenhouse gas emissions caused by the oil and gas industry are subject to heightened regulatory and public scrutiny, including in Oman, where the Government has committed to, *inter alia*, reducing GHG emissions in connection with its Vision 2040 strategy. Ongoing and future regulatory changes focusing on environmental protection, such as stricter emissions standards or waste disposal regulations in Oman, would also impose additional operational costs on the Company and further increase scrutiny from authorities. In addition, the mismanagement or occurrence of environmental incidents at the Company's facilities (including at those operated by operators of non-operated assets), or those belonging to others in the industry, and the incorrect use and handling of the Company's products by it or by third parties, could lead to accidents or environmental damage, exacerbating public and Governmental concerns. The Company could also face adverse publicity for other reasons, including the injury or death of employees or accidents at its facilities, including those operated by operators of its non-operated assets. The occurrence of any of the foregoing events could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

18. The Company uses the OQ brand under licence, as a result of which it is exposed to risks associated with market perceptions of the OQ brand.

In addition to the Company's operations, the OQ brand is associated with the operations of the Selling Shareholder, as well as numerous other OQ-affiliated companies. The Company intends to license its use of the OQ brand pursuant to the terms of a trade mark licence agreement which it expects to enter into with OQ. Erosion of the value of the OQ brand for any reason, including due to the activities and operations of it or of other OQ-affiliated companies, could have a material adverse effect on its business, financial condition, results of operations and prospects.

19. The Company will continue to rely on OQ for certain support services.

As a wholly-owned subsidiary of the OQ Group, the Company has historically relied on the OQ Group for the provision of support services, infrastructure and certain personnel. The Company expects to enter into corporate shared services agreements with the OQ Group on an arm's length basis setting out the terms, conditions and pricing for the OQ Group to provide certain corporate services to the Company, including an option for the OQ Group to provide certain additional services to the Company upon its request. The corporate services are expected to include, among other things: corporate governance, human resources, business support services, procurement, communication services, insurance services and IT services. If the OQ Group were to fail to provide the Company with the support services it currently relies upon, it would be required either to contract with another provider of these services or to develop the capability to perform these services internally, either of which could take a considerable amount of time and increase the Company's costs and, in such circumstances, the Company may not be able to cover its needs at all, or at the same or commercially acceptable costs, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

20. The Company may in the future seek to divest or relinquish its interest in certain contract areas, and may be unable to do so on attractive terms or may be required to retain liabilities for certain matters.

The Company regularly reviews its asset base and portfolio of interests with a view to optimising deployed capital and to achieve other strategic goals. In 2018, the Company partially divested its working interest in Block 61 and, in 2023, partially divested its working interests in Blocks 60 and 48. Although there is no current intention to do so, the Company may in future seek to divest its working interests in its key producing assets, whether operated or non-operated. Further, it may seek to transfer its interest in its service agreements and/or tariff agreements relating to other assets. The Company's ability to strategically divest and monetise its assets or interests could be affected by various factors, including the availability of purchasers willing to purchase such assets or interests at prices and on terms acceptable to the Company and/or its partners, and the Company may face contractual limitations in doing so. If the Company is not able to monetise such assets or interests (whether in full or in part) on commercially acceptable terms or at all, the Company may not be able to optimise its portfolio and financial position. There can also be no guarantee that the value the Company receives from the sale or transfer of an asset or interest will equal or exceed the amount for which it was acquired or represent a positive return on all amounts invested in or spent on or in connection with the asset or interest during the period it was held.

Sellers typically retain certain liabilities or agree to indemnify buyers for certain matters and, as a result, the Company may be required to provide an indemnity to a buyer of contract areas it divests. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Also, as is typical in divestiture transactions, third parties may be unwilling to release the Company from guarantees or other credit support provided prior to the sale of the divested assets. As a result, after a sale, the Company may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations.

To manage the economic realities of the prospective nature of its business, the Company also continually assesses the ongoing viability of its working interests in various exploration and production assets. As such, it has begun the exit process for some of its assets. The Company notified the Government of its intention to relinquish its working interests in Block 52, which it expects to be completed by 2024, and has agreed in principle with its joint venture partners to exit Blocks 30 and 62, pending Government approval. The EPSA for Block 42 expired in December 2023 and the Company therefore no longer has any right to the asset. For exploration assets, site restoration and abandonment costs are typically limited and included in the operating expenses of the exploration project, but such costs may become substantial depending on the circumstances and impose unforeseen liability. Further, the relinquishment process to the Government, which may involve disputes with joint venture partners, imposes legal and regulatory transaction costs on the Company, which it is unlikely to recover, as the Company does not typically receive consideration for relinquishments. In addition to sunk costs relating to engaging in exploration activities for which DOCs have not been made, the additional costs relating to the exit process for working interests in exploration assets or producing assets which have ceased producing at an economical rate could impose significant costs on the Company. For further information, see "*Chapter XII—Description of the Company and Business Overview—Operations—Assets under an Exit Process*".

A failure to divest an asset or interest on commercially acceptable terms, the imposition of liability or unforeseen costs on the Company in relation to any such disposals, or any issues relating to relinquishments could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

21. The Company may face higher-than-expected costs in connection with decommissioning obligations.

The Company is obliged under the terms of its EPSAs and concession agreement to dismantle and remove certain long-term infrastructure and equipment, to cap or seal wells and generally to remediate production sites and incur other decommissioning costs or obligations, once production ceases or it is otherwise advisable in accordance with good oilfield practice. Further, in connection with the sale or transfer of the Company's assets which are still producing after the sale or transfer, the Company may (along with its joint venture partners) remain liable for site restoration and abandonment costs even if it no longer retains an interest, or in the case of a partial divestment, in an amount which is disproportionate to its retained interest.

The Company's accounting policies require, if contractually specified in the related EPSA, a provision to be made for the anticipated decommissioning costs of an asset to the extent of the Company's working interest when the related facilities are installed, with the provision being subject to annual assessment and adjustment if required. The provision for decommissioning costs represents the present value of decommissioning costs relating to oil and gas assets expected to be incurred when the producing oil and gas assets are expected to cease operations, which is typically higher for offshore assets than for onshore assets. These provisions are created based on the Company's internal decommissioning cost estimates or through those of their joint venture partners in the case of certain non-operated assets. The discount rate used to calculate the present value of the obligation, which is determined by regulatory, contractual and market factors, was 7.4 per cent., 9.4 per cent., 7.3 per cent. in the years ended 31 December 2021, 2022 and 2023, respectively. As such, in the year ended 31 December 2023, the Company's provision for site restoration and abandonment costs was charged an additional OMR 20.9 million as compared to the provision for the year ended 31 December 2022, largely due to the change in the applicable discount rate. Although the Company's portfolio of working interests primarily comprises onshore assets and it believes it has made adequate provision in respect of its anticipated decommissioning costs in the near to medium term, there can be no guarantee that the provision which has been made is sufficient, nor that regulatory bodies will not impose additional obligations in the future. The Company's estimates are based on its assessment and facts and circumstances known as at the date of its financial statements and actual decommissioning costs will ultimately depend on the future market prices and scope to complete the decommissioning activity. A material increase in decommissioning costs, anticipated or unanticipated, could adversely affect the Company's business, results of operations, financial condition and/or prospects.

In addition, it is possible that the Company may incur decommissioning liabilities sooner than budgeted for, particularly if further declines in oil prices resulted in production from certain oil fields no longer being commercially viable or if production is lower than anticipated and costs are higher than anticipated. These costs may also rise further if decommissioning activity in Oman accelerates and competition for decommissioning equipment and services increases.

To the extent that the Company's costs in connection with decommissioning are higher than anticipated or are incurred earlier than anticipated, its business, financial condition, results of operations and prospects could be adversely affected.

22. The assumptions made in preparing the financial and operational targets included in this Prospectus may prove incorrect, incomplete or inaccurate, and the Company's results may differ materially from its financial and operational targets.

The Company's financial and operational targets included in this Prospectus reflect numerous assumptions made by the Company. These assumptions relate to commercial expectations and other external factors, including political, legal, fiscal, market or economic conditions or in applicable legislation, regulations or rules (including, but not limited to, tax laws and accounting policies), all of which are difficult to predict and are beyond the Company's control. Accordingly, there is a risk that the assumptions made in preparing its financial and operational targets could prove incorrect or incomplete, and there may be differences between the Company's actual and targeted results, which could be material in nature and impact the price of the Shares. In addition, unanticipated events may adversely affect the actual results that the Company achieves in future periods, whether or not its assumptions relating to financial and operational targets otherwise prove to be correct. The inclusion of the financial and operational targets in this Prospectus should not be regarded as an indication that the Company considered or consider such financial or operational targets to be achievable or reliable predictions of future events. Accordingly, investors are strongly urged not to place undue reliance on any of the financial and operational targets set forth in this Prospectus. For further discussion on financial and operational targets as forward-looking statements, see "*Forward-Looking Statements*".

23. The Company is subject to risks relating to the integrity, reliability and efficiency of its internal control over financial reporting.

The Company's business relies on internal controls and procedures that regulate customer and management information, finance, credit exposure and other aspects of its business. There can be no assurance that the Company's controls and procedures will be adequate for the Company's requirements generally or its requirements as a publicly listed company. If there are material weaknesses in the Company's internal controls over financial reporting, the Company's financial statements may contain material misstatements, it could be required to restate its financial results and investors could lose confidence in the Company's reported financial information. In addition, if the Company is unable to produce accurate and timely financial statements, the market price of its shares may be adversely affected. Furthermore, the effectiveness of the Company's internal controls could be impacted by those of the operators of its non-operated assets, any material failures of which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

24. The Company's management has limited experience managing companies listed on public stock exchanges.

Prior to Admission, the Company had been managed as an LLC from 20 May 2009 (its incorporation) until 15 July 2024, when it converted into an SAOC. The Company is currently under transformation into an SAOG. In preparation for the IPO, the Board approved in September 2024 a corporate governance framework and other related policies to comply with the corporate governance requirements that an MSX listed company is required to fulfil. Management has limited experience in managing a publicly listed company and complying with laws and regulations relating to public companies in Oman. Management, together with the Board, will be required to ensure the Company's compliance with MSX and FSA regulatory and disclosure rules. However, they may not be familiar with these requirements, and their attention could be diverted from overseeing and managing the Company's business and strategy. The Company's failure to abide by the laws and regulations imposed on listed companies, disclosure requirements and continuing obligations in a timely manner and without any delay could result in the Company violating the rules set by the MSX or other regulatory authorities, which could lead to the imposition of fines or penalties or the suspension of the Company's listing on the MSX, any of which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

25. The Company has engaged and expects to continue to engage in transactions with certain related parties.

During the periods under review, the Company has engaged in related party transactions with, among others, OQ, OQ Trading, OQGN, Oman Oil Marketing Co., OQ Alternative Energy and OQ RPI (through Marsa), over which the Selling Shareholder has the ability to control or exercise significant influence in financial and operating decisions. These transactions were conducted in the ordinary course of business on terms that were comparable with those that could be obtained from unrelated third parties. As part of the corporate governance framework that the Board approved in September 2024 in preparation for the Offer, the Company has introduced a policy to govern related party dealings as an MSX-listed Company. Notwithstanding the foregoing, conflicts of interest may arise between the Company and such related parties, potentially resulting in changes to, or the conclusion of, transactions on terms not determined by market forces. See "*Chapter XVI—Related Party Transactions and Material Contracts*".

26. The Company could fail to recruit and retain management and skilled personnel.

The Company relies on its senior management to implement its strategy and direct its day-to-day operations. There is considerable competition in Oman for management personnel, especially for individuals qualified and experienced at the senior management level, and the Company's senior management team is not subject to non-compete or non-solicitation restrictions. In addition, the Company depends on the continuing efforts of skilled personnel to operate and provide technical services and support for its business. In particular, competition for the personnel required for sub-surface operations has intensified in Oman as exploration activities have expanded, leading to shortages of such personnel in the industry and creating upward pressure on wages and higher turnover across the industry.

The loss of any member of the Company's senior management team or its other key employees could adversely affect the Company's ability to execute its operations or identify and execute potential strategic initiatives, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In general, Oman relies in part on expatriate labour in many industries, ranging from unskilled labourers to highly skilled professionals. However, the Government aims to increase domestic employment as part of its "Omanisation" initiative, the goals of which are to employ Omani citizens in a meaningful and efficient manner in the public and private sectors and to reduce the country's reliance on foreign workers. Under the initiative, companies are required to employ Omanis in certain management, administrative, technical and other positions, and must maintain an overall Omanisation rate of 80 per cent. In addition, certain roles within the Company, such as administrative and human resources, must maintain a 100 per cent. Omanisation rate. The calculation of Omanisation does not include subcontractors, many of which are expatriates. While the Company has maintained an Omanisation rate of over 85 per cent. for each of the years ended 31 December 2021, 2022 and 2023, it may nevertheless find it difficult to recruit people in Oman with the relevant qualifications and, in efforts to maintain a high Omanisation rate for full-time employees, may find it difficult to recruit suitably qualified expatriates on a subcontracted rather than full-time basis. If the Company is unable to effectively recruit Omani individuals and cannot hire suitably qualified expatriates, its business, financial condition, results of operations and prospects could be materially adversely affected.

27. The Company depends on the reliability and security of its information technology ("IT") systems.

The Company depends on the reliability and security of its critical IT systems, in particular its specialist exploration applications, including those provided by, or integrated with, OQ. The Company's relationship with OQ in this respect is expected to be formalised under an IDS Services Agreement. For further information on the structure of the Company's IT systems, see "*Chapter XII—Description of the Company and Business Overview—Information Technology*". Any failure, interruption or breach in security of any of the IT systems on which the Company depends, which are its own system in the case of its operated assets and its joint venture partners' systems to which the Company's system is not integrated in the case of non-operated assets, could result in failures or interruptions in its risk management, financial accounting or other systems and could interfere with, in particular, the Company's ability to operate certain aspects of its operational businesses, particularly in relation to industrial control systems, potentially resulting in physical damage, injury or loss of life and environmental harm. Furthermore, software or hardware malfunctions, malicious hacking or other criminal cyberattacks by nation states, criminal hackers and competitors, ransomware, physical damage to vital IT centres, infection by computer viruses and other significant failures could result in unauthorised access to, and destruction, loss, theft, misappropriation or release of, the Company's proprietary, confidential, sensitive or otherwise valuable information, including trade secrets, which others could use for disruptive, destructive or otherwise harmful purposes and outcomes. IT systems also need regular upgrading to meet the needs of changing business and regulatory requirements and to keep pace with the requirements of existing operations. In addition, remote work arrangements may increase the risk of cybersecurity incidents, data breaches or cyberattacks.

Adverse incidents could also result in significant costs, including investigation and remediation expenses, regulatory scrutiny, legal liability and the loss of personal or sensitive business or third-party information. The Company may also be required to expend significant management attention and financial resources to protect against the threat of security breaches and other network disruptions and, in the event of significant breaches or failures, to remedy resulting damages. As a result, the occurrence of any failure, interruption or breach in security of any of the IT systems on which the Company depends could have a material adverse effect on its business, financial condition, results of operations and prospects.

28. The Company's insurance and indemnities from its customers may not be adequate to cover potential losses from its operations.

The Company has insurance policies covering property damage, casualty, operator's extra expense and third-party liability, either directly or through the Selling Shareholder under an umbrella insurance programme which covers the Selling Shareholder and a number of its subsidiaries, including the Company, subject to certain deductibles. Further, operators of some of the Company's non-operated contract areas take out certain policies on behalf of all joint venture partners.

However, the Company may not be able to obtain or maintain sufficient insurance coverage for the risks associated with the operation of its business, and its operations may be affected by various risks, including terrorist acts and war-related events, for which full insurance cover is either not available or not available on commercially reasonable terms. In addition, severe or frequently occurring events, such as accidents and other mishaps, business interruptions or potential damage to facilities, property and equipment caused by machinery breakdown, inclement weather, human error, pollution, labour disputes and natural catastrophes, may result in losses or expose the Company to liabilities in excess of its insurance coverage. The Company's insurance coverage may not be sufficient or available to cover losses arising from any or all of such events, and it may not be able to renew existing insurance cover on commercially reasonable terms, if at all. Should an incident occur in relation to which the Company has no insurance coverage or has insufficient insurance coverage, it could lose the capital invested in, and anticipated future revenue relating to, any property that is damaged or destroyed and, in certain cases, it may remain liable for financial obligations related to the impacted property. In addition, the insured value and insurance proceeds may not be sufficient to cover the replacement costs of equipment and services necessary to resume operations on an economic basis.

In addition, while the Company's drilling, workover and well services contracts contain rights to indemnities from third-party suppliers and contractors up to certain limits that are intended to cover certain losses, the Company may not have rights to indemnities for all possible risks. The indemnities which the Company has from these counterparties may not be easily enforced and may be of limited value if the relevant counterparties do not have adequate resources to make payments thereunder. The occurrence of an event which is not fully insured or indemnified against, or the failure of a counterparty or insurer to meet its indemnification or insurance obligations, could result in substantial losses for the Company.

If the Company needs to file a claim that is not covered by insurance, is in excess of policy limits, is subject to substantial deductibles or is not limited by contractual limitations of liability, this could materially adversely affect the Company's business, financial condition, results of operations and prospects.

Legal and Regulatory Risks

29. The Company operates in a regulated environment and its business may be affected by regulatory changes.

The oil and gas industry in Oman is highly regulated, and the Company is subject to various laws and regulations, including those specific to the industry as well as general regulations that apply to multiple sectors. Regulations applicable to the Company include those relating to taxation, financial markets regulation, economic sanctions, licences over resources, exploration, development of projects, production and post-closure reclamation, the employment of expatriates and Omanisation, labour and occupational health and safety standards, pensions, historical and cultural preservation and anti-bribery and anti-corruption measures. Compliance with, and monitoring of, applicable laws and regulations may be time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time, or the Government may take additional actions under its regulatory powers.

In addition, any change in Oman to the laws, regulations, policies or practices specific to the oil and gas industry could have a material adverse effect on the Company's business. For further information, see "*Chapter XI—Regulation of the Oil and Gas Industry in Oman*". Any failure by the Company to comply with any of these laws or regulations could result in significant penalties and legal liabilities, the temporary or permanent suspension of production of any affected products, and restrictions on the Company's business. In addition, although the Company's interests in its contract areas have been granted until the termination date set out in the relevant EPSA, there is no assurance that the Government will not revoke an EPSA in whole or in part or adversely change the Company's rights in respect of the contract areas. The occurrence of any of these events could have a material effect on the Company's business, financial condition, results of operations and prospects.

30. The Company is required to obtain, maintain and renew Government licences, permits and approvals, as well as to participate in audits, in order to operate its business.

The Company conducts all of its oil and gas operations pursuant to numerous exploration, development and production concessions, licences, permits and approvals in Oman. The concessions and future licences, permits and approvals may be suspended, terminated or revoked if the licensee fails to comply with the licence requirements, does not make timely payments of all applicable levies and taxes, systematically fails to provide information, becomes bankrupt or fails to fulfil any capital expenditure or production obligations. In addition, territorial disputes may call into question the validity of certain of the Company's offshore rig licences. The Company or operators of its non-operated assets may not comply with certain licence requirements for some or all of their licence areas. If the Company or the operators of its non-operated assets fail to fulfil the specific terms of any of their licences or operate in their licence areas in a manner that violates applicable law, government regulators may impose fines or suspend or terminate its licences or concessions, any of which could have an adverse effect on the Company's business, financial condition, results of operations and prospects.

In addition, to operate its business, the Company must obtain permits and authorisations, including in respect of its budget and annual work programmes, each of which, in the case of EPSA-governed contract areas, require Government and EPSA Joint Management Committee approval, land allotments, designs and feasibility studies, pilot projects and development plans, for the construction of any facilities onsite and for the procurement of goods and services. It or operators of its non-operated assets may not be able to obtain or renew all required permits and authorisations. If the Company or the operators of its non-operated assets fail to receive any required permits or authorisations, they may have to delay their investment and/or development programmes. The Company is also subject to audits by the Government and third parties where it is the operator of a contract area under the terms of the relevant agreements. Unresolved exceptions to any audit could result in delays in cost recoveries or other disputes with such counterparties.

The occurrence of any of the foregoing events could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

31. The Company could face significant liabilities for damages, clean-up costs or penalties under environmental and safety laws and changes in such laws could materially increase the Company's costs.

The Company's operations are subject to laws and regulations relating to environmental protection, health and safety. These laws and regulations govern, among other things, the generation, storage, handling, use, disposal and transportation of hazardous materials, the emission and discharge of hazardous materials, groundwater use and contamination and the health and safety of the Company's employees and the communities in which it conducts business. Compliance with these obligations can result in significant expenditures. In particular, the Company is subject to laws regulating air emissions, discharges to water, and the transport, storage, use, treatment, disposal and remediation of, and exposure to, solid and hazardous wastes and materials, as overseen in part by the Environment Authority, which has wide powers that include the implementation and enforcement of environmental regulations, including Royal Decree 114/2001 which promulgated the Law on Conservation of the Environment and Prevention of Pollution (the "**Law on Environment**").

The risk of environmental damage is inherent in the oil and gas industry, and may result from a variety of sources, including explosions, fires, equipment failures, gaseous and chemical leaks, flaring, hydrocarbon spills and other forms of contamination. To the extent environmental damage results from actions for which the Company is alleged or found to be responsible, the Company could incur significant legal and other costs (some or all of which may not be insured), including clean-up or other remediation costs, regulatory fines and penalties. In addition, at the Company's non-operated assets, a failure by its joint venture partners to comply with environmental obligations under the relevant production licences could lead to fines, penalties, restrictions and revocation of the production licence, for which the Company may be held liable, in whole or in part. As joint venture partners are jointly and severally liable to the Government for obligations arising out of petroleum activities pursuant to the terms of EPSAs, if one or more of the Company's joint venture partners fails to pay their share of a licence cost (related to, e.g., a mandatory work programme or decommissioning liability), the Company could be held liable for such partner's share of the relevant cost. Any failure to comply with applicable laws and regulations could also result in reputational damage to the Company, criminal sanctions or the suspension or termination of the Company's operations.

In addition, new regulations may be proposed in the future and their effect on the Company's operations cannot be predicted. To the extent new laws are enacted or other governmental actions are taken that prohibit or restrict development drilling for oil and gas in areas where the Company operates or imposes additional environmental protection requirements that result in increased costs to the oil and gas industry in general, demand for the Company's products could suffer, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. While the Company seeks to comply with environmental regulations applicable to it, there can be no assurance that it will be in compliance in the future, whether due to changes in the law, its operations or otherwise.

The oil and gas sector also involves significant health and safety risks. In particular, the use of drilling equipment has resulted in, and could in the future result in, loss of life or serious injury to the Company's employees and others. While the Company believes that its recordable incident rate reflects the performance of its HSE policies and procedures, it cannot guarantee that employee or third-party injuries or fatalities will not occur as a result of accidents, unforeseen events, breaches of its policies and procedures or breaches of applicable safety legislation in the future. Any such incident, regardless of the underlying cause, may result in disruption to the Company's operations, cause reputational harm or subject the Company to liability for damages, penalties and/or compensation.

If the Company or operators of its non-operated assets fail to comply with existing laws and regulations, are required to comply with more stringent laws and regulations in the future, or if more vigorous enforcement policies are pursued by applicable regulatory authorities (including governmental audit agencies), the Company could be exposed to material additional costs, including as a result of the installation and operation of expensive pollution control, reduction or remediation systems, and implementation of climate change mitigation programmes, abatement or reduction of GHG emissions programmes and/or carbon credit trading programmes.

The occurrence of any of these events could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

32. The Company is subject to compliance risks associated with anti-bribery, anti-corruption and economic or trade sanction regulations.

The Company is subject to anti-bribery and anti-corruption laws in Oman, and any further expansion into markets outside Oman may subject the Company to the requirements of anti-bribery and anti-corruption laws in such other jurisdictions. In addition, as the Company sources equipment and parts from various countries, including the U.S. and countries in Asia, its activities can also be subject to economic and trade sanctions and export control laws and regulations in countries outside Oman. The terms of the legislation and other rules and regulations which establish anti-money laundering, anti-bribery, economic or trade sanction and related regimes are often broad in scope and difficult to interpret. There can be no assurance that the Company's corporate governance, compliance and ethics policies and procedures (including with respect to sanctions and trade restrictions, anti-bribery and anti-corruption) will protect it from business activities that violate economic or trade sanctions or from the improper conduct of its employees or business partners, which could result in substantial civil or criminal penalties and reputational damage. If the Company were to fail to comply with applicable sanctions, the Company could be subject to substantial fines, sanctions, deferred settlement agreements, penalties or limitations on its ability to operate or expand into certain jurisdictions, or its customers may terminate their contracts, which could materially adversely affect its business, financial condition, results of operations and prospects.

33. Litigation, including international trade litigation, could adversely affect the Company's business, financial condition, results of operations and prospects.

From time to time, the Company has been party to ordinary course litigation and may, in the future, be involved in various litigation matters. Damages claimed under litigation to which the Company is a party may be material or may be indeterminate, and the outcome of such litigation could materially and adversely affect the Company's business, financial condition, results of operations and prospects. Litigation could result in substantial costs (including civil and/or criminal penalties, damages or the imposition of import trade measures) and require significant financial and other resources to resolve and may divert management attention to defend against such litigation, no matter whether the litigation derives from acts or omissions of the Company or one of its joint venture partners, given costs and liabilities are shared under the Company's JOAs.

Furthermore, increasing attention on climate change risks may result in an increased possibility of litigation against the Company. Claims relating to climate change matters have been filed against companies in the oil and gas industry, including claims that the extraction and development of fossil fuels has increased climate change. Some of these claims demand that the defendants pay financial amounts as compensation for alleged past and future damages resulting from climate change.

In addition, the Company is subject to the risk of litigation or regulatory action by regulators in respect of its activities, including for breaches of applicable tax, environmental, health and safety and other laws and regulations. Any regulatory actions against the Company could lead to fines, the loss or restriction of operating licences, or other penalties, thereby having a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Moreover, exports of hydrocarbons to foreign countries may be affected by litigation, regulatory actions, investigations, disputes or agreements that lead to the imposition of import trade measures, including anti-dumping and countervailing duties, safeguard measures, import licensing and customs requirements, and new or increased tariffs, quotas or embargos. The possibility and effect of any such measures will depend on the laws governing the foreign country to which the applicable products are being exported and applicable international trade agreements. Foreign countries may take such measures for political or other reasons, including reasons unrelated to the Company's actions or operations. Since all of the Company's oil and condensate is purchased by, and exported through, OQ Trading and a portion of its gas is currently exported through IGC, any such measures may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In addition, Oman is a party to international trade agreements, such as World Trade Organisation agreements, which include commitments with respect to the composition of its laws, regulations and practices that impact international trade. Oman may become a party to other such agreements in the future. Compliance by Oman with any such commitments may directly or indirectly impact the Company and could cause it to alter its operations in a manner that is costly or otherwise has a material adverse effect on its business, financial condition, results of operations and prospects. If Oman fails to comply with these commitments, the Company's business operations could be exposed to scrutiny and could be subject to potential remedial measures, such as duties, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

34. Changes in Omani tax laws could adversely affect the Company.

The Financial Statements have been prepared based on the current tax laws in Oman. The Omani Tax Law promulgated by Royal Decree 28/2009 was amended in 2017 by Royal Decree 9/2017 and Royal Decree 188/2020 to expand the scope of withholding tax to dividends, interest payments and services fees, and the Government may adjust the tax laws from time to time in the future. Changes in tax laws may increase the tax burden for the Company, thereby adversely affecting its financial position, results of operations and dividend distribution capabilities.

Risks Relating to Oman

35. Oman may be affected by political developments in the MENA region or elsewhere.

Oman enjoys domestic political stability and generally healthy international relations. However, Oman is, and will continue to be, affected by political developments in or affecting the wider Middle East and North Africa ("**MENA**") region, and investors' reactions to developments in any country in the MENA region may affect securities of issuers in other markets, including Oman. Furthermore, other world events, including the ongoing conflicts in Ukraine and the Palestinian territories (and neighbouring regions), could have an impact on Oman's political and security situation. Oman pursues an independent foreign policy and, although it aims to maintain its cordial relationship with the international community, a shift in the relationship between Oman and other countries in the Gulf Cooperation Council ("**GCC**") or globally or changing political priorities in the region could have a material adverse effect on Oman's economic, political or financial condition, which, in turn, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

36. Any adjustment to, or ending of, Oman's currency peg could negatively affect Oman, which could have a material adverse effect on the Company's business.

Since 1973, the Omani Rial has been pegged to the U.S. Dollar at a rate which has remained unchanged at US$2.60 = OMR 1 since 1986. The maintenance of this currency peg is a firm policy of the CBO. However, there is no assurance that the CBO will be able to continue to maintain the currency peg in the future. If the CBO cannot maintain the currency peg to the U.S. Dollar or, failing that, a stable exchange rate versus the U.S. Dollar, it could reduce confidence in Oman's economy, reduce foreign direct investment and adversely affect Oman's finances and economy and ability to service its debt.

In addition, because of the currency peg to the U.S. Dollar, the CBO does not have any flexibility to devalue the Omani Rial to stimulate Oman's exports market, and the CBO's ability to independently manage interest rates and thus, influence the condition of the Omani economy through monetary policy actions is constrained. If the U.S. Federal Reserve Board was to increase interest rates, and the CBO were to significantly delay increasing its own rates, this could result in significant pressure on the currency peg. For example, the CBO has not followed each of the U.S. Federal Reserve Board's interest rate rises with matching interest rate rises in Oman. However, the CBO increased interest rates several times in 2022 and in 2023, stabilising the benchmark inter-bank interest rate at 6.00 per cent. in July 2024. This lack of flexibility could have an adverse effect on Oman's foreign trade and domestic demand and, in turn, on its economy. In addition, recent International Monetary Fund (IMF) publications have linked increases in the U.S. Federal Reserve Board's policy rates to reductions in non-oil activity in GCC countries, an effect which may be magnified in low oil price environments. As at 30 June 2024, all the Company's revenue was denominated in U.S. Dollars, while the majority of the Company's operating expenses was denominated in Omani Rial, with the balance denominated in U.S. Dollars and other foreign currencies. Further, the Company's indebtedness is denominated in Omani Rial and U.S. Dollars. Any removal or adjustment of the US$/OMR exchange peg could have a material impact on the Company's financial results due to the impact thereon of currency translation effects and could also affect the impact that the Company's U.S. Dollar-denominated borrowing has on its financial results. Any of these consequences could adversely affect the Company's business, financial condition, results of operations and prospects.

37. The Government may set the maximum level of oil production.

The Government supervises Oman's allowable level of crude oil production on an annual basis. A joint management committee, chaired by MEM, reviews and approves proposals for crude oil production volumes for the following year submitted by the operator of each producing asset. Accordingly, the Government may in its sole discretion increase or decrease Oman's maximum crude oil production at any time based on its sovereign energy security goals or for any other reason, which may be influenced by, among other things, global economic and political conditions and their corresponding impact on Oman's policy and strategic decisions with respect to exploration, development and production of crude oil reserves.

The Government's decisions regarding crude oil production and spare capacity, and the Company's costs of complying with such decisions, may adversely affect the returns for the Company. For example, the Company may be precluded from producing more crude oil in response to Oman's compliance with OPEC+ decisions to cut oil production, which may limit its ability to generate additional revenue. Any of these actions could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Risks Relating to the Offer and to the Shares

38. The Offer may not result in an active or liquid market for the Shares, and trading prices of the Shares may be volatile and may decline. In addition, the MSX is significantly smaller in size than other established securities markets, which may also affect liquidity in the Shares.

Prior to the Offer, there has been no public trading market for the Shares. There can be no assurance that an active trading market for the Shares will develop or, if a market does develop after the IPO, that it will be sustained or that the market price of the Shares will not decline thereafter below the Offer Price. The trading price of the Shares may be subject to wide fluctuations in response to many factors, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the Shares, regardless of the Company's actual performance or conditions in Oman.

The Company will apply for the Shares to be listed on the MSX. The MSX was established in 1988, but its future success and liquidity in the market for the Shares cannot be guaranteed. The MSX is considerably smaller and consequently less liquid than more established securities markets, including, for example, those elsewhere in the GCC, United States or the United Kingdom. As at 30 June 2024, there were approximately 120 companies with securities traded on the MSX with a total market capitalisation of approximately OMR 24.3 billion. The MSX had a daily average regular trading turnover of approximately OMR 4.7 million in the six months ended 30 June 2024. These factors could generally decrease the liquidity and increase the volatility of share prices on the MSX, which in turn could increase the price volatility of the Shares and impair the ability of a holder of Shares to sell any Shares on the MSX for the desired amount and at the price and time achievable in more liquid markets.

The Offer Price has been determined based on several factors, including the history of and prospects for the Company's business and the industry in which it operates, and, as such, may not be indicative of the market price of the Shares after the IPO. The Company's operating results or financial performance may fail to meet the expectations of analysts or investors due to the circumstances described in these risk factors or otherwise. The trading price of the Shares could also be subject to significant fluctuations in response to variations in the Company's financial performance, general market conditions and other factors as well as the circumstances described in these risk factors or otherwise. Fluctuations in the Company's operating results or failure to meet the expectations of analysts or investors may cause the price of the Shares to decline, and investors may not be able to sell the Shares they purchased in the Offer at or above their original price or at all. As a result, investors who purchase Shares in the Offer could lose all or part of their investment in the Shares. Further, the value of the Shares may also be subject to significant fluctuation from time to time, which may not necessarily be related to the Company's financial performance. Consequently, the general decline in the market or any declines in the market for similar securities could have a material adverse effect on the trading market for, and the liquidity of, the Shares.

39. Substantial future sales of Shares may dilute the holdings of Shareholders and may depress the price of the Shares.

Sales of a substantial number of Shares following completion of the Offer may significantly reduce the Share price. The Company and the Selling Shareholder have each agreed in the Institutional Settlement Agreement to certain restrictions on their respective ability to issue, sell, transfer and otherwise deal in the Shares for a period of 365 calendar days from the Listing Date, except in certain limited circumstances, unless otherwise consented to by the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed). In addition, the Anchor Investors have each agreed in an Anchor Investment Agreement to certain restrictions on their respective ability to issue, sell, transfer and otherwise deal in the Shares for a period of 365 calendar days from the Listing Date, except in certain limited circumstances, unless otherwise consented to by the Company, OQ and the Joint Global Coordinators. Nevertheless, the Company is unable to predict whether substantial amounts of Shares (in addition to those which will be available in the Offer) will be sold in the open market following the completion of the Offer. It is possible that the Company may decide to offer additional Shares or securities convertible into Shares in the future, including in the form of stock-based compensation. Future sales could dilute the holdings of shareholders, adversely affect the prevailing market price of the Shares and impair the Company's ability to raise capital through future sales of equity securities. In addition, any sales of substantial amounts of Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Shares.

40. The Company may not pay dividends or declare dividends in the future.

While the Company intends to pay dividends in respect of the Shares in accordance with the Company's approved dividend policy, its ability to do so is contingent on achieving adequate profits, levels of retained earnings and the timing and amount of any future dividend payments will depend on applicable laws and regulations, the Company's existing and future financial condition, results of operations, liquidity needs, any restrictions on payment of dividends in its credit facility and other matters that the Company may consider relevant from time to time, including, without limitation, capital expenditures, financial performance and equity market conditions. Even if the Company generates significant profits, it may not pay dividends if the Board believes that Shareholder value may be increased more effectively by using the profit for other purposes, for example through reinvestment or in acquisitions, and hence there can be no assurance that holders of the Shares will receive dividends in the future. For further details, see "*Chapter XV—Dividend Policy*".

41. The Selling Shareholder will continue to be able to exercise control over the Company, its management and operations.

As at the date of this Prospectus, the Selling Shareholder, which is indirectly wholly owned by the Government through the Oman Investment Authority, holds 100 per cent. of the Issued Share Capital and immediately following the Offer, it will continue to hold at least 75 per cent. of the Shares assuming that it sells all of the

Shares being offered in the Offer and that the size of the Offer is not increased. As a result, the Selling Shareholder will continue to be able to exercise control over the management and operations of the Company and over matters requiring the consent of the Shareholders, such as in relation to the payment of dividends and the election of the members of the Board and other matters. There can be no assurance that the interests of the Selling Shareholder and the Government will coincide with the interests of purchasers of the Shares. For example, decisions made by the Selling Shareholder may be influenced by the need to consider the social benefit of any investment to Oman and its nationals or other factors, including the ability of the Selling Shareholder to generate dividends or other returns for its shareholders. In the absence of any specific investment restrictions, including those designed to mitigate other potential investment risks, such decisions may prove to be more risky or less profitable than decisions that might otherwise have been made. In addition, neither the Selling Shareholder nor the Government is obliged to provide any financial or other support to the Company. Additionally, certain members of the Board hold senior management positions at the Selling Shareholder or its affiliates. The interests of such members or the Selling Shareholder may be different from those of new investors.

Furthermore, the Selling Shareholder's significant ownership immediately following the Offer may: (a) delay or deter a change of control of the Company (including deterring a third party from making a takeover offer for the Company); (b) deprive Shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company; and (c) affect the liquidity of the Shares, each of which could have a material adverse effect on the market price of the Shares. When considering an investment in the Shares, an investor should not assume that a shareholder with the ability to exercise control will be guided by the interests of all of the Shareholders.

42. Settlement will occur up to seven calendar days prior to listing and the application for listing of the Shares on the MSX may not be successful.

The Settlement Date for the Offer is expected to be on or about 24 October 2024, and the Issue Manager may request some investors to make full payment for the Shares prior to this date at its own discretion. However, the Company expects the Listing Date to be on or about 28 October 2024. It is not possible to trade the Shares on the market prior to the Listing Date and, accordingly, investors will be unable to sell their Shares in response to events or circumstances affecting the Company, its business or financial markets during this period. As such, the investors will not know on the Settlement Date if the application for listing will be approved. If Admission does not become effective within seven calendar days of the proposed Listing Date, then (i) the Offer shall automatically terminate, (ii) the Selling Shareholder shall refund all monies received from investors, and (iii) investors who purchased Shares in the Offer will be required to return the Shares they have purchased to the Selling Shareholder.

43. It may be difficult for shareholders to enforce judgments against the Company in Oman, or against the Company's directors.

The Company is in the process of being converted into a public stock company incorporated in Oman and all of its directors and Management reside outside the US, UK and EEA. In addition, the Company's material assets and those of its directors and Management are located outside the US, UK and EEA. As a result, it may not be possible for investors to effect service of process outside Oman upon the Company or its directors and Management or to enforce judgments obtained against them in courts outside Oman, including judgments predicated upon the civil liability provisions of the securities laws of the US, UK or the EEA.

44. Non-Omani holders of Shares may be subject to exchange rate risk.

The quoted price of the Offer Shares will be in Omani Rials. In addition, any dividends that the Company pays in relation to the Shares may be paid in Omani Rials. As a result, fluctuations in the value of the Omani Rial in relation to other currencies may affect the value of the Shares and dividend payments on conversion into those other currencies for investors outside Oman. See "*—Any adjustment to, or ending of, Oman's currency peg could negatively affect Oman, which could have a material adverse effect on the Company's business*".

Chapter V
Use of Proceeds

The Offer does not represent an issuance of new Shares. The Offer represents the divestment of Shares currently held by the Selling Shareholder. The proceeds of the Offer shall therefore accrue to the Selling Shareholder and the Company will not receive any proceeds from the sale of the Shares in the Offer. Offer expenses will be paid by the Selling Shareholder.

Chapter VI
Capitalisation

The summarised data presented below should be read in conjunction with "*Presentation of Financial, Industry and Market Data*", "*Chapter XIV— Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements, including the related notes, included elsewhere in this Prospectus.

The following table, which has been extracted from the Interim Carve-Out Financial Statements, sets forth the Company's cash and cash equivalents and total capitalisation as at 30 June 2024.

	As at 30 June 2024
	(OMR '000)
Cash and cash equivalents	156,351
Indebtedness	
Borrowings – current	29,623
Lease liabilities – current	8,241
Lease liabilities – non-current	12,359
Total indebtedness	50,223
Capitalisation	
Share capital	500
Statutory reserves	84
Other reserve	3,475
Capital reserves	103,041
Subordinated loans	415,838
Shareholder contributions	17,896
Retained earnings	783,605
Total capitalisation	1,324,439
Total capitalisation and indebtedness	1,374,662

Chapter VII
Objects and Approvals

Overview

The Company was incorporated and registered with MOCIIP as an LLC on 20 May 2009 and was then converted to an SAOC on the Commercial Register on 15 July 2024. At an EGM held on 8 September 2024, it was resolved to convert the Company into an SAOG. This conversion process is expected to be completed following allocation of the Shares to the investors and the Shares being listed on the MSX on the Listing Date.

The Company's core business activities are: the extraction of crude petroleum; the extraction of natural gas; the drilling of oil and natural gas wells; service activities incidental to the extraction of petroleum and natural gas (excluding surveying); exploration and prospecting activities for oil or gas fields; electric power generation; desalination of water; sewage treatment; the disposal of hazardous industrial waste; the treatment and disposal of hazardous waste; the disposal of industrial waste; and the mobilisation of private gas stations (Diesel).

As at the date of this Prospectus, the Company is 100 per cent. owned by the Selling Shareholder and, following this Offer, should the Offer be fully subscribed, the public will own 25 per cent. of the Issued Share Capital.

Following are the details of registered commercial activities and its registered branches, as per the Company's Commercial Register:

Ministry of Commerce, Industry and Investment Promotion: Commercial Registration

Commercial Registration Number: 1069417
Date of registration: 20 May 2009
Expiry date: 13 May 2029
Registered Commercial Activities:

(i) 061000: Extraction of crude petroleum;

(ii) 062000: Extraction of natural gas;

(iii) 091001: Drilling of oil and natural gas wells;

(iv) 091002: Service activities incidental to extraction of petroleum and natural gas, excluding surveying;

(v) 091004: Exploration and prospecting activities for oil or gas fields;

(vi) 351001: Electric power generation;

(vii) 360002: Desalting of water;

(viii) 370002: Sewage treatment;

(ix) 381201: Disposal of Hazardous Industrial Waste;

(x) 382200: Treatment and disposal of hazardous waste;

(xi) 390001: Disposal of Industrial Waste; and

(xii) 473005: Mobilising private gas station (Diesel).

The Company currently has the following active branches:

Date and Place of Registration of Company branches:

1) Registration ID: 46193949
Registration Date: 17 March 2024
Place: Tibat/Bukha/Musandam Governorate

2) Registration ID: 45552315
Registration Date: 21 January 2019
Place: Abu At Tubul/Haima/Al Wusta Governorate

3) Registration ID: 45647791
Registration Date: 20 January 2020
Place: South Al Khuwair/Bousher/Muscat Governorate

4) Registration ID: 45552311
Registration Date: 25 October 2018
Place: Ibri/Al Dhahirah Governorate

5) Registration ID: 45607545
Registration Date: 26 June 2019
Place: Tibat/Bukha/Musandam Governorate

6) Registration ID: 45844103
Registration Date: 06 January 2022
Place: Fuhud/Ibri/Al Dhahirah Governorate

Oman Chamber of Commerce & Industry: Membership

Number: 1069417

Expiry date: 17 May 2025

Articles of Association

The principal objectives for which the Company is established are: the extraction of crude petroleum; the extraction of natural gas; the drilling of oil and natural gas wells; service activities incidental to the extraction of petroleum and natural gas (excluding surveying); exploration and prospecting activities for oil or gas fields; electric power generation; desalination of water; sewage treatment; the disposal of hazardous industrial waste; the treatment and disposal of hazardous waste; the disposal of industrial waste; and the mobilisation of private gas stations (Diesel).

A copy of the Memorandum and Articles is available for perusal at the registered office of the Company during business hours on any Oman business day.

Resolutions Passed for Transformation of the Company

At the EGM held on 8 September 2024, among other matters, the following resolutions were unanimously passed:

(i) increase of the issued share capital of the Company from OMR 500,000 to OMR 80,000,000;

(ii) conversion of the Company from an SAOC to an SAOG, in connection with which the Selling Shareholder will offer to sell the Offer Shares for public subscription; and

(iii) approval of the proposed amendments to the Articles to align the Articles with the model issued by the FSA with respect to the form and content of the articles of association of SAOGs.

Continuing Obligations

In accordance with the CCL, all existing obligations of the Company, prior to its transformation into an SAOG, shall continue to apply to the transformed company. The transformation is expected to be completed following allocation of the Offer Shares to investors and the Offer Shares being listed on the MSX on the Listing Date.

Chapter VIII
Shareholding Details

Equity Structure of the Company at Incorporation and Subsequent Changes

The Company was incorporated on 26 May 2009 with an initial share capital of OMR 150,000 which was subsequently increased as follows:

- OMR 250,000 in May 2010
- OMR 500,000 on June 2024, at the time of converting the Company into a closed join stock company; and
- OMR 80,000,000 in September 2024, which is the current capital of the Company.

On 5 September 2024, the Board of Directors of the Company approved the change in the value of the Shares from one Omani Rial per Share to 10 Bzs per Share. The following table provides details of the Issued Share Capital, as at the date of this Prospectus:

Name of Shareholder	Number of Shares (nominal value of Bzs 10) Held	% of Issued Share Capital
OQ SAOC	8,000,000,000	100%

Note:

(1) OQ is 100 per cent. owned by the Oman Investment Authority.

Equity Structure Immediately before and after the Offer

Immediately (i) before and (ii) after the completion of the Offer, and assuming that all of the Offer Shares in the Offer are sold, the Issued Share Capital will remain OMR 80,000,000 and will be held as follows:

Name of Shareholder	Number of Shares held immediately before the Offer	% of Total Issued Share Capital	Number of Shares held immediately following the Offer	% of Total Issued Share Capital
OQ SAOC..	8,000,000,000	100.0%	6,000,000,000	75%
Anchor Investors...	0	0%	400,000,000	5%
Public shareholders.....................................	0	0%	1,600,000,000	20%
Total...	8,000,000,000	100.0%	8,000,000,000	100.0%

Brief profile of Selling Shareholder

OQ SAOC

OQ was established in 1996 to pursue investment opportunities in the energy sector both inside and outside Oman. OQ (together with its wholly-owned subsidiaries, the "**OQ Group**") is wholly owned by the Government through the Oman Investment Authority. The OQ Group is Oman's leading integrated energy group managing and developing investments across the energy value chain.

The OQ Group's core businesses operate in three principal integrated business streams: (i) upstream, comprising oil and gas exploration, development and production through the Company, and gas transportation throughout Oman through OQGN; (ii) commercial and downstream, comprising oil refining and the manufacture of a range of petrochemicals, the manufacture of a range of specialty chemical products, trading operations relating to crude oil, refined products, petrochemical products, LNG and dry bulk (principally petroleum coke, sulphur and urea and retail and commercial fuel and related product distribution), principally in Oman; and (iii) alternative energy, which focuses on the development of green hydrogen and clean energy assets to support Oman's objective to achieve carbon neutrality by 2050.

Chapter IX
Overview of the Omani Economy

Location

Oman is a country located on the Arabian Peninsula with stable political, economic and social systems. It is the second largest country by geographical area among the states of the GCC region, after Saudi Arabia (the "**KSA**"). Strategically positioned at the crossroads of Asia and Europe, Oman has historically been a centre of trade and commerce. It has a population of 5.2 million as at June 2024, spread over a land area of 309,500 km^2, and a coastline extending over 3,165 km. Oman is administratively divided into 11 governorates (Al Dakhiliyah, A'Dhahirah, Al Batinah North, Al Batinah South, Al Buraimi, Al Wusta, Al Sharqiyah North, Al Sharqiyah South, Dhofar, Muscat and Musandam), which are further divided into 63 provinces or wilayats. The capital of Oman is the city of Muscat. Oman boasts several key ports that enhance its trade capabilities, including, among others, Port Sultan Qaboos in Muscat, primarily a tourist and cruise hub; the Port of Salalah, one of the world's busiest container transshipment ports; the Port of Sohar, with a free zone that is integral for industrial imports and exports; and the Port of Duqm, which is central to Oman's economic diversification efforts. These ports contribute significantly to Oman's role as a vital logistics and trading conduit in the region.

Government

His Majesty Sultan Haitham bin Tarik Al Said succeeded after the passing of His Majesty Sultan Qaboos bin Said Al Said in January 2020. His Majesty Sultan Haitham bin Tarik Al Said as Head of State presides over the Council of Ministers. The Council of Ministers assists His Majesty in framing and implementing the general policies of Oman. The Basic Law serves as the basis of a constitution governing state affairs. The Basic Law establishes a bicameral system, known as the Majlis Oman, or Council of Oman, and comprises the appointed State Council and the elected Shura Council, and the members of each chamber serve in an advisory capacity, although the members of both chambers may also propose legislation.

International Relations

Oman maintains strong relations with its neighbours, as well as with a wide range of western and other countries. Oman has enjoyed political and economic stability for over 50 years and is a member of various prominent international organisations, including the United Nations, the International Monetary Fund, the International Bank for Reconstruction and Development and the World Trade Organisation.

Regionally, Oman is a founding member of the GCC (alongside five other Arab Gulf states: Bahrain, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates). Oman is also a member of the GCC's Permanent Petroleum Cooperation Committee which is charged with preparing the long-term petroleum strategy of the GCC in accordance with its sustainability goals.

Key Economic and Social Indicators

The following table shows a selection of key economic and social statistics for Oman for the periods indicated:

Particulars	2018	2019	2020	2021	2022	2023
GDP at constant prices (OMR billion)....................	35.2	34.8	33.6	34.5	37.8	38.3
Population (million)...........	4.60	4.62	4.48	4.53	4.93	5.17

Particulars	2018	2019	2020	2021	2022	2023
Per capita GDP at market prices (OMR).....................	7,647	7,332	6,515	7,417	8,724	8,099[(1)]
Annual inflation.................	0.9%	0.5%	(0.4)%	1.7%	2.5%	0.9%
MSX market capitalisation (OMR billion)....................	18.2	18.8	20.2	22.1	23.7	23.8

Note:

(1) Calculated as per capita GDP at current prices (2023) = 2023 GDP at current prices/ December 2023 population.

Sources: NCSI; CBO Annual Reports; MSX Annual Statistical Bulletin; World Bank figures.

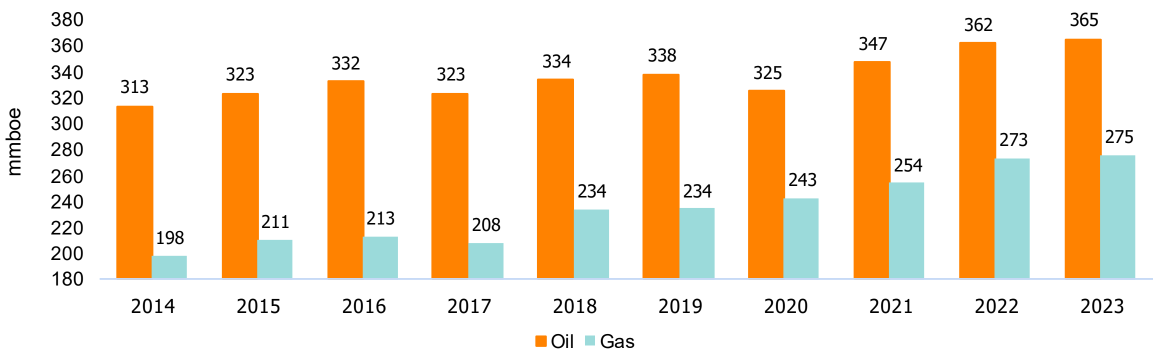
Economy

Oman's current credit ratings are "BB+" with a stable outlook from Fitch, "Ba1" with a stable outlook from Moody's Investors Service and "BB+" with a positive outlook from Standard & Poor's.

The Omani Rial is pegged to the U.S. Dollar at a fixed exchange rate of US$1 = OMR 0.3851.

The exploration, extraction and export of oil are key components of Oman's economy and important contributors to the Government's revenues, exports and gross domestic product ("**GDP**"). The Dubai Mercantile Exchange's Oman Crude Oil Futures Contract is now the third of three global crude oil benchmarks and sets the benchmark export price for crude oil produced in Oman and Dubai. Oman is the world's 20th largest producer of oil (the second largest non-OPEC oil producer in the Middle East), as well as the 18th largest producer of gas, according to the Energy Institute Statistical Review of World Energy 2024 by the Energy Institute. While the Government continues to attract new investment in the upstream industry through licensing rounds, it continues to seek to diversify the economy in order to gradually reduce its dependence on hydrocarbon revenues, which accounted for approximately 72 per cent. of Oman's Government income for the fiscal year 2023 (as compared to approximately 86 per cent. in 2013).

The graph below displays annual oil and gas production in Oman during the period from 2014 to 2023:



Source: Wood Mackenzie, H1 2024

Public Finance[3]

The Ministry of Finance is responsible for Oman's fiscal policy, including the endorsement of the annual general state budget.

In 2023, based on preliminary results, the Government recorded total revenue of OMR 12.5 billion compared to OMR 14.5 billion of revenue in 2022, a decrease of approximately 13.8 per cent., primarily due to a decrease in oil and gas revenues. The Government's 2023 actual revenue was approximately 24.8 per cent. higher than the revenue estimated in the 2023 budget, due to an increase in the oil price per barrel (average Brent price of US$82/bbl against a budgeted price of US$55/bbl) and increases in oil and gas revenues.

Public expenditure was OMR 11.6 billion in 2023 compared to OMR 13.3 billion in 2022, a decrease of approximately 12.8 per cent. and approximately 2 per cent. higher than estimated in the 2023 budget. The decrease was primarily attributable to a decline in public debt service expenditure and postponing the implementation of the Social Protection System, partially offset by increases in civil ministries expenditures and subsidies.

In 2023, Oman registered a surplus of OMR 936 million as compared to a budgeted deficit of OMR 1,300 million. The key drivers for the surplus were the generation of additional revenue as compared to the 2023 budget estimate due to an upturn in oil prices, continuing implementation of the Government's fiscal consolidation measures and a reduction in public debt.

The Government has used the additional revenue to repay existing indebtedness, and, as a result, the public debt decreased from OMR 17.6 billion at the end of 2022 to OMR 15.3 billion by the end of 2023.

Oman's 2024 budget has been prepared in line with the objectives of the Tenth Five-Year Development Plan (2021-2025) and is shaped by Oman's 2040 Vision priorities, including achieving fiscal sustainability and economic diversity and reducing the ratio of the public debt to GDP. The Government's total revenues are budgeted to be OMR 11.0 billion in 2024, marginally higher than the 2023 budget estimates. The increase in the estimated revenues for 2024 is attributable to the increase in net oil revenue by 11.2 per cent., net gas revenue by 12.5 per cent. and non-hydrocarbon revenue by 5.7 per cent. Revenue share from non-hydrocarbon activities is projected to reach OMR 3.5 billion in 2024 which is a 5.7 per cent. increase from the 2023 estimates.

The Government intends to continue to focus on maintaining fiscal sustainability, lowering public debt and achieving higher economic growth through sustainable investment in development expenditure and social expenditure. For 2024, the Government has budgeted for a total expenditure of OMR 11.7 billion which is 0.9 per cent. higher than the public expenditures of OMR 11.6 billion spent in 2023.

Development Plans

Vision 2040

Oman's Vision 2040 strategy was created to overcome challenges, keep pace with regional and global changes, generate and seize opportunities to foster economic competitiveness and social well-being, stimulate growth and build confidence in all economic, social and developmental relations nationwide.

Vision 2040, which was launched in 2020 as a comprehensive national 20-year plan, sets out several pillars and priorities. The People and Society pillar focuses on enhancing the quality of life in Oman through improved healthcare, education and housing, as well as on fostering an inclusive society that cherishes its cultural heritage. The Economy and Development pillar focuses on diversifying the economic base beyond oil by boosting sectors like tourism, fisheries, logistics and manufacturing, alongside enhancing private sector participation and

[3] Source: publications of the NCSI, the Central Bank of Oman and other public sources

attracting foreign investments. The Governance and Institutional Performance pillar focuses on enhancing governance through improved regulatory frameworks, transparency and public sector innovation. Lastly, the Sustainable Environment pillar focuses on environmental conservation, addressing climate change, sustainable management of resources, and promoting renewable energy, ensuring Oman's growth is sustainable for future generations.

Vision 2040 also includes a roadmap of 68 KPIs that set clear targets for 2030 and 2040, with the goal of transforming Oman into a more diversified and resilient society with even more effective institutions.

Divestment

In order to reduce its reliance on borrowing, enhance Oman's capital markets, bolster the MSX, further Vision 2040 and promote strong levels of private investment to spur economic growth, the Government has committed to divest a portion of its direct or indirect shareholdings in various Government owned and controlled companies. OIA, which the Government is using as a vehicle to divest many of its assets, has communicated a divestment programme anticipated to result in approximately US$5 billion in proceeds during the five-year period of 2021-2025. Through the initial public offerings of Abraj and OQGN, proceeds of approximately US$1 billion have already been raised, and the Offer by the Company is part of this programme as well.

Currency and Financial System

The Omani Rial is the official currency of Oman. It is divided into 1,000 Bzs. From 1973 to 1986, the OMR was pegged to US$ at 1 Omani Rial = 2.895 U.S. Dollars. In 1986, the rate was changed to 1 Omani Rial = 2.6008 U.S. Dollars, which translates to approximately 1 US$ = OMR 0.3851. The CBO buys US$ at 0.384 Omani Rial and sells US$ at 0.385 Omani Rial.

The CBO was established in December 1974 by the Banking Law which sets out its functions and responsibilities. The CBO sets monetary policy independently after consulting with the Government about its fiscal policy objectives. In addition to the formulation and implementation of monetary policy, these include regulation and supervision of the banking system and the execution of foreign currency transactions on behalf of the Government. The financial sector comprises commercial banks, Islamic banks, investment banks, specialised banks, non-bank finance and leasing companies, as well as money exchange houses.

The FSA's predecessor, the Capital Market Authority, was established pursuant to Royal Decree 80/1998 and commenced its duties on 9 January 1999. The Capital Market Authority was replaced and reconstituted into the FSA pursuant to Royal Decree 20/2024. The FSA is a Government entity with financial and administrative independence. Amongst the mandate of the FSA, it is entrusted with the key role to regulate the accounting and auditing professions and to supervise the capital market and insurance sectors in Oman and to develop the legal framework governing the same. A number of entities are regulated by the FSA, including the MSX and MCDC. The FSA also aims to promote market efficiency for investors and raise awareness of investor rights and the importance of the capital market.

Chapter X
Industry Overview and Regulatory Framework

Except as otherwise stated below, the industry and market information in this Chapter is derived from the Market Report, which was prepared by the Market Consultant. For further information, see "Presentation of Financial, Industry and Market Data—Industry and Market Data". The projections and forward-looking statements in this Chapter are not guarantees of future performance and actual results could differ materially from the projections and forward-looking statements.

Global Macroeconomic and Energy Trends

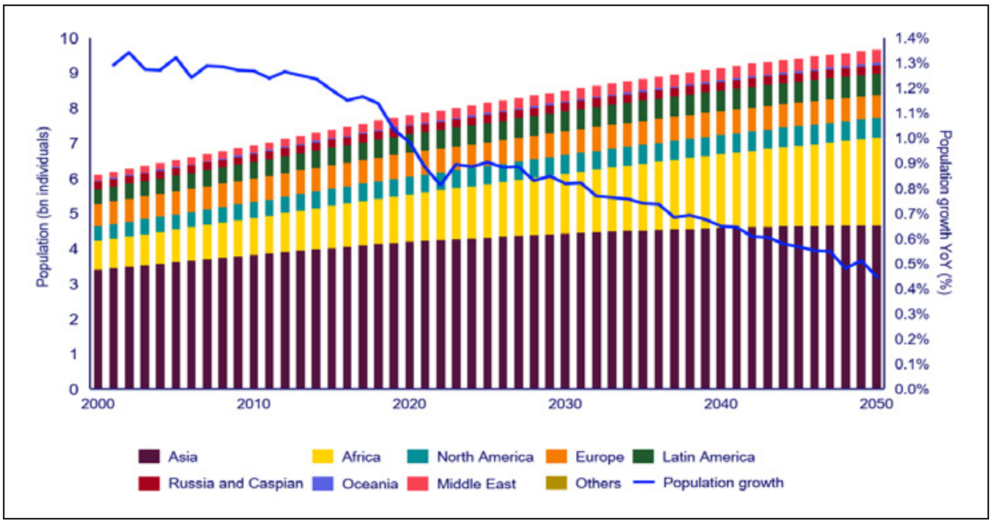
Global Macro Economy

There are three primary drivers that impact longer-term energy market trends: population, economic growth and income growth. The global population is expected to increase to 9.7 billion and global GDP will grow to US$170 trillion (at constant 2015 prices) by 2050. However, it is expected that the coming three decades will see global population growth slow down to 0.6 per cent. CAGR until 2050, compared to 0.9 per cent. between 2013 and 2023. Following the economic dislocation caused by COVID-19, global GDP growth is expected to see a strong rebound of 2.6 per cent. CAGR between 2023 and 2033; however, this growth is expected to slow down to 2.2 per cent. CAGR between 2030 and 2050 as population growth and the pace of expansion of working-age population slows down.

Population

While the global population is forecast to grow by approximately 1.7 billion people to reach 9.7 billion by 2050, a sizeable slowdown in Asia and the Organisation for Economic Co-operation and Development ("**OECD**") growth rates will profoundly impact the overall population mix. In the future, population growth is expected to primarily come from Africa (approximately 2 per cent. p.a.) and the Middle East (approximately 1.1 per cent. p.a.). Europe, Russia and the Caspian region are expected to see population decline and stagnation, while the two most populous countries, China and India, are expected to see population growth slow down to -0.3 per cent. and 0.6 per cent., respectively. The increase in the working-age population is expected to slow to 0.6 per cent. as families have fewer children.

Global Population, 2000-2050 (billion individuals)

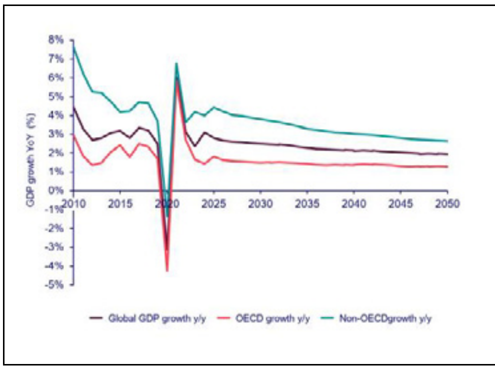


Source: Wood Mackenzie, H1 2024

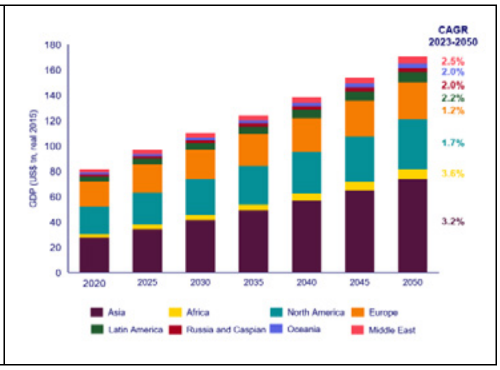
Economic growth

In the last five years, the global economy has seen several changes driven by COVID-19 implications, supply chain disruptions and geopolitical tensions. Between 2019 and 2023, the global economy has grown by 2.2 per cent. CAGR. In 2024, real global GDP growth is expected to be 2.5 per cent. 2024 is anticipated to be a pivotal year as consumption rebalances from services to goods, and investment accelerates with easing monetary conditions. These drivers and the inventory cycle will aid recovery in industrial production, which is expected to grow 2.8 per cent. in 2024 and 3.5 per cent. in 2025 compared to 1.3 per cent. in 2023.

Global GDP Growth, 2010-2050 (%)



GDP per Region, 2020-2050 (US$ trillion, real 2015)



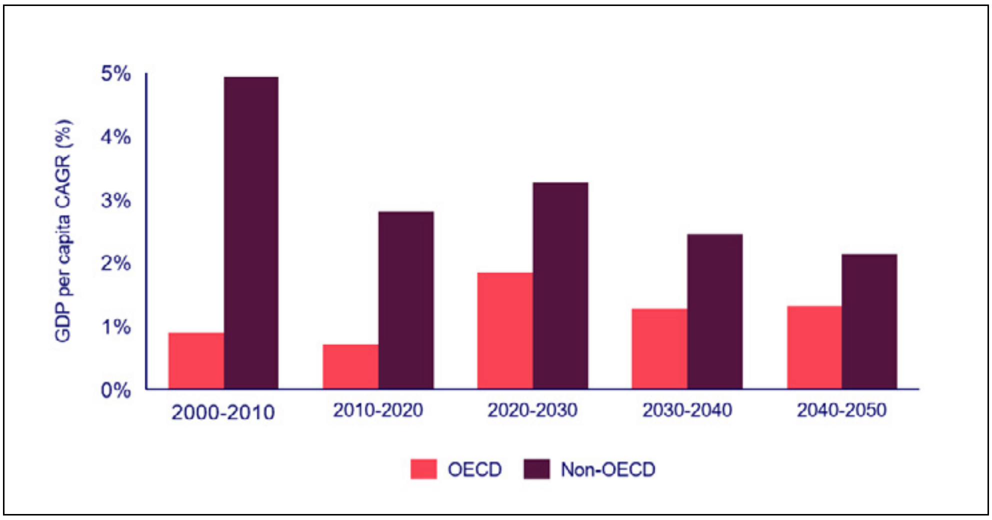
Source: Wood Mackenzie, H1 2024

In the medium term (2023 to 2030), global GDP is expected to expand at a 2.6 per cent. CAGR. By the end of 2030, non-OECD economies will account for 45.3 per cent. of the global economy, up from 41.2 per cent. in 2023. The growth in non-OECD economies is expected to continue to outpace OECD economies, with their share of the global GDP expected to increase to approximately 53.5 per cent. in 2050 at an average growth rate of 3.1 per cent. compared to 1.4 per cent. from OECD economies. These factors underpin the gradual economic convergence between developing and developed economies.

Income growth

This trend in GDP growth is reflected in income growth with non-OECD income growth. The Asian countries are projected to see the most substantial gains in GDP per capita, with a CAGR of 2.8 per cent. from 2023 to 2050. Similarly, regions like Africa and Latin America are forecast to experience a CAGR of 1.6 per cent. and 1.7 per cent., respectively, exceeding the growth in established economies. This trend suggests a rising middle class across these developing regions, significantly increasing global energy demand as these populations consume more. In contrast, growth in North America and Europe is expected to be more modest at a CAGR of 1.3 per cent. in each region.

GDP per Capita growth, 2000-2050 (%)



Source: Wood Mackenzie, H1 2024

The Global Energy Markets

Under Wood Mackenzie's base case (2.5˚C warming trajectory), global energy demand will grow to 356 mmboe/d by 2050. Although global GDP, incomes and population continue to grow, greater electrification strongly impacts primary energy consumption. The total primary energy demand is expected to peak by 2037 at 365 mmboe/d. By 2050, the energy supplied by renewables (solar and wind) will have increased 5.9 times to 54 mmboe/d. The penetration of solar and wind will be most prominent within the power sector, where its capacity share will rise from the current 29 per cent. to 65 per cent. by 2050.

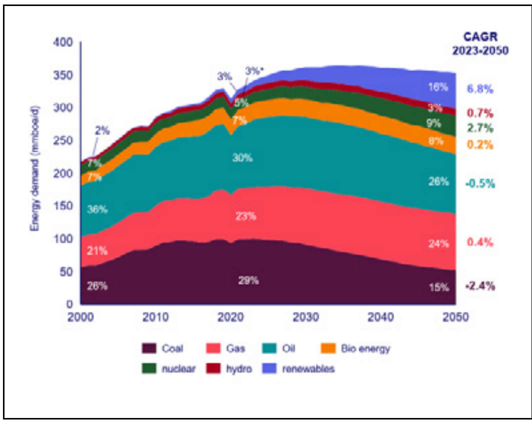
Hydrocarbons show strong resilience, with oil and gas still representing 50 per cent. of the primary demand in 2050, down from 53 per cent. in 2024. Gas is expected to show more resilience than oil. Oil and condensate demand peaks in 2031 at 108.9 mmbbl/d and plateaus before declining to 103.4 mmbbl/d by 2040 and reaching 90.9 mmbbl/d in 2050. Oil and condensate demand is shaped by an interplay between acceleration driven by the rise of a global middle class and mitigation originating from energy transition pressures, primarily within the transport and power sector. The road sector will be one of the key segments to feel the energy transition's effects (through efficiency gains and EV adoption) much faster than any other sector. Gasoline demand (excluding biofuels) will reach pre-COVID-19 levels in H2 2024 and continue to grow until 2028. At around 25.2 mmbbl/d, gasoline demand peaks in 2028, and by 2050, it loses 8.8 mmbbl/d from peak demand. By 2050, EVs will represent 50 per cent. of global vehicle stock.

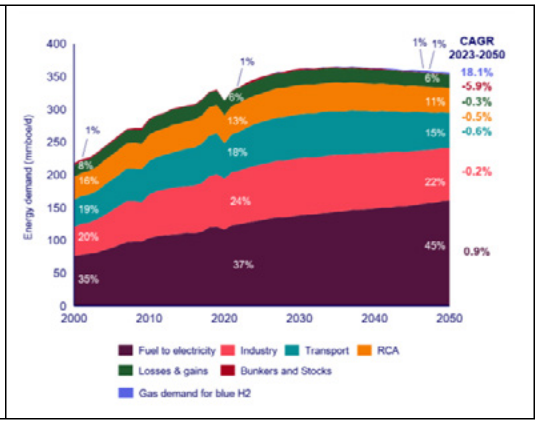
Gas peak demand is expected to reach 160 tcf in 2041 from 136 tcf in 2023, with the industrial sector showing the most substantial resistance to renewables; however, the power sector will see peak gas demand of approximately 56 tcf in 2036, after which the transition to renewables will become more profound.

From a regional demand perspective, Asia-Pacific is the largest demand region. It represented 47 per cent. of the total energy demand in 2023 at 160 mmboe/d and is expected to grow at a CAGR of 0.2 per cent. to reach 170 mmboe/d in 2050. The pace of energy transition will be greatest in North America and the European Union, which will see their total energy demand decrease at a CAGR of -0.2 per cent. and -1.2 per cent., respectively.

Total Primary Energy Demand per Fuel, 2000-2050 (mmboe/d)

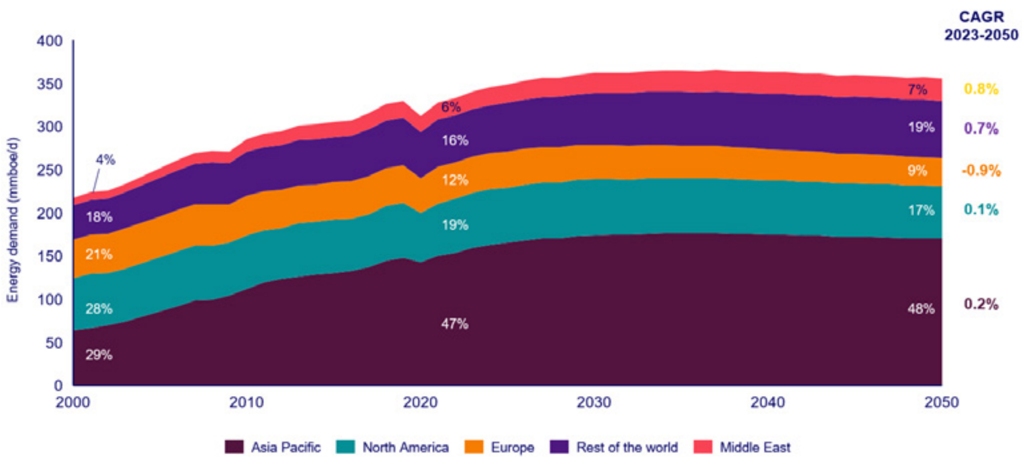
Total Primary Energy Demand per Sector, 2000-2050 (mmboe/d)





Source: Wood Mackenzie, H2 2023

Total Primary Energy Demand per Region, 2000-2050 (mmboe/d)



Source: Wood Mackenzie, H2 2023

Crude and Petroleum Products Outlook

Global Oil and Condensate Demand

Global oil and condensate demand is shaped by an interplay between acceleration driven by economic growth, the rise of the global middle class and mitigation from the energy transition. As the global economy is expected to grow by 85 per cent. by 2050 and the world population is projected to increase from 7.8 billion to 9.7 billion, this exerts upward pressure on global oil and condensate demand. Yet, as the mitigating effects mount from the electrification of the transport sector and efficiency gains, this curbs oil and condensate demand growth, flattening and eventually bending the demand curve.

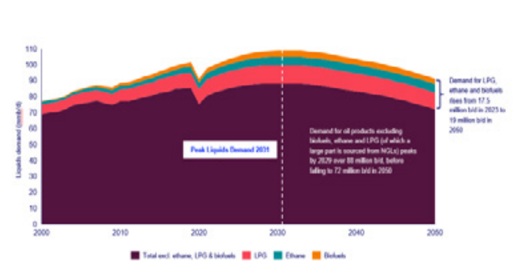
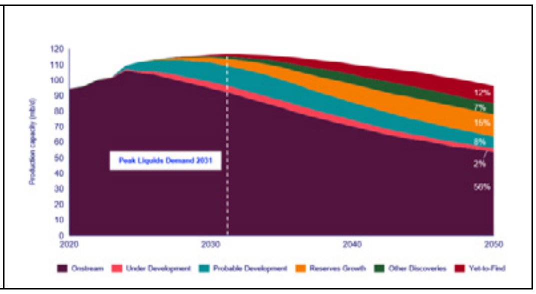
Specifically, the light vehicles sector stands on the front line of the global energy transition. The path ahead for oil and condensate demand depends critically on the evolution of demand in this sector. Light vehicle stock will grow nearly 51 per cent. to 2 billion by 2050, while at the same time, the share of EVs[4] and FCVs[5] are forecasted

[4] Electric Vehicles include plug-in hybrids, excludes autonomous electric vehicles

[5] Fuel Cell Vehicles

to rise from 3 per cent. to 53 per cent. of the global market fleet. In addition, vehicle efficiency gains, hybridisation and other alternative fuels will significantly contribute to the decline in oil and condensate demand in light vehicles.

Oil and condensate demand is forecast to grow from 101.6 mmbbl/d in 2023 to reach peak demand of 108.9 mmbbl/d by 2031. After this peak, demand modestly retreats to 107.7 mmbbl/d by 2035, heralding a sustained long-term decline to 91 mmbbl/d by 2050.

Global Liquids (Oil and Condensate) Demand, 2000-2050 (mmbbl/d)	**Global Liquids (Oil and Condensate) Supply, 2000-2050 (mmbbl/d)**
	

Source: Wood Mackenzie, H1 2024

Upstream Supply Trends

To meet growing demand into early next decade, global oil and condensate production capacity will increase from 109 mmbbl/d[6] in 2024 to a peak of 116.5 mmbbl/d in the early 2030s before beginning a slow decline, which steadily gathers pace, with capacity falling to 96 mmbbl/d by 2050. Capital discipline and investment efficiency will remain a top priority for companies. As a result, upstream spending is now increasingly focused on delivering advantaged barrels – low-cost, low-carbon-intensive supply. By 2050, nearly 44 per cent. of the global supply will need to come from new supply sources that are not currently onstream.

Non-OPEC supply (excluding unconventionals) peaks at around 68 mmbbl/d in the early 2030s, a growth of over 4 mmbbl/d from 2023 levels. North America contributes 3 mmbbl/d to this growth, supported by the U.S. Lower 48's Permian Bassin which alone adds 1.7 mmbbl/d over the next decade. U.S. Lower 48 crude and condensate supply is forecast to grow from 10.9 mmbbl/d in 2024 to 12.0 mmbbl/d in 2030, followed by a gradual, long-term decline. The other source of growth in North America is Canada, which will increase by nearly 1 mmbbl/d from 2023 to 2032.

Apart from North America, two other vital regions will drive non-OPEC production: Latin America and Russia & Caspian. The two combined regions will contribute approximately 19 mmbbl/d or 38.5 per cent. of the non-OPEC output by 2050. Given the long-term impact of the conflict in Ukraine on oil supply, Russian production remains to be determined. The forecast assumes that sanctions and bans on Russian exports will remain in place through 2030 but will ease thereafter with "normality" re-established from 2035.

Having averaged 9.6 mmbbl/d in 2023, Russia's crude oil production is forecast to fall over the next decade, averaging 9.3 mmbbl/d. A slight recovery is assumed in the mid-2030s as sanctions are eased, before long-term

[6] Wood Mackenzie geopolitical assumptions:
An array of sanctions is in place against Russia to prevent oil exports into the EU while other countries including the U.S. have banned imports from Russia. In addition, sanctions are meant to prevent investment in Russia's oil sector by international oil companies. These measures are assumed to be in place until 2030 when an easing of them starts and full normality is regained by 2035.
The conflict in the Palestinian territories (and neighbouring regions) is assumed to end by the start of Q4 2024 and a regional conflagration is avoided. The Houthi attacks on shipping taper off and end soon after the war is concluded.
Currently, both Iran and Venezuela are subject to sanctions that restrict oil exports and indirectly affect production through constraints on upstream investment. The measures are assumed to end in 2025 for Venezuela and 2030 for Iran.

decline sets in. Vostok Oil should help to offset mature field decline, ramping up to approximately 1.6 mmbbl/d in the mid-2030s. Rosneft is targeting a faster ramp-up, which offers upside supply risk to our view if achieved. However, significant upstream challenges will need to be overcome, including a lack of imported technology, which will take its toll on longer-term supply. The loss of traditional markets for its oil and gas has forced a rethink of where to invest to support future production and how it can monetise those volumes.

Latin America is a critical non-OPEC growth area, adding approximately 3 mmbbl/d by the mid-2030s. Major new projects in Guyana and Suriname and additional production phases in Brazil drive Latin America production growth through to the late 2030s. In Guyana, production averaged 600,000 b/d in January 2024 following the start-up of the Prosperity FPSO on the Payara development. Production will plateau at just over 1.5 mmbbl/d in the early to mid-2030s. Suriname's supply is expected to grow steadily to around 400,000 b/d from the late-2030s. In Brazil, liquid production peaks at nearly 5 mmbbl/d in the mid-2030s. Pre-salt Santos basin projects are integral to solid growth, particularly in Buzios and Mero. However, delays in contracting FPSOs are a downside risk: operators face a challenging high-cost environment and stretched supply chain capacity.

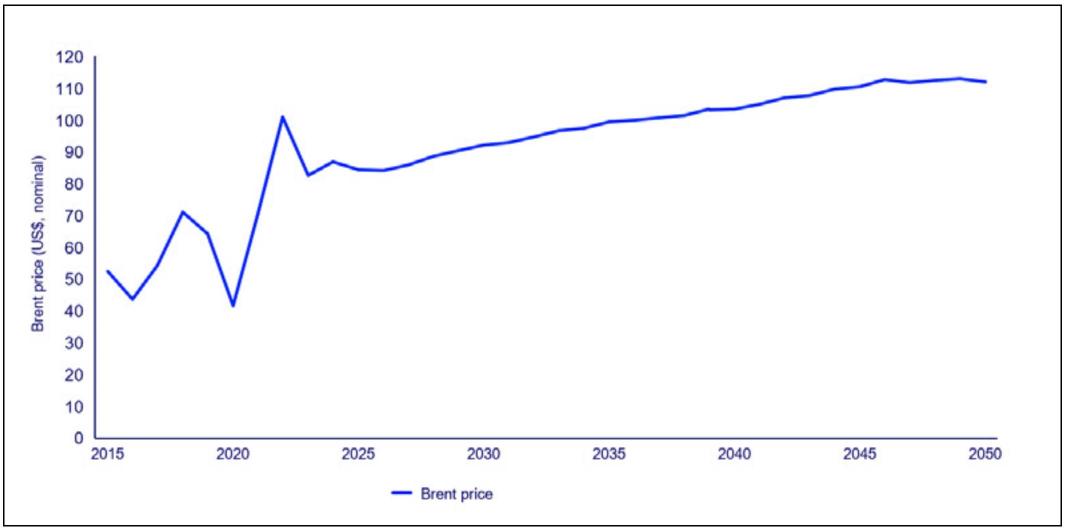
OPEC crude accounts for an increasing share of overall global oil and condensate capacity through the forecast period, rising from around 35 per cent. in 2024 to 43 per cent. by 2050. The organisation's crude capacity will grow steadily from 33.7 mmbbl/d in 2024 to just over 35 mmbbl/d by 2030 and peak at just over 36 mmbbl/d by the mid-2040s. Middle East crude dominates OPEC capacity growth through the forecast period, driven by UAE, Iraq and Kuwait expansions. Iran shows slow growth after the lift of sanctions, assumed in 2030. NGLs and condensates plateau around 2030, with growth from the mid-2020s primarily driven by Saudi Arabia's unconventional gas project, Jafurah Basin. The main drivers of this growth are expansion projects in the UAE, Kuwait, and Iraq, which offset the decline in West Africa. Longer-term gains in Iran, Venezuela and Libya will support the increase.

The Middle East's role will increase over time as its producing assets will deplete at a slower rate than the rest of the world while its production costs will continue to be more favourable to Western producers. The region's share of crude capacity grows through the period, representing 39 per cent. in 2050 compared to 33 per cent. in 2023. The region is expected to add approximately 9 mmbbl/d of new capacity by 2050, representing 28 per cent. of the future capacity additions.

Evolution of Oil Balances and Prices

Brent crude oil real terms prices are expected to average US$87/bbl (nominal) in 2024, bolstered by a supply deficit in the second half of the year. In the mid-term, Brent prices will remain relatively stable, averaging US$82/bbl (real terms) in 2030. This outlook, however, is tempered by a long-term perspective. Global oil demand is projected to peak in 2031 at 109 mmbbl/d before plateauing and then entering a sustained decline, reaching 91 mmbbl/d by 2050. OPEC spare capacity is expected to remain above 5 mmbbl/d until 2050, peaking at 7.9 mmbbl/d in 2032. This decline in demand, accelerating after 2040, will exert downward pressure on prices, with the Brent price forecast to average US$67/bbl (real terms) by 2050. However, the high cost of new production and the need to maintain an active upstream sector are expected to prevent a sharp drop in prices. By 2050, only half of the current oil production is expected to remain operational, highlighting the need to explore and develop new sources to meet a declining demand.

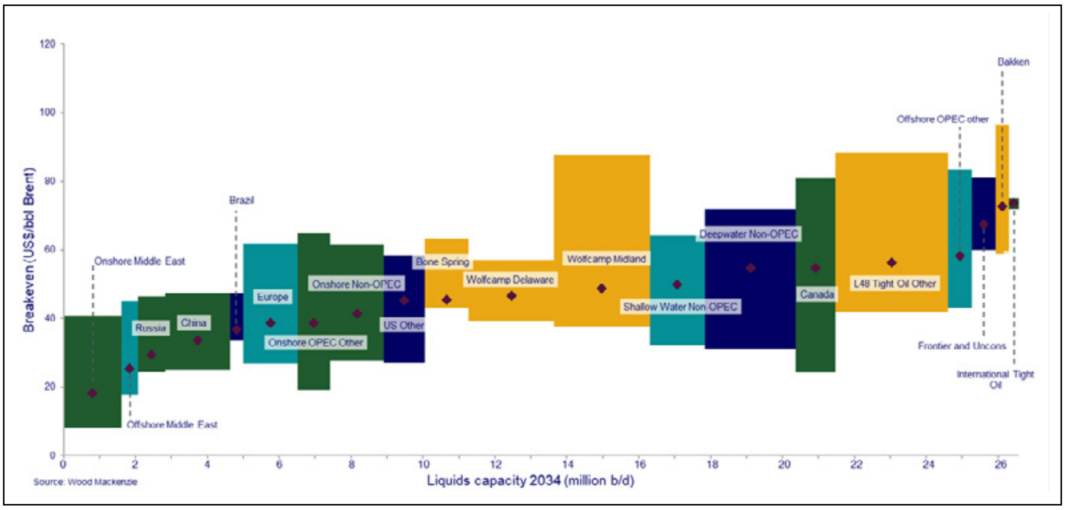
Brent Price (US$, nominal)



Source: Wood Mackenzie, H1 2024

Upstream Breakeven Costs

Breakeven[7] by Capacity from Future Sources of Supply in 2034 (US$/bbl Brent)



Source: Wood Mackenzie, H1 2024

The cheapest sources of future onstream supply come from onshore and offshore production in the Middle East and Russia. By 2034, the Middle East, Russia and the Caspian have the potential to produce approximately 51.4 mmbbl/d of oil and condensate under US$50/bbl. Oman will be advantaged with an oil and condensate production capacity of approximately 0.76 mmbbl/d, of which approximately 96 per cent. will have a production breakeven of less than US$50/bbl. With nearly all its production coming from onshore assets, Oman's production, like that of onshore Middle East producers, will have very low breakeven costs. Nearly 90 per cent. of the onshore production will have a breakeven cost of less than US$40/bbl, with 66 per cent. having a breakeven of less than US$35/bbl.

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7 Breakevens are point forward, NPV15, Brent equivalent. Block height excludes upper and lower 15 percentiles, block colours based on predominant theme. "Future sources" include probable (pre-FID) developments, other discoveries/contingent reserves, reserves growth and yet-to-find.

The Company's breakeven costs are also very favourable, with all its 2034 production having a forecasted breakeven cost of less than US$50/bbl. Approximately 60 per cent. of its production has a breakeven cost of less than US$35/bbl.

Higher-cost supplies from resource themes such as the U.S. Lower 48, Canada, and the highest-cost shallow water non-OPEC supply are the most at risk of displacement post-2030. However, higher-cost sources of supply are still required to offset onstream field declines and meet continued global oil demand growth through the early 2030s. Future drilling in the U.S. Lower 48 adds 5.8 mmbbl/d of supply by 2034 at a breakeven lower than US$60/bbl.

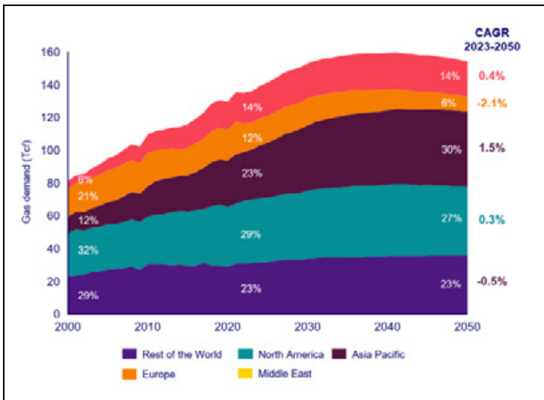
Gas Outlook

Global Gas and LNG Demand

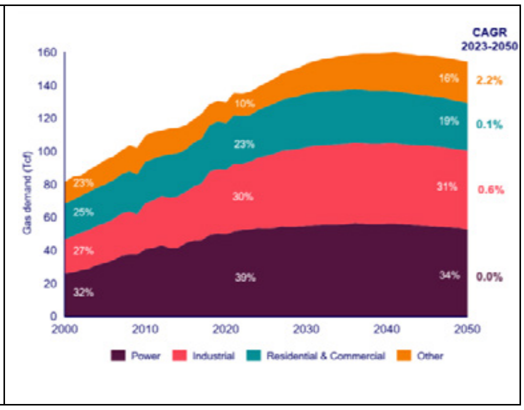
Balancing the energy trilemma – sustainability, affordability, and energy security – remains critical for governments and companies worldwide. But amid ongoing geopolitical and economic uncertainty, energy security and affordability have come into focus. Governments globally are starting to acknowledge that net zero targets will be challenging to achieve. Gas thus becomes an increasingly important fuel in providing flexibility while supporting energy transition. As investments in renewables scale up, gas can play an essential role in displacing coal and offer a close-to-zero carbon emission solution paired with carbon capture and storage in the future. Gas share in the energy mix will expand in the next 25 years to nearly a quarter of global energy demand by 2050.

Global gas demand is forecast to grow at 1.3 per cent. CAGR through 2034 to 157 tcf from 136 tcf in 2023, supported by growth in Asia (+3.2 per cent. CAGR) and North America (+0.8 per cent. CAGR) and despite reductions in Europe (-0.8 per cent. CAGR). Thereafter, demand is forecast to peak at 160 tcf in 2041 and start declining as growth in China slows, North American demand starts reducing, and European demand decline accelerates.

Global Gas Demand by Region, 2000-2050 (tcf)



Global Gas Demand by sector, 2000-2050 (tcf)



Source: Wood Mackenzie, H1 2024

The North American market will grow at a CAGR of 0.6 per cent. between 2024 and the early 2040s, when demand peaks at 44 tcf, representing 27 per cent. of the global demand. While the power sector remains stable, the combined residential and commercial market will reach a peak of 9.2 tcf in the early 2030s. The subsequent decline can be attributed to the displacement of demand by hydrogen and the ongoing electrification.

In contrast, Asia Pacific is poised for the fastest growth, surpassing North America by the mid-2030s. Asia Pacific's demand is expected to grow at a CAGR of 1.5 per cent. over the 2023-2050 period as its share increases from 23 per cent. to 30 per cent. of the global gas demand. Economic development, rising living standards, and a shift from coal to gas drive this surge. The power sector will lead the demand increase, followed by industry and buildings.

Improving macroeconomic factors and softening gas prices support the demand recovery in Europe in the near term, with the gas demand peaking in 2027 at 17 tcf. After 2030, electrification and investments in renewables will accelerate the decline in gas demand.

Gas demand remains resilient in other markets, including the Middle East and North Africa. Africa will grow at the fastest rate, a 0.8 per cent. CAGR over the 2023-2050 period from 5 tcf to 7 tcf, while the Middle East will grow at a CAGR of 0.4 per cent. from 19 tcf in 2023 to 22 tcf in 2050. New industrial projects and fuel switching from fuel oil will boost gas demand in South America in the medium term.

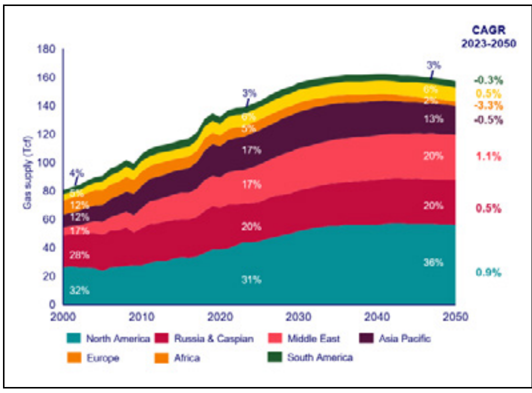
While overall gas consumption is projected to grow, sectoral trends diverge. Blue hydrogen production, which relies on gas as a feedstock, is expected to be the fastest-growing sector with a CAGR of 22 per cent. for 2023-2050. However, its total demand is expected to remain modest, reaching only 5 tcf by 2050, representing just 3 per cent. of the natural gas market. The industrial sector steadily increases with a CAGR of around 0.6 per cent. This is expected to propel its market share to 31 per cent. by 2050. Conversely, the power generation sector's demand is forecast to stagnate, with its market share declining from 39 per cent. to 34 per cent. despite reaching 53 tcf in 2050. The residential and commercial sectors, driven by electrification trends, will grow slowly, with demand growing at 0.1 per cent. CAGR to reach 29 tcf in 2050. Consequently, their combined market share is projected to decrease from 21 per cent. to 19 per cent. by 2050.

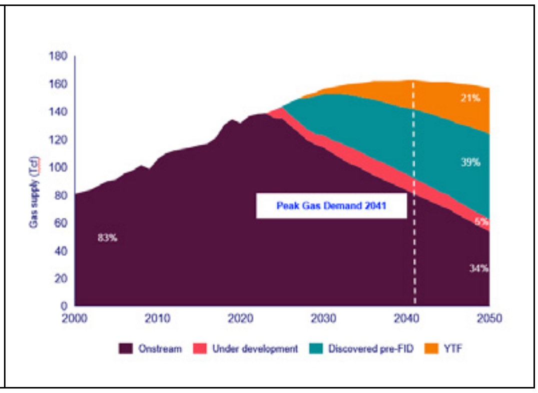
Global LNG demand is expected to outpace overall gas demand significantly until 2030, increasing by 30 per cent. to reach 28 tcf in 2030, driven by new supply sources that will put downward pressure on prices. Post 2030, China's growth plateaus, reaching a peak demand in 2032 before inflexing to represent 16 per cent. of the demand in 2050. The demand in Northeast Asia and Europe also declines after mid-2030, accounting for 13 per cent. and 12 per cent. of the demand in 2050. South and Southeast Asia remain the only major engines of growth, accounting for 44 per cent. of the demand in 2050. Global LNG demand increases by 3 tcf between 2035 and 2050, with no "peak LNG demand" in sight.

Global Supply

Global gas supplies have grown 1.7 per cent. CAGR since 2020. Supply is expected to grow at a CAGR of 0.9 per cent. until it reaches its peak in 2041 before flattening and gradually declining to 157 tcf by 2050. Production from discovered fields will be broadly sufficient to meet the demand until 2028. Still, as mature fields decline, substantial new drilling will be required after 2025 to sustain production, particularly in North America. By 2050, 66 per cent. (105 tcf) of global supply will come from added capacity, of which 19 tcf is expected to come from the middle East. Discovered pre-FID developments, particularly shale gas in North America, will account for almost 39 per cent. By 2050, about 21 per cent. (33 tcf) of yet-to-find volumes will be required.

Global Gas Supply by Region, 2000-2050 (tcf) **Global Gas Supply by Status, 2020-2050 (tcf)**





Source: Wood Mackenzie, H1 2024

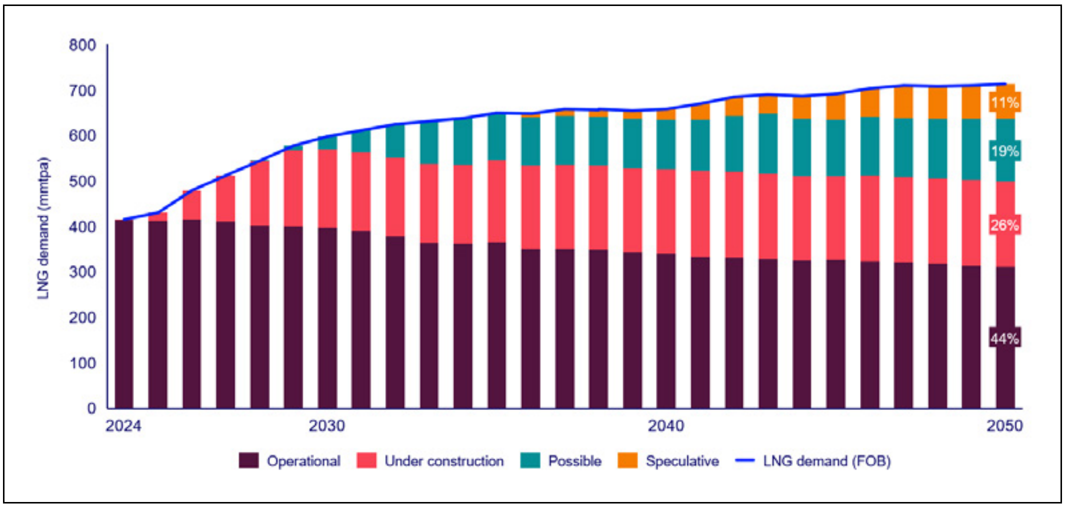
European production will soon enter terminal decline, decreasing at a CAGR of -3.3 per cent. from 2023 to 2050, with output falling by 60 per cent. from 7 tcf to 3 tcf. Norway continues to remain the most significant contributor to European production until 2050. Upside from Southeast Europe—Turkey and Romania—will slow the overall rate of decline.

While production in Asia Pacific is expected to peak in the early 2030s before declining, the Middle East and North America will see significant growth. The Middle East, driven by LNG projects in Qatar and the UAE, is projected to experience a steady increase of 1.1 per cent. CAGR. North America, bolstered by rising domestic demand and LNG exports, will witness a substantial 0.9 per cent. CAGR, with production reaching 57 tcf by the early 2040s. Africa will see modest growth, with new producers like Cyprus and Mozambique offsetting declines in Algeria. Russia's production will rise gradually, but its piped exports, particularly to China, will need more diversification efforts by the latter.

LNG supply growth will remain limited before 2025, but a new wave of LNG projects will enter the market, with supply growth averaging over 38 mmtpa between 2026 and 2028. An influx of new investment decisions through to 2027 across North America, the Middle East and Africa results in 104 mmtpa of new FIDs. With LNG demand growth slowing down post-2030, the market is poised for a new period of excess supply.

Despite almost 200 mmtpa of LNG supply projects under construction, there is a strong requirement for new LNG supply in the medium and long term; 133 mmtpa of pre-FID supply will be required by 2040, and about 215 mmtpa will be needed by 2050. U.S. LNG will be the most significant growth market for new LNG supply, contributing up to 37 per cent. of all pre-FID supply through the 2030s and 27 per cent. in the 2040s. Additionally, the timing of North Field West and additional Qatari LNG expansions will be key in deciding market space for other pre-FID developers. 64 mmtpa of new Qatari capacity is expected by 2050, half of which will be commissioned in the 2040s.

LNG supply-demand gap, 2024-2050 (mmtpa)



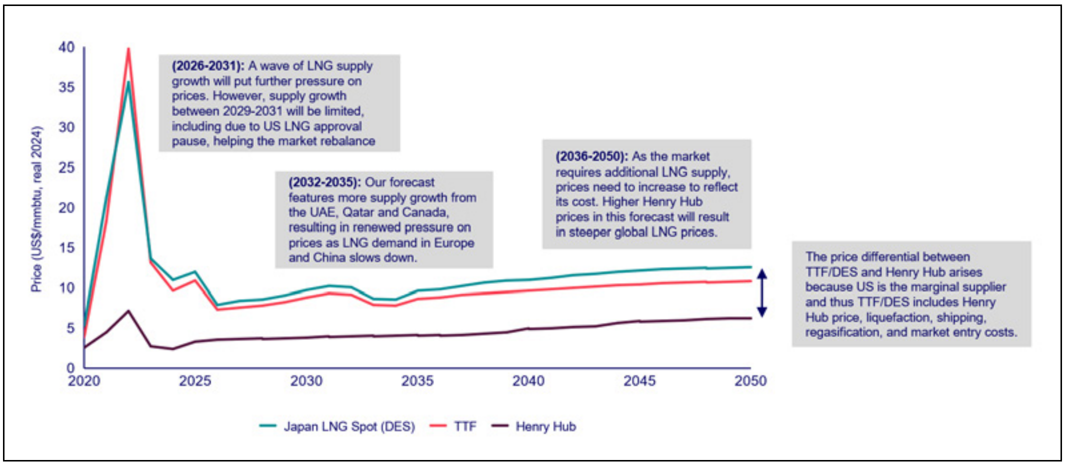
Source: Wood Mackenzie, H1 2024

Evolution of Gas Prices

Gas price volatility persists in the near term, amplified by geopolitical tensions as supply availability remains limited. However, a wave of new supply will bring about a structural change from 2026, with TTF reducing to US$7.3/mmBtu, as Europe will need to absorb more LNG than required. As LNG supply growth slows down, prices are anticipated to recover, with TTF peaking at US$9.3/mmBtu in 2031, before a new wave of LNG supply growth and softening demand is expected to trigger another cycle of low prices. The market will avoid relying on U.S. LNG cargo cancellations to balance the market in those lower price cycles.

Longer-term LNG prices will be defined by the cost of developing new LNG supply which is expected to increase over time as Henry Hub prices in the U.S. strengthen. The Asian spot price premium over European prices will also increase as more U.S. LNG is required in Asia.

Gas prices, 2020-2050 (US$/mmBtu, real 2024)



Source: Wood Mackenzie, H1 2024

Middle East Oil and Gas Industry Overview

Role of Oil and Gas in the Middle East

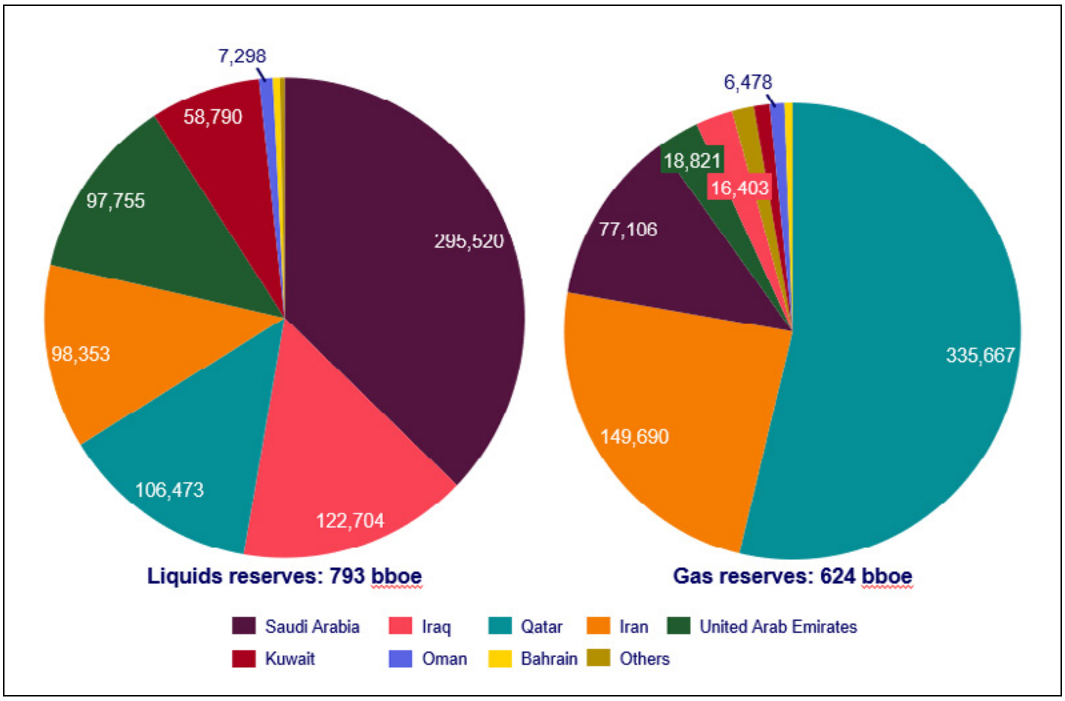
The Middle East has long been synonymous with vast oil and gas reserves, representing a significant portion of the world's total hydrocarbons. This abundance of resources has profoundly shaped the region's economic and geopolitical landscape, attracted foreign investment, and driven the growth of several nations.

Boosted by hydrocarbons, Middle Eastern economies (including Bahrain, Iran, Iraq, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, and Yemen) achieved GDP growth at a CAGR of 2.1 per cent. during the 2000-2023 period, reaching US$2.9 trillion. This growth is projected to continue, albeit at a more moderate pace of 1.1 per cent. CAGR until 2050 to reach US$5.6 trillion. The region's GDP relies heavily on hydrocarbons, contributing between 20 per cent. (Bahrain) and over 50 per cent. (Qatar) to national GDPs; in Oman hydrocarbons accounted for 37.7 per cent. of the GDP in 2022. These exports generate significant government revenue and fund public services and infrastructure projects. In countries like Iraq, Saudi Arabia, and Oman, oil and gas exports account for a staggering 93 per cent. (Iraq, 2023), 62 per cent. (Saudi Arabia, 2023), and 77 per cent. (Oman, 2022) of government income.

Oil and Gas Reserves

The Middle East boasts immense proven and probable reserves, estimated at 793 bboe for liquids (oil and condensate) and 624 bboe for gas. This dominance translates to 43 per cent. of the world's oil and 41 per cent. of its gas reserves. Saudi Arabia, Iraq, Qatar and Iran notably concentrate 78 per cent. of the region's oil reserves. Additionally, Qatar has a remarkable 22 per cent. share of global gas reserves.

Middle East Liquids (Oil and Condensate) and Gas Reserves (Commercial (2P) and sub-commercial (2C)), 2024 (bboe)



Source: Wood Mackenzie, H1 2024

These reserves are primarily concentrated in a few supergiant fields managed by regional NOCs. Saudi Aramco possesses the largest commercially recoverable reserves, at 210 bboe. The National Iranian Oil Company is behind, with 86 bboe in reserves. QatarEnergy boasts the largest commercial reserves and sub-commercial contingent resources, at 429 bboe. The Company's reserves total 1.4 bboe, with a composition of 53 per cent. gas and 47 per cent. oil and condensate.

Regional Oil and Gas Production and Demand

The Middle East remains a dominant player in the global oil market, supplying nearly 27 per cent. of the world's oil. Oil capacity from the region is expected to peak in 2031 at 38 mmbbl/d before plateauing until 2050. The production capacity share of each country in the Middle East is forecast to remain relatively stable between 2025 and 2050. Saudi Arabia will retain its position as the leading oil producer in the region, with its share decreasing from 40 per cent. to 38 per cent. by 2050. The most significant growth in oil output is projected to come from Iraq, with a 40 per cent. production increase at its peak in 2049 compared to 2023 levels. Consequently, Iraq's share of the region's production is expected to rise from 14 per cent. to 16 per cent. by 2050.

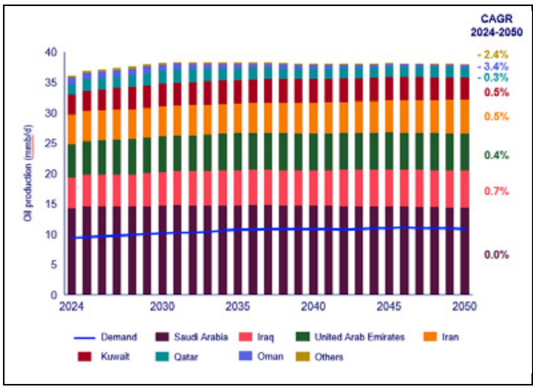
In contrast to oil, the region's gas production is expected to experience modest growth at a CAGR of 0.9 per cent. until 2050, reaching 31 tcf from 25 tcf in 2024. Gas production is forecast to peak in 2047 at 32 tcf. Qatar, Iraq, and the UAE are expected to be the key drivers of this growth, with anticipated CAGRs of 2.4 per cent., 3.5 per cent., and 2 per cent. respectively. The startup of the North Field East and North Field South in the late 2020s will support production growth from 6 tcf to 12 tcf by 2050. UAE's push towards gas self-sufficiency by 2030 has led to strong focus on unconventional and sour gas fields in Abu Dhabi. With Iraq having strong targets to grow oil production to 7 mmbbl/d, the country will see strong growth in associated gas production. Conversely, Iran's gas production is projected to decline at a CAGR of -0.3 per cent. over the period, with its share of regional production dropping from 35 per cent. to 26 per cent.

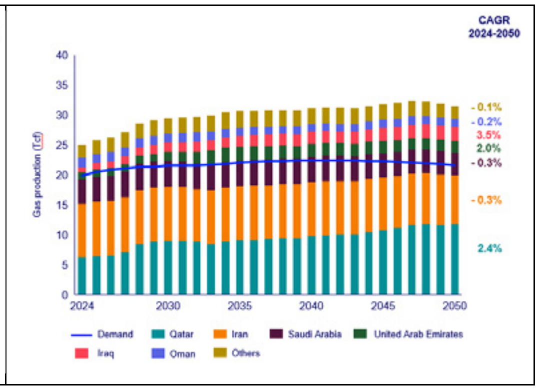
A large part of the region's success and dominance within the global oil & gas markets can be attributed to the strong presence of IOCs and their participation within the key fields and blocks in the region. Favourable fiscal terms, supportive regulatory procedures and positive production prospectivity have attracted many of the majors to the region including Shell, ENI, BP, ExxonMobil and TotalEnergies. Within the region, Oman has the highest foreign participation by production, constituting 40 per cent. of the country's oil and gas production. This is followed by UAE and Qatar, where foreign participation accounts for 35 per cent. of the country's total oil and gas production.

The Middle East is a significant player in the global gas market through pipeline exports and LNG shipments. In 2024, the region accounted for 23 per cent. of global LNG supply, and this share is expected to increase to 28 per cent. by 2050. Qatar, a leading global LNG exporter and major supplier to Asia and Europe, holds the dominant position within the region, contributing 83 per cent. of the Middle East's LNG capacity. This dominance is projected to solidify further, with Qatar's share reaching 91 per cent. by 2050 as it continues to expand its LNG supply capacity, with the next phase of expansion kicking off in 2026.

Middle East Liquids (Oil and Condensate) Capacity and Demand, 2024-2050 (mmbbl/d)

Middle East Gas Production and Demand, 2024-2050 (tcf)





Source: Wood Mackenzie, H1 2024

The Middle East's per capita energy consumption is among the world's highest, with six countries[8] in the top 10 in 2022, due to factors like water desalination and high usage of air conditioning. With a projected population increase by 35 per cent. and a rise in GDP per capita (constant 2015 prices) by 41 per cent. by 2050, this will result in significant per capita energy consumption growth.

Oil demand will grow at a CAGR of 0.5 per cent. until 2050, driven by the road sector (33 per cent. of demand in 2023) and the petrochemical sector (24 per cent. in 2023). While the share of the road sector is forecast to remain flat, the petrochemical sector, the fastest-growing segment at a CAGR of 2.1 per cent., will account for 36 per cent. of the demand in 2050.

Gas demand is anticipated to exhibit moderate growth over the forecast period (2024-2050), with a CAGR of 0.4 per cent. The power and industrial sectors currently dominate gas consumption, accounting for 47 per cent. and 32 per cent. respectively in 2024. However, the increasing penetration of renewables in the power sector is expected to gradually displace natural gas, leading to a decline in its share to 38 per cent. by 2050. Conversely, the industrial sector, harder to decarbonate, is forecast to demonstrate relative stability in gas consumption, with its share increasing to 35 per cent. by 2050.

Future Outlook

Exploration activity in the Middle East is robust, with significant efforts to discover new reserves and enhance existing fields, leveraging the advantaged position on some of the lowest production costs globally. It is forecast that US$1.4t of capital expenditure will be required by 2050 to exploit these reserves. In the future, the region will further grow in importance within the oil and gas markets as the balance of global supply shifts towards the region.

Saudi Arabia is expanding into offshore and unconventional resources, with significant projects like the Jafurah gas field highlighting its strategy to diversify and enhance production capabilities. Saudi Arabia is projected to add approximately 750 mmboe from its wells in the exploration and appraisal stages. The UAE is capitalising on new onshore and offshore discoveries, with notable investments in the Ghasha ultra-sour gas project and the Upper Zakum field expansion, reflecting its aim to boost oil and gas outputs. The UAE leads in recoverable oil and gas reserves through its planned wells, including those in appraisal and exploration stages. The country's reserves are anticipated to increase by nearly 1 bboe.

Kuwait focuses on offshore drilling and heavy oil, exemplified by the Jurassic gas project. At the same time, Qatar is poised to substantially increase LNG production through the North Field Expansion, consolidating its

[8] Qatar, Bahrain, United Arab Emirates, Kuwait, Saudi Arabia and Oman. Source: U.S. Energy Information Administration.

position as a leading gas exporter. Bahrain is advancing its offshore exploration and unconventional resources, notably with the Khalij Al Bahrain shale oil development. Meanwhile, Iran is intensifying exploration in the Persian Gulf and Caspian Sea, focusing on the South Pars gas field. Iraq is expanding its capacity through new blocks and redevelopment of fields such as West Qurna and Rumaila.

With the region's strong commitment to further developing their hydrocarbon sectors and the robust upstream project economics, the Middle East will remain an attractive destination for upstream investments.

Role of Hydrocarbons in Oman

The oil and gas sector and associated industries are strategically crucial to Oman, given their importance to the economy, employment, and inbound investment. The hydrocarbon sector is a dominant contributor to the country's nominal GDP, accounting for 37.7 per cent[5] in 2022. Additionally, the sector contributed approximately 77 per cent[5] to government income and 72.2 per cent[9] to Oman's foreign direct investment ("**FDI**").

Hydrocarbons continue to be the primary source of energy demand in the country, accounting for over 98 per cent. of its energy needs. As the country's population grows from the current 4.7 million[10] to 6.3 million by 2050, and GDP grows at a CAGR of 2.4 per cent. between 2024 and 2050, domestic hydrocarbon (oil and gas) demand is expected to continue to grow at a CAGR of 1.4 per cent. until 2050.

Exports account for the largest share of crude demand, while gas demand is primarily domestic. In 2022, crude (and condensates) exports accounted for 81 per cent. of annual production, while gas exports accounted for only 32 per cent. of production.

Oman as an Investment Destination

Oman's strategic location at the crossroads of the Arabian Peninsula, East Africa, and South Asia and in proximity to larger regional markets in the Middle East is an attractive feature for potential foreign investors. With a "neutral" foreign policy, and domestic political stability, Oman does not face the external security challenges of some of its neighbours.

The recent strengthening of oil prices and fiscal consolidation have improved Oman's fiscal and external balances considerably. This strengthening of the country's macro economy was also witnessed in Oman's debt rating improving from BB to BB+ (Fitch) in 2024. FDI inflows have been a strong beneficiary of this growing economic stability. Since 2020, FDI inflows have grown by 30.5 per cent. to reach US$70.4 billion in 2022.

Supported by elevated oil prices and fiscal reforms, Oman's public debt has substantially decreased to 37 per cent. of GDP in 2023 from nearly 70 per cent. of GDP in 2020 when the dual shock of the pandemic and oil price collapse severely impacted the government finances. As part of the country's financial framework of the 10th Five-Year Development Plan (2021-2025) and Oman Vision 2040, the country aims to prioritise public debt reduction in 2024, thus increasing investor confidence in the country. Stable long-term inflation at 1 per cent. and currency stability further add to Oman's investment attractiveness.

Improved regulatory frameworks such as the Foreign Capital Investment Law (FCIL) promulgated by Royal Decree 50/2019, as amended, which allows 100 per cent. foreign ownership in most sectors without a minimum capital requirement, have further opened the market for investment flows into the country, especially the

9 Central Bank of Oman – 2022 Annual Report.

10 United Nations.

hydrocarbon sector, a key beneficiary of FDI inflows. Oman is now the fifth-largest destination market in the Middle East by the number of greenfield projects[11].

History of Oil and Gas in Oman

Exploration drilling in Oman dates back to the 1920s, when the Anglo-Persian Oil Company conducted the country's first exploration under a concession agreement. However, the first discovery was not made until 1956, and commercial production was not achieved until 1967 when Petroleum Development Oman's Fahud and Natih fields (PDO) were brought onstream.

PDO (now owned at 60 per cent. by Energy Development Oman (EDO) and 40 per cent. by Shell, TotalEnergies and PTTEP) carried out all the country's exploration until the 1970s, with all Omani oil and condensate production coming entirely from PDO-operated fields until the 1980s. Initial exploration and appraisal were focused on the northern areas of block 6, close to its first discoveries in the Yibal and Fahud fields. Drilling continued in the Qarn Alam area, directly south of Fahud, where several discoveries were made in the early 1970s. New discoveries continued in the 1980s and 1990s, including the giant Marmul field in 1980 and several gas fields, including PDO – Mabrouk NE and Mabrouk NW.

By the late 1990s, oil production grew to nearly 900,000 b/d, with around 95 per cent. produced by PDO. Until 1999, Oman's sales gas was also almost wholly produced from block 6 from only a few fields. Associated gas production in Oman was comparatively low – less than 400 mmscf/d – and dominated by PDO's Yibal, Fahud and Lekhwair areas north of block 6. Since 1999, PDO has increased sales gas significantly from the giant Qarn Alam fields, discovered in the 1980s and 1990s. Saih Rawl, Barik and Saih Nihayda were brought onstream to supply Oman's new LNG plants and now produce the majority of PDO's gas.

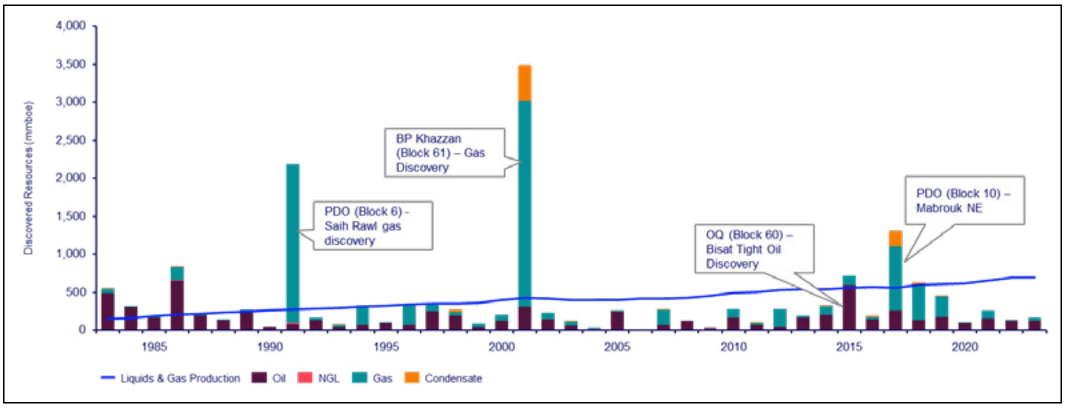
Between 2000 and 2008, PDO suffered a severe decline in production, falling by a third. In response, PDO initiated a programme to arrest the decline from its ageing facilities. Licensing activity also increased significantly during this period, with PDO relinquishing acreage to international IOCs, including Occidental and BP, which took operatorship of several key oil and gas blocks. By 2010, Oman could restore production to 800,000 b/d and exceed 1 mmbbl/d in 2016. The Company was an active exploration player during the 2010s. It picked up several exploration blocks and drilled successful exploration wells. In Block 60, it announced three separate discoveries in 2016, with the Bisat light oil discovery considered promising. Bisat has since been developed. The start-up of BP's Khazzan project in 2017 also changed Oman's gas market, with deep gas play now a major focus for several major oil and gas companies. A particular focus of recent exploration has been on Oman's tight gas play around the Khazzan field. Notable successes have included the Mabrouk NE and Mabrouk West finds made by PDO. The surrounding areas are now being actively explored, with exploration rights awarded to Shell, the Company and TotalEnergies (Block 11), BP and Eni (block 77) and TotalEnergies, PTTEP and Petronas (block 12).

While nearly all of Oman's production comes from its onshore fields, the country is also exploring offshore (shallow water) blocks with minor production volumes from Block 8 (the Company) and block 50 (Masirah Oil). While the offshore resource theme is highly underdeveloped in Oman, the government has strong plans to add several of the offshore acreages in upcoming licensing rounds.

In 2023, oil and condensate production averaged 1.2 mmbbl/d, while gas production averaged 4.1 bscf/d.

[11] Investment Monitor.

Oman Discovered Resource by Product Type (mmboe)



Source: Wood Mackenzie, H1 2024

Oil and Gas Regulatory Framework and Fiscal Framework

Oil and Gas Regulatory Framework

Oman's upstream oil and gas sector operates under a regulatory framework managed by key government bodies and guided by significant royal decrees. MEM is the principal authority overseeing the sector. MEM is responsible for licensing, policy formulation, and regulation of exploration and production activities. Its role includes issuing exploration and production licences, monitoring compliance with regulations, and promoting the efficient management of resources.

The Ministry of Finance of Oman ("**MoF**") plays a crucial role in the financial management of oil and gas revenues. It oversees the fiscal aspects of exploration and production agreements, ensuring transparency and accountability in financial transactions within the sector. The MoF's responsibilities include revenue collection, financial auditing, and management of the sovereign wealth derived from oil and gas income, thereby supporting the economic stability and growth of the country.

In December 2022, Oman established a new company to manage all allocations, assets, rights and obligations related to the purchase, sale, import, export and transportation of natural gas and related products on behalf of the government of the Sultanate of Oman. IGC collaborates closely with MEM and the MoF to align its operations with national objectives, including sustainable resource management, economic diversification, and energy security.

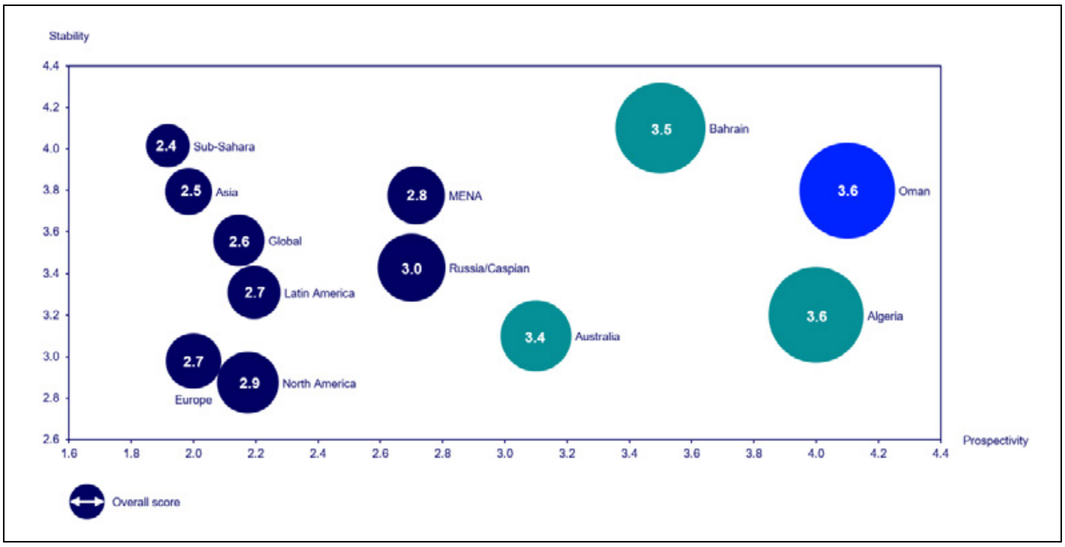
Key royal decrees provide the legal backbone for the sector. Royal Decree 42/74 (Oil and Mineral Law) establishes the fundamental legal framework for hydrocarbon exploration and production, defining the rights and obligations of involved entities. Royal Decree 8/2011 repealed the Oil and Mineral Law and modernised the framework to accommodate technological advancements and industry changes. Royal Decree 69/2020 reorganises the regulatory structure by establishing MEM, enhancing governance and regulatory oversight.

Overall, oil and gas companies in Oman work in a low-risk regulatory environment, primarily due to the key institutions' positive sector management.

Fiscal Framework

According to Wood Mackenzie's proprietary Upstream Competitiveness Index (the "**UCI**"), Oman ranks 15 out of 145 countries. The UCI rates countries based on several key parameters, including fiscal attractiveness, fiscal stability and resource prospectivity. These parameters encompass factors such as the attractiveness of fiscal and licensing terms for state and non-state/foreign operators, legal and contractual protection of fiscal terms, and resource potential and exploration success rates. Oman's robust fiscal terms and regulatory structure have been vital in attracting some of the most notable regional and global oil and gas players, thereby supporting the country's upstream exploration and production activities.

Upstream attractiveness per region and countries (rating out of 5), 2024



Source: Wood Mackenzie, H1 2024

In Oman, an EPSA has been the contract form for all new licence awards since 1992. Four of the original onshore producing blocks in Oman were originally operated under the terms of either a concession or petroleum agreement; however, apart from block 6, all have moved to a new contract. In general, the fiscal terms of the model petroleum agreement and EPSA are very similar. Oman grants licences by direct negotiation or through organised licensing rounds.

Fiscal terms are biddable, but contracts are often similar and often feature high government share, apart from more challenging projects where fiscal incentives have been negotiated. Certain terms are biddable, including cost recovery, profit splits and the work programme. The model contract allows later renegotiation of terms, in the event of discoveries being uncommercial under the original terms. Contracts vary with some featuring production-based profit splits, with some others linked to the oil price. Gas developments also require the negotiation of a separate GSA. The Ministry has a flexible approach to contracts and works with contractors to negotiate a mutually beneficial contract.

The state has no equity participation during the exploration phase; however, the state may back in after repaying past costs. Since inception, the Company has a track record of always being the state's preferred partner for the exercise of these participation rights. The amount of participation right varies according to contract, but in the most recent contracts, it is up to 30 per cent. Contractors are entitled to both cost recovery and profit share. Both items are biddable. Profit share may be oil price, production, or both linked.

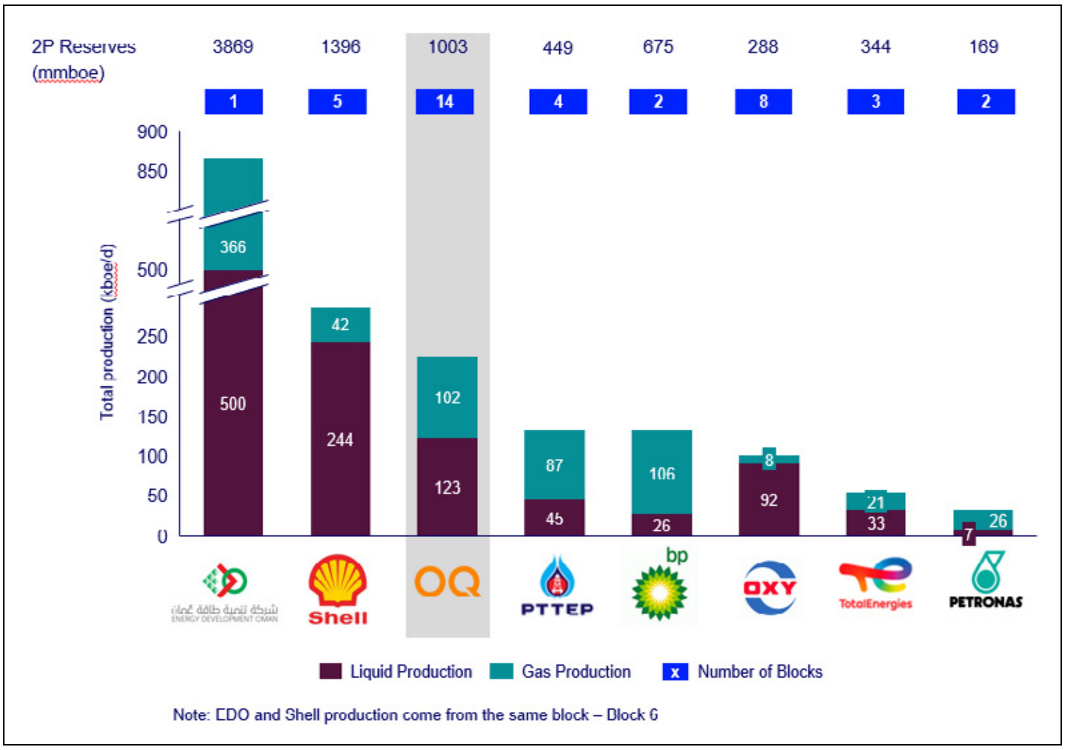
Key Upstream Players in Oman

Oman is the largest non-OPEC oil producer in the Middle East. Contrary to several GCC producers that restrict foreign ownership in their country's upstream assets, Oman's regulatory policy has traditionally supported non-state-owned and foreign entities to participate in the country's exploration and production activities. Oman thus has a diverse upstream sector, which includes over 30 individual companies holding equity, featuring a range of state-owned, international majors, small independents, and local companies. Along with the UAE, it boasts of attracting the largest number of IOCs to its licensing rounds.

With average future lifting costs (opex/boe remaining commercial reserves) at approximately US$7.4/boe, compared to US$9.5/boe in the United States, US$12.3/boe in Brazil, US$7.3/boe in Kuwait, US$12.9/boe in Nigeria and US$13.7/boe in Canada, Oman boasts one of the lowest costs globally. Along with a strong regulatory and fiscal environment, the low lifting cost has played a vital role in attracting major international players to explore Oman's hydrocarbon potential.

PDO is the largest producer, which produces oil and gas on behalf of its shareholders from the large block 6 concession. PDO is an operating company with a split ownership. The oil, gas and condensate shareholders are the Government of Oman via wholly-owned EDO (60 per cent.), Shell (34 per cent.), TotalEnergies (4 per cent.) and PTTEP (2 per cent.). It is Oman's most significant operation in terms of production and investment. The Government, via EDO, owns the exclusive rights to non-associated gas on a 100 per cent. basis. The Company is the largest producer outside the block 6 concession. The Company operates assets including Block 60, Block 48, Block 8 and MGP (a processing facility and export terminal). It is a partner in most of Oman's major projects outside block 6, making it the third largest by working interest production behind EDO and Shell. In recent years, the Company has been active in entering new contract areas, taking either full or partial stakes. Examples include a 45 per cent. interest in Block 9 in 2015, a 100 per cent. stake in Block 8 and 27 1/7 per cent. stake in Block 65 in 2019 and a 20 per cent. stake in Block 10 as well as a 10 per cent. stake in Block 11 in 2022. Additionally, the Company has partial stakes in several other producing contract areas, including Block 53 and Block 61. Shell's stake in block 6 and recent gas acreage acquisition through Block 10 makes it the largest IOC in Oman by reserves. BP, through its Khazzan project, makes it the largest IOC in Oman by gas production after EDO. It is also the country's largest gas producer (after the government), notably via a 40 per cent. working interest in Block 61, producing 37 per cent. of Oman's gas production (the Company having a 30 per cent. working interest in this contract area). Since its success in 2017, several IOCs have been attracted to gas opportunities, including Shell (Block 11), TotalEnergies (block 12), Oxy (Blocks 30 and 62 and block 51) and Eni (block 77).

Oman Oil and Gas Production by Company (Working Interest), 2024 (kboe/d)



Source: Wood Mackenzie, H1 2024

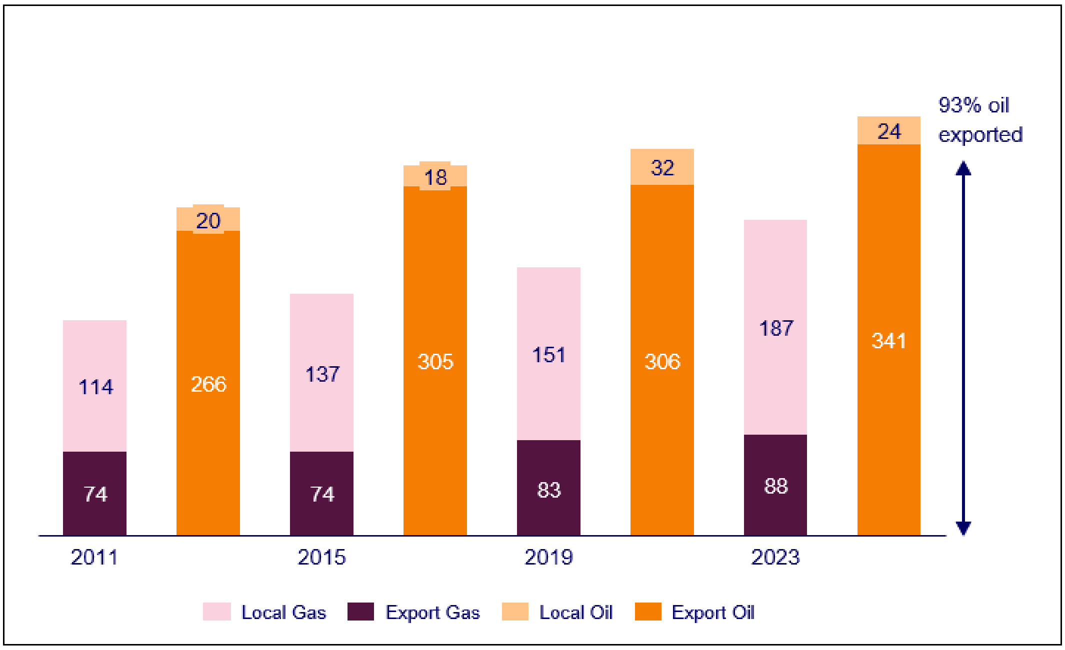
Supply and Demand Outlook – Oil and Condensate, Gas and LNG

Oil Demand and Supply

Since 2000, oil demand in Oman has grown at 4.5 per cent. CAGR, with the transport sector accounting for approximately 81 per cent. of the market, followed by industry and residential, commercial and agriculture (RCA). However, due to the impact of energy transition, especially the effects of EV penetration, domestic demand will grow at a modest rate of 0.8 per cent. CAGR until 2050. In contrast the global oil and condensate demand falls at -0.5 per cent. CAGR between 2024 and 2050. Peak demand is expected in 2042. On the other hand, liquid supply has seen volatility; however, in recent years, it has remained slightly above 1 mmbbl/d. Peak supply is expected in 2027 at 1.2 mmbbl/d.

Most of the Omani crude is exported. In 2023, approximately 93 per cent. of the crude produced was exported. The Mina Al Fahal terminal near Muscat is the primary crude export terminal. China accounts for 85 per cent. of crude exports from Oman, followed by Taiwan (7 per cent.) and Japan (3 per cent.).

Oman oil and gas split by local use and exports, mmboe



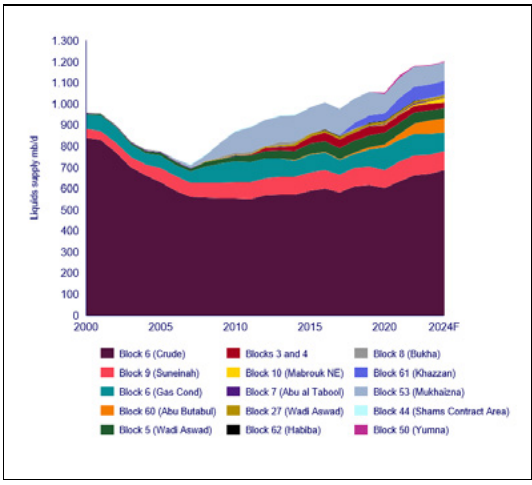
Source: Wood Mackenzie, H1 2024

Gas Demand and Supply

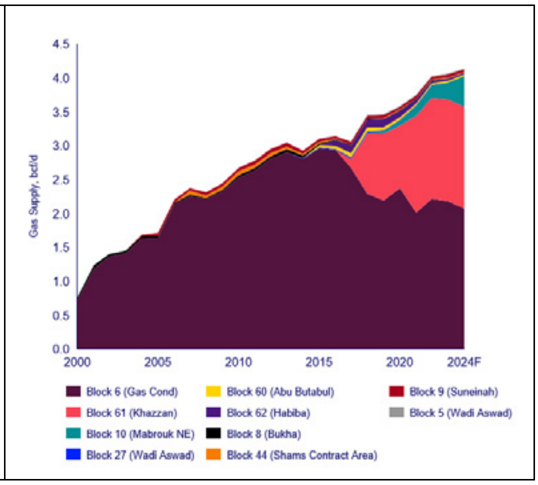
Oman's gas production has grown rapidly since 2000. Following the discovery of various large non-associated gas fields in the 1990s, the decision was made to develop gas for the LNG industry. From 2000 to 2016, production increased by around 300 per cent., from 0.8 bscf/d to 3.2 bscf/d. 2023 was a record year for gas production, with sales of gas volumes reaching 4.1 bscf/d. The start-up of BP's Khazzan project in 2017 was the game changer for Oman's gas market, and the deep gas play is now a primary focus for several major oil companies. PDO block 6 and BP Khazzan are the largest gas-producing fields in the country, accounting for 91 per cent. of the current production. Since the start of BP Khazzan, PDO block 6 has played the role of a swing producer, thus capping supply until the early 2030s. Wood Mackenzie expects a peak supply of 4.3 bscf/d to be reached in 2028.

Demand for gas is primarily domestic in nature with domestic demand representing 68 per cent. of gas supply in 2023. Between 2000 and 2024, demand grew at a CAGR of 7.8 per cent., with industry and power demand representing approximately 65 per cent. and approximately 29 per cent., respectively. Aggressive renewable penetration targets within the power sector (30 per cent. by 2030)[12], the rapid growth of industrial zones across the country and the development of downstream refining and petrochemical industries have been key drivers to this strong growth in gas demand. Going forward, Wood Mackenzie expects the share of gas in power to substantially decline as renewables become a priority to support Oman's net zero ambitions; however, due to the slower pace of energy transition within the industrial sector, gas demand in the industry will continue to grow, though at a slower pace. From 2024-2050, domestic gas demand is expected to grow at approximately 1.4 per cent. CAGR compared to a global growth of 0.4 per cent. CAGR for the same period.

Oman Liquids (Oil and Condensate) Supply (Onstream), 2000-2024F (mmbbl/d)

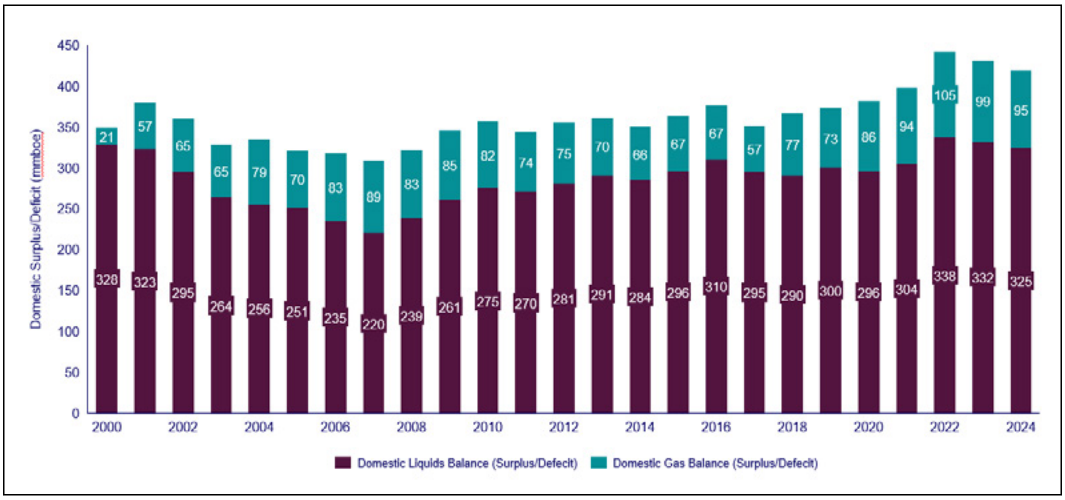


Oman Gas Supply (Onstream), 2000-2024F (bscf/d)



Source: Wood Mackenzie, H1 2024

Oman Domestic Product Balance, 2000-2024 (mmboe)



The gas resurgence has revitalised the LNG industry in Oman. With feedgas availability no longer an issue, Oman LNG completed debottlenecking work on the three-train facilities, adding 1 mmtpa of capacity (totalling

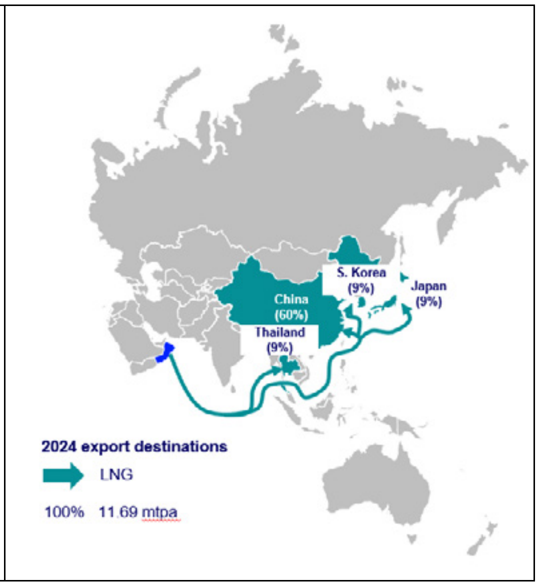
[12] Oman Vision 2040.

11.4 mmtpa). The facilities have been running at full capacity, with record volumes exported in 2022, averaging 11.8 mmtpa. In 2023, Oman LNG renewed its shareholder's agreements and signed a new feedgas supply agreement with the government of Oman. Additionally, it signed 12 new LNG supply agreements, replacing existing contracts due to expire between 2024 and 2026. On 27 July 2024, MEM announced the development of a new LNG train with a capacity of 3.8 mmtpa. The fourth train is expected to boost Oman's production of LNG to 15.2 mmtpa and is expected to be operational by 2029.

China is the chief destination for Oman's LNG exports, accounting for 60 per cent. of the LNG sales in 2024, followed by South Korea (22 per cent.). Forward contracts reveal that post-2030, China and Thailand will be the main destinations for Oman's LNG exports. The share of LNG exports to domestic gas demand has been steadily falling due to continued strong growth in domestic demand. By 2035, Wood Mackenzie expects the LNG trains to retire and domestic gas to be consumed locally.

Oman Crude Exports, 2024 (%)

Oman LNG Exports, 2024 (%)



Source: Wood Mackenzie, H1 2024

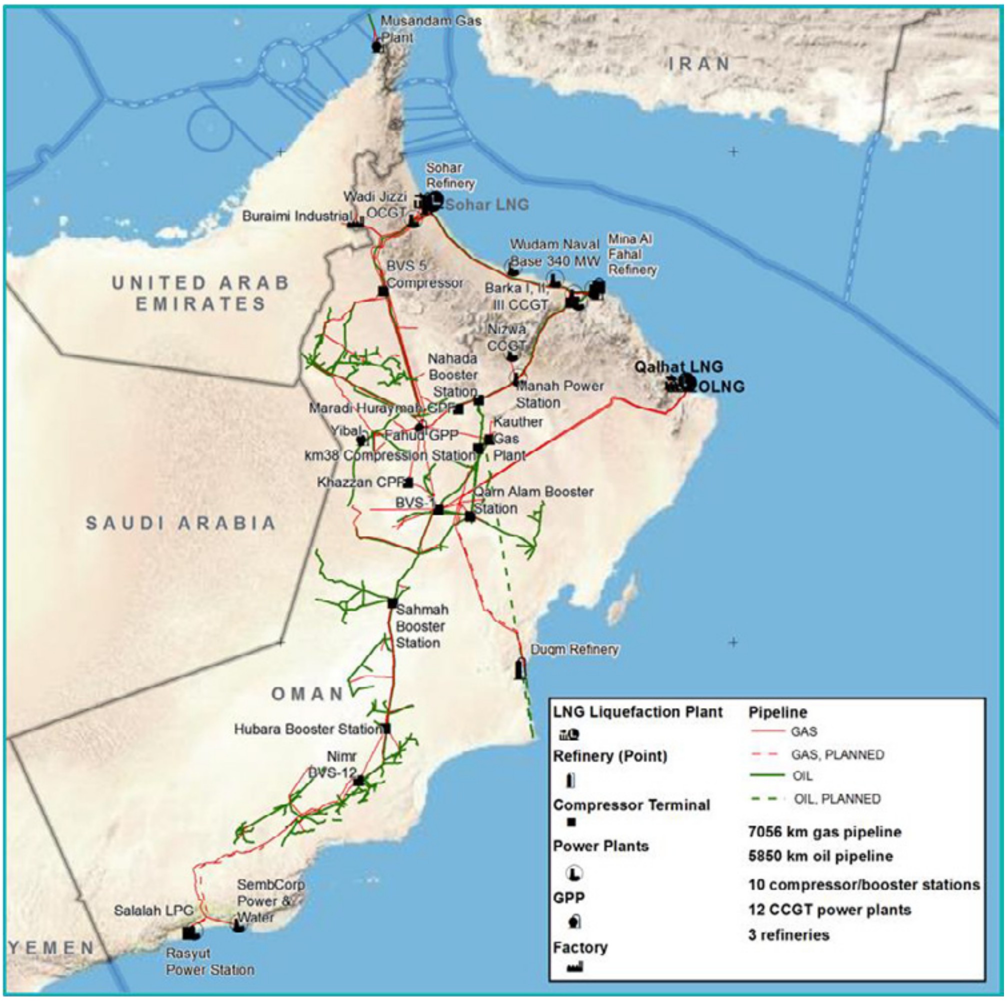
Oman Oil and Gas Infrastructure

To support the development of the oil and gas sector, Oman has invested significant capital in developing an end-to-end value chain, including domestic and import pipelines, processing plants, downstream refining and petrochemical plants and export terminals. A summary of these facilities is provided in the table below:

Infrastructure	**Details**
Oil Refineries	3 primary refineries – Duqm, Sohar and Mina Al Fahal
Oil Pipelines	Approximately 2,200 km (online)
Oil Storage Terminals	1 main terminal – Mina Al Fahal, 1 under construction – Ras Markaz
Gas Processing Plants	5 government-operated plants near the country's main gas fields
Gas Pipelines	Approximately 4,045 km (online)
LNG Terminals	2 Terminals – Oman LNG and Qalhat LNG (11.4 mmtpa capacity)

Source: Wood Mackenzie, H1 2024

Oman Oil and Gas Infrastructure, 2024

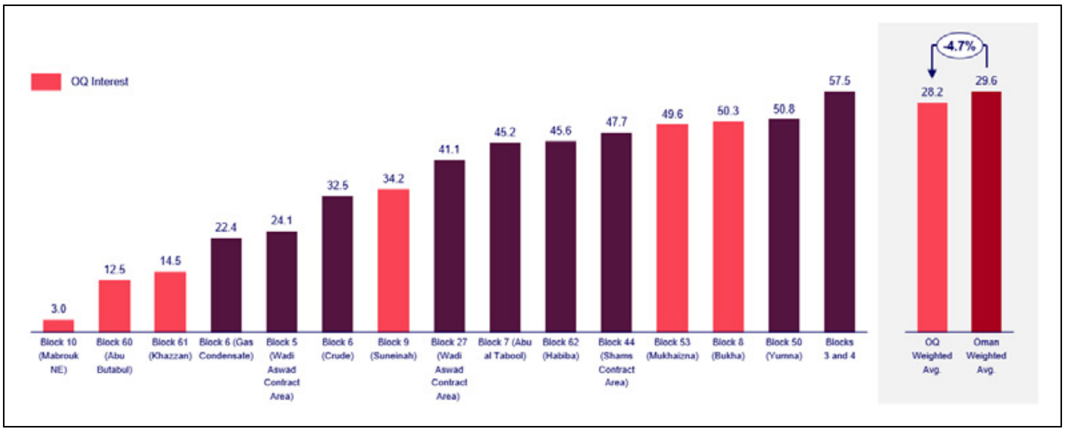


Competitive positioning of Oman Oil and Gas Projects

While oil and condensate demand is expected to peak in the early 2030s, significant volumes of new supply will still be required after that date. Project breakevens will thus be key to determining where new upstream investments flow. With most major projects in Oman that contribute to production having breakevens (15 per cent. IRR) of less than US$50/bbl, these fields would remain profitable in our base long-term pricing scenario.

Additionally, the Company's (operating and non-operating interest) assets have more favourable breakevens than other fields in Oman. On average, Company assets have a breakeven of US$28.2/bbl as compared to a US$29.6/bbl for all Oman fields. The Company's reserve base and the efficiency through which it maintains its assets highlights the quality of its assets.

Oman Onstream and Future Project – Liquids (Oil and Condensate) Breakevens for remaining life (US$/bbl Brent, 15 per cent. discount rate)



Source: Wood Mackenzie, H1 2024

Summary of the Competitive Position of Oman Crudes

Oman crudes have several features that are firmly positioned in the global market. A summary of these features is provided below:

Crude Profile

Oman's principal crude is medium-heavy sour crude, which accounts for approximately 55 per cent. of the total crude produced in the country in 2023. Additionally, extra-light sweet crude accounts for another approximately 24 per cent. of production. By 2050, the share of medium-heavy sour crude will slightly reduce, while light sweet crude production will increase, accounting for approximately 28 per cent. of the crude output in 2050. China was the major importer of Oman's crude oil in 2023, accounting for 85 per cent. of the country's total oil exports.

Oman Crude Price vs. Benchmark Crudes

While Oman crude trades at a discount to Brent, it is considered competitive on the global cost curve in comparison to Russian, Iranian and heavier crudes from the Middle East. Between 2025 and 2030, Oman crude is expected to stay above US$80/bbl, after which prices gradually rise to $100/bbl by 2040.

Despite being slightly heavier and having higher sulphur content than Brent, it maintains only a slight discount of approximately $2.2/bbl on average to Brent (average 2021-2024) and stays relatively similar to Dubai crude, affirming its high grade and quality over the coming decades.

With key onshore projects in Oman having an average breakeven of US$29.6/bbl, far below the average long-term (2025-2050) Omani price outlook of US$74/bbl (real 2023), the domestic market is highly competitive and will stand in excellent stead should demand decrease more rapidly due to the energy transition. Considering continued growth in global demand for oil and Oman's ongoing investment in production capacity, the country is in a strong position to benefit from potential future oil price increases.

Long-term Price Outlook for Oman Crude to Benchmark Crudes (2025-2040); US$/bbl (Nominal)

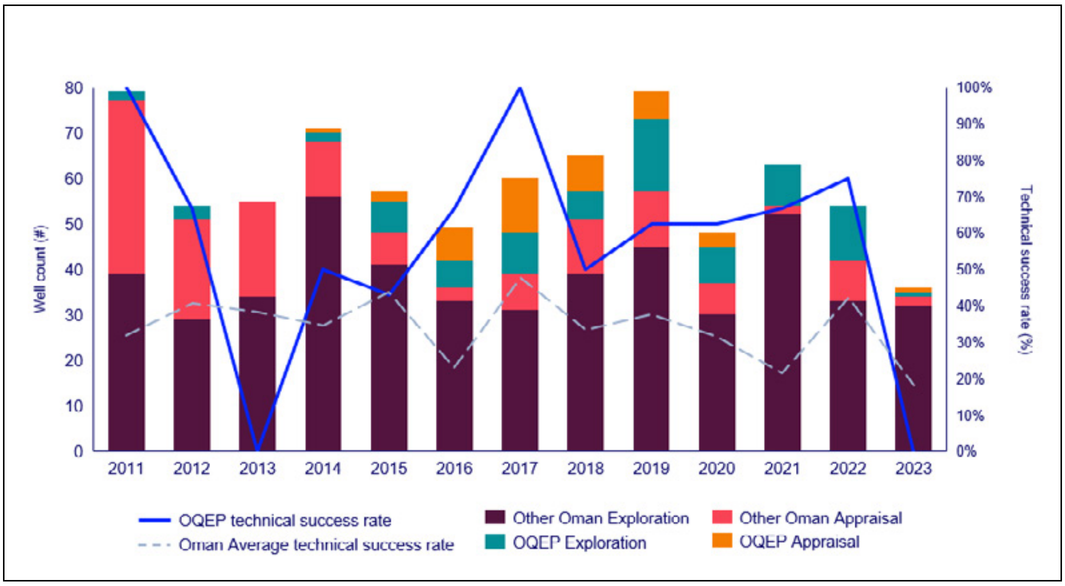
Crude	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Brent	84.5	84.2	85.9	88.7	90.4	92.3	93.0	94.8	96.7	97.4	99.4	100.1	100.8	101.5	103.5	103.5
Dubai	82.9	82.4	84.0	86.8	88.6	90.3	90.8	93.1	94.9	95.5	97.2	97.8	98.3	98.8	100.7	100.3
Oman	82.7	81.7	83.4	85.9	87.6	89.5	90.1	92.2	94.0	94.8	96.4	97.0	97.7	98.2	100.4	100.0

Source: Wood Mackenzie, H1 2024

Competitive positioning of the Company

The Company has been an active exploration player during the past decade. The company has been very active in domestic exploration and production activities and has enjoyed strong technical success in its exploration activities. Additionally, the Company has increased its presence in recent licensing rounds, taking full or partial stakes in several blocks focused on different development types. Examples include Block 60 and Block 9 – gas and light crude, Block 61 (primarily gas) and Block 53 – crude. This activity suggests that the Company is well positioned to grow its oil and gas reserves and increase future production.

Well count per year by exploration and appraisal (#) and technical success rate (%) for the Company and in Oman, 2011-2023



Source: Wood Mackenzie, H1 2024

From a cost perspective, the Company occupies the first tier among its peers. Its capital expenditure per barrel for the remaining life of its portfolio is forecast at US$3.4/boe, outperforming the likes of Saudi Aramco, Marathon Oil, and PTTEP. Additionally, the Company's operating expenditure per barrel for the remaining life (a proxy for lifting cost) of its portfolio is commendably low at US$9.4/boe, as compared to IOCs such as AKER BP, Harbour Energy, and Occidental Petroleum. Overall, with a unit cost of US$12.8/boe, the Company emerges as one of the most cost-efficient upstream companies, surpassing several of its regional and global peers.

In terms of emissions intensity, the Company is positioned in the upper second tier, with an emission intensity of 23 kgCO2/boe in 2023.

In conclusion, the Company carves out a unique niche by prioritising long-term sustainability and delivering value to future investors. Its strong cost economics and low-carbon-intensive practices reinforce its position as a competitive upstream company.

Public peers of the Company

Company	Market capitalisation (US$ billion)	Net production (kboe/d)	Remaining Reserves (mmboe)	Capital expenditure /boe (remaining life) (US$/boe)	Opex/boe (remaining life) (US$/boe)	Free cash flow/boe (2023) (US$/bbl)
Aker BP	16.3	446	3,068	17.4	13.2	11.3

Public peers of the Company

Company	Market capitalisation (US$ billion)	Net production (kboe/d)	Remaining Reserves (mmboe)	Capital expenditure /boe (remaining life) (US$/boe)	Opex/boe (remaining life) (US$/boe)	Free cash flow/boe (2023) (US$/bbl)
APA Corporation	11.2	595	5,514	653.9	53.1	3.7
Dana Gas	1.2	70	718	2.2	3.0	2.1
Energean	2.2	164	1,483	10.6	11.1	1.9
Harbour Energy	2.5	153	1,091	339.9	34.3	25.5
KazMunayGas EP	17.7	200	1,017	2.9	14.6	29.6
Marathon Oil	16.0	491	3,330	5.9	9.9	11.5
Medco Energi	2.1	38	261	5.1	11.8	61.2
OQEP	NA	227	1,404	3.4	9.4	16.0
PTTEP	16.7	691	6,438	8.1	7.0	7.8
Saudi Aramco	1,872.0	13,295	370,420	3.7	3.4	20.9
Var Energi	0.8	333	2,176	26.5	14.0	6.4
Occidental Petroleum	55.4	1,566	18,332	48.3	15.7	10.6

Source: Wood Mackenzie and Yahoo finance, H1 2024

Chapter XI
Regulation of the Oil and Gas Industry in Oman

The Oil and Gas Law of Oman

The Oil and Gas Law promulgated by Royal Decree 8/2011, as amended (the "**Oil and Gas Law**") applies to all petroleum substances, petroleum resources and petroleum operations within Oman.

EPSAs and Licences

Under the Oil and Gas Law, rights to explore, prospect for, appraise, develop and exploit petroleum substances are granted on the basis of a concession agreement, typically executed in the form of an EPSA, which comes into effect after the issuance of a Royal Decree by His Majesty the Sultan of Oman thereby ratifying the relevant EPSA. Certain contract areas, such as Block 10, are governed by concession agreements that are not EPSAs.

MEM, acting on behalf of the Government, is the body authorised to regulate the oil and gas sector in Oman and to negotiate and agree the commercial terms of concession agreements (whether in the form of EPSAs or otherwise) with oil and gas exploration and production companies. Under the Oil and Gas Law, rights to import, export, transport, store, distribute, process or market petroleum substances are subject to a separate licence from MEM. MEM grants EPSAs and licences related to petroleum operations pursuant to regulations, procedures and policies established from time to time, which outline the terms and conditions relating to the granting of an EPSA or licence.

Ownership Rights

Under Article 3 of the Oil and Gas Law, all petroleum substances (and minerals) in their natural state, wherever they are found in Oman, are the property of the state. An EPSA does not grant ownership rights to a recipient (a "**Concession Holder**") and a Concession Holder is prohibited from assigning or transferring any of its rights or obligations under the EPSA or concession agreement unless the assignment or transfer is approved by MEM and followed by ratification by Royal Decree.

Supervision and Implementation of the Oil and Gas Law

MEM, acting on behalf of the Government, is the body responsible for implementing the Oil and Gas Law. MEM undertakes all licensing, contractual negotiations and other regulation of petroleum resources in Oman. It also oversees all petroleum exploration and production activities carried out in Oman. MEM oversees all aspects of a Concession Holder's petroleum operations, including technical operations and the review of all Concession Holder revenues and expenses.

MEM is also responsible for preparing and overseeing Oman's national petroleum strategies and policies to ensure the implementation, development and appropriate use of petroleum resources.

Production Decisions

MEM approves the maximum level of petroleum substances that a Concession Holder can produce at any time. In setting the level of production, consideration is given to the economic or operational effects of the particular Concession Holder.

Conservation of Oil and Gas Resources

The Law on Environment requires entities that are engaged in the exploitation of natural resources to set up controls for the optimum exploitation of those resources to ensure their conservation and protection from pollution. In addition, the terms of an EPSA require that petroleum operations be managed and maintained in a reasonable and prudent manner in accordance with international industry standards, the Oil and Gas Law and the regulations promulgated thereunder, and in an efficient manner that promotes the long-term productivity of reservoirs in the concession area and supports the prudent stewardship of petroleum resources and petroleum substances.

Additional Concession Holder Obligations

A Concession Holder is responsible for implementing procedures to ensure the safety of its petroleum operations and facilities, in accordance with international industry standards and applicable laws. A Concession Holder is also obligated to take all required precautions, in accordance with the relevant applicable laws and international industry standards, to protect the environment, prevent pollution and leakage of petroleum substances, reduce GHG emissions in the concession area, fill up or close dry and unused wells and protect ground layers and joint layers containing water.

An EPSA or concession agreement usually provides that the Concession Holder will indemnify the Government in respect of claims relating to damage caused to Government property or personnel or to third parties that was caused by the Concession Holder's wrongful or negligent action. The Concession Holder is obliged to maintain insurance in respect of various risks, including civil liability arising from damage to the environment, under the EPSA.

Gas Supplies and Pricing

IGC as Aggregator

Prior to 1 January 2023, the Government gas aggregator was MEM. Pursuant to MoF Ministerial Decision No. 248/2022 (the "**MoF Decision**"), the MoF established IGC as its wholly-owned company for the purpose of taking over the role of gas aggregator from MEM and to be assigned all rights of the MEM under the agreements entered into by the MEM for gas sale, purchase, supply, transportation and related matters. In addition to the MoF Decision, the MEM issued Ministerial Decision No. 19/2023 (the "**MEM Decision**") relating to transfer of all gas sale, purchase, supply, transportation and related agreements to IGC from MEM. Accordingly, pursuant to the MEM Decision, effective 1 January 2023, IGC acts as the national gas aggregator of Oman and is responsible for procuring all quantities of gas (except quantities used by operators in oil and gas operations) from gas producers in Oman.

Marketing and Sales Rights

A licence is required from MEM for the marketing of all petroleum substances. Generally, produced oil can be freely marketed.

Allocation of Natural Gas

Generally, producers of natural gas must sell their gas production, excluding gas used for operations, to IGC.[13] This is typically pursuant to long-term GSAs (with IGC as buyer). IGC aggregates all gas quantities procured from gas producers and sells to downstream buyers in the local market pursuant to natural gas sale and purchase agreements.

Gas Pricing

Gas prices are approved by the Government on long-term gas or LNG sales contracts of the Company, which follow a pre-agreed pricing per annum as per the relevant GSAs. An inter-ministerial gas allocation committee, which includes representatives, among others, from the MOCIIP, the MoF, the Ministry of Economy, the Public

[13] In the case of the Company, for the concession agreement for Block 10, the Government receives a direct entitlement to a portion of the gas produced in the contract area at no cost. IGC currently purchases the remainder of the gas produced pursuant to a GSA with the contract area's participants. However, following the construction and commissioning of the Marsa LNG plant, which is expected to be completed in 2028, Marsa will use its proportionate gas entitlement as a feedstock for the Marsa LNG plant, while the remainder of the Block 10 entitlement will continue to be sold to IGC. Once commissioned, any LNG produced at the Marsa LNG plant not sold as bunker will be exported.

Authority for Special Economic Zones and Free Zones and MEM reviews the gas applications and accordingly allocates the gas to downstream buyers.

Pricing of Oil

OEB is the first Middle Eastern oil to be traded on a futures exchange. In November 2006, MEM announced that Oman would adopt forward pricing of its oil based on Dubai Mercantile Exchange Oman, the first oil futures contract designed to serve the oil pricing needs of the Middle East and Asia markets, and traded on the Dubai Mercantile Exchange.

Other Relevant Laws and Regulations

Health and Safety Regulations

Health and safety matters associated with oil and gas activities are regulated by several Government authorities, including MEM and the Ministry of Labour. In addition, the Public Authority for Civil Defence and Ambulance issues safety and fire protection directives for industrial facilities, which set forth minimum requirements for health and safety management systems.

Health and safety principles and obligations are included in various legislative acts such as the Oil and Gas Law, Civil Transactions Law, Labour Law (as defined below) and Ministerial Decision 286/2008, as amended, issuing the Regulation of Occupational Safety and Health for Establishments Governed by the Labour Law.

Environmental Regulations

Under the Law on Environment, the Environment Authority is charged with the general supervision of environmental affairs in Oman, including in relation to upstream operations. This law sets out wide-ranging prohibitions on pollution and contamination of air, land or water. No process, activity or area of work that could, directly or indirectly, cause environmental pollution can be conducted or established before obtaining an environmental permit from the Environment Authority confirming its environmental soundness. All Concession Holders are required to obtain an environmental permit from the Environment Authority. Prior to the application for the environmental permit, a detailed environmental impact assessment and baseline survey may be required to be completed by the applicant in accordance with relevant environmental specifications and standards.

While a number of ministerial decisions have been issued under the Law on Environment, the Environment Authority is expected to issue additional regulations in the future.

In addition, Ministerial Decision 18/1993 relating to Regulations for the Management of Hazardous Waste, which governs the management of hazardous waste, including any waste arising from commercial, industrial, agricultural or any other activities that are hazardous or potentially hazardous to the environment, is likely to cover waste generated in oil or gas extraction and processing activities. A hazardous waste licence is required from the Environment Authority to discharge hazardous waste or to mix it with any other waste.

Omanisation

Oman operates its Omanisation policy as implemented by the Ministry of Labour. Omanisation requires Omani companies to ensure that Omani nationals account for a prescribed percentage of the workforce. The Ministry of Labour prescribes Omanisation in accordance with the sector in which a company operates and Omanisation targets can be specific for each company. The Ministry of Labour also periodically notifies certain roles and designations which can only be undertaken by Omani nationals. Further, investors in the energy sector are encouraged to abide by Oman’s broader policies of ensuring a commitment to the training and employment of Omani nationals. For example, MEM’s model EPSA typically requires Concession Holders to pay a prescribed amount annually to MEM for the purpose of training Omani nationals.

Pension Merger Law

Royal Decree 33/2021 (Concerning the Regulations for Retirement and Social Security) was issued on 7 April 2021 and provides that public sectors in Oman, as well as the PDO employee pension fund, will be integrated into two funds: (i) the Social Security Fund; and (ii) the Military and Security Services Fund. This integration is supervised by a committee formed by a decision of the Council of Ministers and is currently ongoing. The Social Security Law Royal Decree 52/2023 was issued on 19 July 2023 and, although it does not amend Royal Decree 33/2021, the law provides that all retirement schemes and funds including the PDO retirement fund are cancelled and any mention of these funds in other laws (such as Royal Decree 33/2021) shall be replaced with "Social Security Fund".

Oman Labour Law

The Labour was issued on 25 July 2023 (the "**Labour Law**") and repealed Royal Decree 35/2003 (the previous labour law). The Labour Law sets out the obligations of employees and employers for both Omanis and expatriates in the public and private sector and deals with matters including (but not limited to) working hours, health and safety, labour disputes as well as labour unions. The related implementing regulations to the Labour Law are expected to be issued within the coming months.

Chapter XII
Description of the Company and Business Overview

Overview

The Company is Oman's largest pure-play oil and gas exploration and production company and its only wholly-Government-owned upstream oil and gas operator. It currently ranks among the top three oil and gas producers and is also one of the largest holders of oil and gas reserves in Oman. The Company, founded in 2009, is a wholly owned subsidiary of OQ, Oman's flagship energy company, and is one of its core assets, with its Adjusted EBITDA[14] accounting for approximately 40 per cent. of OQ's adjusted EBITDA in 2023.

Since 2009, the Company has witnessed significant growth, expanding its average daily production nearly 14 times, averaging 249 kboe/d on a working interest basis by 2023. Its total production in 2023 constituted approximately 14 per cent. of Oman's total oil, gas and condensate production for that year. As at 30 June 2024, based on Company estimates, it had 2P working interest reserves of approximately 0.974 bboe and 2C working interest contingent resources of 820 mmboe.

The Company benefits from Oman's fundamental advantages, including: (i) its strategic location in a prolific hydrocarbon province with direct access to global shipping routes and logistics hubs; (ii) its well-developed oil and gas sector, which is a major driver of macro-economic fundamentals and a significant contributor to Oman's GDP; (iii) a stable and highly prospective oil and gas operating environment which has attracted many international investors; (iv) the Government's encouragement of investment in gas-intensive industries to support economic diversification and hydrocarbon value optimisation across several industrial cities and zones; (v) an established and competitive regulatory and fiscal framework for the hydrocarbon sector; and (vi) its stable currency, with the Omani Rial having been pegged to the U.S. Dollar since 1973.

The Company has benefited from being the only entity since 2009 assigned or nominated by the Government to exercise its participation rights in oil and gas developments in Oman when a DOC is made by the incumbent explorer and holder of an oil and gas contract area in the country.

The Company has also been supported and strategically positioned by the Government as a participant in several key oil and gas projects. These range from the development of new major oil and gas discoveries, the renewal or extension of an international oil and gas company's development and production license of a legacy contract area, to the redevelopment of small peripheral fields or the deployment of technology at scale to enhance production and maximise the recovery of a field's reserves.

The Company has a high-quality portfolio of 14 upstream oil and gas assets in Oman (excluding those assets that it is relinquishing or otherwise exiting). These assets range from those in the development and production phase to others being appraised for commerciality or undergoing exploration programmes. Some assets are operated by the Company, while in others, the Company is a participant/non-operator alongside one or more joint venture partners.

The Company's six *key producing assets* comprise:

- Block 60, its flagship operated asset, an onshore contract area that primarily produces oil, and which accounted for nearly 25 per cent. of the Company's total working interest production in 2023;

[14] For a discussion of how Adjusted EBITDA is calculated, see "*Presentation of Financial, Industry and Market Data—Non-IFRS Information and Certain Other Financial and Operational Data—Non-IFRS Information*" and "*Chapter XIII—Selected Historical Financial, Operating and Other Information—Other Financial and Operational Data*".

- Block 61, a non-associated gas and condensate asset, which accounted for 33 per cent. of Oman's gas production in 2023;
- Block 65, a recent addition after a successful exploration programme and subsequent commercial development of the discoveries, which primarily produces oil and offers long-term prospects with sizeable reserve growth potential;
- Block 53, the largest thermal EOR contract area in the Middle East;
- Block 9, which produces oil, gas and condensate and accounted for 10 per cent. of Oman's oil production in 2023; and
- Block 10, a non-associated gas and condensate asset which was brought online in 2023 with the commencement of gas sales and which currently sells its gas production domestically, though with the sanctioning of the Marsa LNG project in 2024, is also now intended, once the LNG train is ready (currently expected for 2028), to supply gas to the Marsa LNG plant at the Port of Sohar, which will be the Middle East's first LNG bunkering facility with the option to export LNG.

The Company's three *exploration assets* comprise Blocks 48, 11 and 47.

The Company's five *other assets* comprise:

- Block 8, the only offshore production contract area in the Company's portfolio, which it operates on behalf of the Government through a service agreement;
- MGP, an oil and gas processing facility and oil export terminal operated by the Company which currently processes the production from Block 8 and is well positioned to provide similar services to new oil and gas discoveries in the Musandam region, providing strategic energy infrastructure with fixed returns;
- two other service agreements in respect of the KSF and the RSF, both of which relate to producing contract areas; and
- a long-term sale and purchase arrangement in respect of gas imported to Oman from the Dolphin field in Qatar.

The Company is currently in the process of relinquishing its interests in three assets – Blocks 52, 30 and 62. It also completed the relinquishment of another asset, Block 42, in December 2023.

The majority of the Company's assets are operated pursuant to the terms of an EPSA, the main granting instrument by which the Government assigns the rights and obligations to a contractor to explore and produce hydrocarbons from a contract area, and a JOA, which governs the relationship between the participants for joint venture assets. Other assets operate under service agreements, concession agreements (in which case, a JOA as well) or tariffs-based agreements. The Company's partners include some of the world's largest oil and gas companies, including BP, Eni, MedcoEnergi, Occidental, Petronas, PTTEP, Shell and TotalEnergies, among others.

The Company sells all its oil and condensate entitlements to OQ Trading, an affiliated company that is wholly owned by OQ, on an FOB basis and for export at the Mina Al Fahal terminal pursuant to one- to two-year renewable contracts for each applicable contract area. These contracts are priced based on the Government's OSP for OEB plus a fixed premium for the term of the contract. The OSP is the monthly mean of the "Marker Price" for OEB as traded two months ahead for the relevant month on the DME. The Company currently sells all of its gas entitlement to IGC at pre-agreed prices pursuant to long-term, U.S. dollar-denominated GSAs, signed with IGC, with take or pay features.

The following table sets out certain key reserves data of the Company as at 31 December 2021, 2022 and 2023 and 30 June 2024, based on Company estimates.

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
1P reserves (*bboe*)[1]	0.614	0.705	0.675	0.632
of which oil (mmbbl)	266	252	262	240
of which gas (bscf)	2,019	2,628	2,394	2,274
2P reserves (*bboe*)[1]	0.917	1.076	1.016	0.974
of which oil (mmbbl)	400	407	422	400
of which gas (bscf)	3,001	3,879	3,449	3,330
3P reserves (*bboe*)[1]	1.218	1.449	1.338	1.296
of which oil (mmbbl)	554	614	578	556
of which gas (bscf)	3,855	4,845	4,411	4,291
2C contingent resources (*mmboe*)[1]	N/A	950	820	820
of which oil (mmbbl)	N/A	395	323	323
of which gas (bscf)	N/A	3,223	2,882	2,882

Note:

(1) Reserves and resources are shown on a working interest basis, which is calculated based on the Company's percentage of working interest multiplied by the relevant reserves or resources figure for the contract area and aggregated across contract areas.

The following table sets out certain key financial metrics of the Company as at and for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024.

	As at and for the year ended 31 December			As at and for the six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
Adjusted Revenue[1] (*OMR '000*)	843,873	1,266,290	1,087,762	554,884	427,892
of which oil and condensate sales (*OMR '000*)	642,172	1,027,140	867,181	456,617	321,416
of which gas sales (*OMR '000*)	169,964	199,525	136,044	73,040	80,696
Adjusted Profit before tax[1] (*OMR '000*)	491,044	619,426	690,396	217,759	179,161
Adjusted EBITDA[1] (*OMR '000*)	648,304	1,025,474	789,774	416,416	317,365
Adjusted Free Cash Flow[1] (*OMR '000*)	326,542	767,466	510,958	258,808	85,388
Adjusted Total assets[1] (*OMR '000*)	1,867,240	1,960,658	1,770,663		1,781,072

Note:

(1) For a discussion of how Adjusted Revenue, Adjusted Profit before tax, Adjusted EBITDA, Adjusted Free Cash Flow and Adjusted Total assets are calculated, see "*Presentation of Financial, Industry and Market Data—Non-IFRS Information and Certain Other Financial and Operational Data—Non-IFRS Information*" and "*Chapter XIII—Selected Historical Financial, Operating and Other Information—Other Financial and Operational Data*". Non-IFRS information presented for the years ended 31 December 2021, 2022 and 2023 is

derived primarily from the Annual Financial Statements, which are presented on a consolidated basis. Non-IFRS information presented for the six months ended 30 June 2023 and 2024 is derived primarily from the Interim Carve-Out Financial Statements, which are presented on a carve-out basis, excluding Abraj.

History

The following table sets forth key dates with respect to the Company's business and operations:

Date	Event
2009	The Company was incorporated as Oman Oil Company Exploration & Production LLC.
2010	OQ assigned its interests in the service agreements for KSF and RSF (which it had acquired in 2006 and 2008, respectively) to the Company.
2011	The Company acquired a 100 per cent. working interest in Block 60.
2012	The Company signed a tariff agreement with the Government to develop MGP. OQ novated its interest in Block 53 (which it had acquired in 2005) to the Company.
2014	The Company acquired a 40 per cent. working interest in the Khazzan field at Block 61 through the exercise of the Government's participation right.
2015	The Company acquired a 45 per cent. working interest in Block 9.
2016	MGP was commissioned.
2017	The Company acquired a 100 per cent. working interest in Block 48. The Block 61 contract area was extended to include the Ghazeer field. Oil was discovered and tested at the Bisat field in Block 60.
2018	The Company divested a 10 per cent. working interest in Block 61, leaving it with a 30 per cent. working interest in the contract area.
2019	The Company changed its name to OQ Exploration and Production LLC. The Company acquired the service agreement for Block 8 and a 27 1/7 per cent. working interest in Block 65.
2020	The Company acquired a 10 per cent. working interest in Block 47.
2022	The Company acquired a 20 per cent. working interest in Block 10 and a 10 per cent. working interest in Block 11. It also acquired an additional 21 6/7 per cent. working interest in Block 65 through the exercise of the Government's participation right, thereby increasing its working interest from 27 1/7 per cent. to 49 per cent.
2023	The Company divested a 40 per cent. working interest in each of Block 60 and Block 48.
2024	The Company announced its final investment decision for the Marsa LNG plant.

Strengths

The Company believes it benefits from the following competitive strengths:

The Company holds a differentiated and highly strategic position in the Sultanate of Oman as the largest pure-play upstream company in the country and the only wholly-Government-owned operator

The Company is the largest pure-play exploration and production company in Oman, the only wholly-Government-owned operator and the third largest overall in Oman by reserves and production. Possessing significant hydrocarbon assets, the Company has 2P working interest reserves of 0.974 bboe and 2C working interest contingent resources of 820 mmboe as at 30 June 2024, based on Company estimates. The Company lies at the centre of the wider OQ Group ecosystem – one of the largest conglomerates in Oman – the Sultanate of Oman's largest integrated energy company. The Company's Adjusted EBITDA[15] contributed 40 per cent. of the adjusted EBITDA of OQ Group in 2023 and contributed approximately 14 per cent. of Oman's total oil, gas and condensate production in 2023. The Company employs more than 655 people as at June 2024 and supports the Government's overall Omanisation strategy, with 91 per cent. of its workforce being Omani nationals. The Company is committed to supporting the national economy and, in 2023, had an In-Country Value ("**ICV**") Index (as defined below) of approximately 40 per cent., which was equivalent to US$142 million of ICV (which is defined as the total spend retained in-country that benefits business development, contributes to human capability development and stimulates productivity in Oman's economy), and allocated 38 per cent. of its total SME spend of US$76m to domestic SMEs.

Beneficiary of Oman's attributes as an attractive investment destination, underpinned by stability, economic growth and long-term commitment to the oil and gas sector

The Company benefits from Oman's many advantages. The country enjoys a young population with a growing GDP and holds a strategic location as an export hub on the Arabian Sea and outside the Strait of Hormuz. Its stable Government and regulatory regime have fostered a fiscal turnaround in recent years, with external debt-to-GDP levels falling from 70 per cent. in 2020 to 37 per cent. in 2023. As a result, Oman's credit rating was upgraded by Moody's, S&P and Fitch during the third and fourth quarters of 2023 and the first quarter of 2024. The Omani Rial has been pegged to the U.S. dollar since 1973, reducing currency risk exposure. In order to transform Oman into an attractive investment destination, Oman has consolidated most national assets under OIA, announced its accelerated divestment programme, and implemented favourable regulatory changes supporting FDI inflows, which has supported the growth of FDI as a percentage of GDP from 3.0 per cent. in 2016 to 4.8 per cent. in 2022. The Government maintains its long-term commitment to the oil and gas sector as a key pillar of the Omani economy, backed by an established and competitive regulatory and fiscal framework for the upstream oil and gas industry. Oman benefits from its geographical position in one of the world's largest hydrocarbon basins. This has attracted significant in-country investment by some of the largest oil and gas companies, including BP, Eni, MedcoEnergi, Occidental, Petronas, PTTEP, Shell and TotalEnergies, among others. It has well-established oil and gas infrastructure, including processing facilities, transportation networks and supporting services sector.

A top-tier portfolio of operated and non-operated assets

The Company's assets are among the most strategically important fields in Oman and include Block 61 which accounted for 33 per cent. of Oman's total gas production in 2023, and Block 9 which accounted for 10 per cent. of Oman's total oil production in 2023. In Block 60, the Company has a clear track record of exploration, commercialisation and development, and it exemplifies the Company's ability to implement continual improvement across technical and commercial KPIs in hydrocarbon exploration and production. The Company's assets also include Block 8, the only offshore production contract area in the Company's portfolio and the first offshore producing asset in Oman, and MGP, which is the Company's oil and gas processing plant and oil export terminal that is currently serving Block 8 in Musandam. MGP also has the capacity to process production from other assets in the Musandam region, providing strategic energy infrastructure with fixed returns.

The Company's assets provide an attractive and balanced mix of commodity exposure, with Company estimates showing a 59 per cent. gas-weighted exposure based on 2P reserves as at 31 December 2023, positioning it well for the future energy transition. Key gas demand markets for the Company are expected to grow significantly

[15] For a discussion of how Adjusted EBITDA is calculated, see "*Presentation of Financial, Industry and Market Data—Non-IFRS Information and Certain Other Financial and Operational Data—Non-IFRS Information*" and "*Chapter XIII—Selected Historical Financial, Operating and Other Information—Other Financial and Operational Data*".

in the medium term, predominantly driven by increasing LNG and local industry demand for gas. Oman gas demand is expected to increase by 11 per cent. between 2024 and 2030 and global gas demand is expected to increase by 8 per cent. over the same period. In addition, the Company's assets include Block 10, a gas-focused asset which is associated with the Marsa project. Marsa is Oman's first integrated gas to LNG project in which the Company, together with its joint venture partner, TotalEnergies, has approved the construction of the Middle East's first LNG bunkering facility which also will have the option to export LNG, and will be located at the Port of Sohar.

This balanced commodity exposure, combined with the respective commercial arrangements for hydrocarbon sales (whereby oil and condensate is sold to OQ Trading based on the OSP for OEB, which is the monthly mean of the "Marker Price" for OEB as traded two months ahead for the relevant month on the DME, and gas is sold via long-term, U.S. dollar-denominated GSAs with take or pay features), provides the Company with a stable revenue floor and exposures to market-linked upside.

Partner of choice to blue-chip IOCs

The Company has joint venture arrangements in respect of many of its assets, including with 10 IOCs, more than any other competitor in Oman, across seven contract areas, and counts among its partners some of the most recognisable names in the industry. The Company has been the local partner of choice for several IOCs when they entered the Oman market, including Eni, which partnered with the Company in the joint bidding and acquisition of Block 52, Petronas, through the Company's partial divestment of Block 61, and Shell, in their first upstream venture beyond PDO, in Block 42. The breadth and depth of partners showcases the Company as the partner of choice for major IOCs and evidences the Company's experience in attracting and working with sophisticated hydrocarbon producers for more than a decade. Furthermore, in light of the breadth and variety of its asset portfolio, the Company is able to add considerable value and continual operational improvement as a partner through its knowledge of the exploration characteristics, costs and success rates at analogous and/or adjacent reservoirs, which it intends to continue to leverage in order to further enhance and expand its relationships with its existing and new joint venture partners as part of its strategy to expand its exploration and production portfolio.

Proven track record of delivering value and growth, including through its selection for Government participation rights

The Company has demonstrated a track record of growth, with average daily production volumes on a working interest basis being nearly 14 times higher in 2023 than in 2009, its year of inception. It has organically expanded at its existing contract areas by closing the "gap to potential" and leveraging advanced technologies to realise additional production, as well as by actively unlocking new geologies in existing investments. It has also acquired additional resources by investing early in proven hydrocarbon basins and leveraging various inorganic growth opportunities.

Furthermore, since the Company's foundation in 2009, it has been the only entity through which the Government has exercised its participation rights in respect of oil and gas developments that achieve a DOC. This provides an avenue for increased resources and de-risked growth, as the participation interest is acquired at historical cost and can be a profitable acquisition and valuable source of growth. The Company was the beneficiary of participation rights exercised by the Government in respect of Block 61 in 2014 and Block 65 in 2022, with both assets substantially increasing the Company's gross production thereafter, the Company expects that Block 11 will be a potential candidate for exercise of Government participation rights based on the anticipated DOC of the recent gas discovery at the Jaleel field. The Company's exercise of Government participation rights is not an obligation but an option. The Company reviews each participation right on a case-by-case basis and, if not satisfied with the economic viability of the contract area in question following a commercial assessment, may elect to decline the Government's request to exercise its participation right through the Company.

Resilient growth and robust cash flow generation to support self-funded growth and shareholder returns

The Company has demonstrated strong resilience through oil cycles, with a 14 per cent. revenue compound annual growth rate since 2010 and a 19 per cent. Adjusted EBITDA (including Abraj)[16] compound annual growth rate over the same period.

The Company is focused on maintaining a low-cost operating asset base that, combined with the underlying quality of the Company's asset base, allowed it to record operating costs of US$9.4/boe in 2023, versus a universe of peers selected by Wood Mackenzie[17] of US$12.5/boe and total costs of $12.8/boe versus its select peer group's median of US$19.6/boe. This low operating cost base relative to the Company's peers, coupled with a stable and attractive fiscal regime, supported the Company's Adjusted Free Cash Flow[18] generation of US$16.0/boe in 2023, which compares favourably to its select peer group's median[19] of US$11.0/boe in 2023.

The Company's dividend policy is also linked to robust and sustainable cash flow generation and is expected to comprise a base dividend of US$600 million and a performance-linked dividend equal to 90 per cent. of the Company's expected free cash flow[20] plus the net proceeds from any potential asset disposals, net of the base dividend for financial year 2025 and 2026. For the second half of 2024, the Company intends to distribute OMR 115.3 million (approximately US$300 million) of dividends (equating to an annualised dividend of OMR 230.7 million (approximately US$600 million)). The Company distributed an aggregate of US$3.05 billion in dividends in 2022 and 2023.

Strong environmental, health and safety commitments and culture

The Company's environmental strategy is in line with Oman's Vision 2040 and its commitment to net zero by 2050. Its overarching goal is supported by specific quantitative targets, including:

- achieve net zero greenhouse gas emissions (Scope 1 and 2) by 2050 from its currently producing operated assets (i.e., Block 60 and Block 8) and MGP, its operated processing facility and export terminal; and
- eliminating routine flaring by 2027.

The Company's operational Scope 1 and 2 CO_2 intensity for currently producing operated assets, Block 60 and Block 8, and from MGP, its operated processing facility and export terminal, in 2023 of 15 kgCO_2e/boe is already below the market recognised Oil and Gas Climate Initiative target of 17 kgCO_2e/boe by 2025, and the Company has already reduced its operational Scope 1 and 2 CO_2 intensity by 19 per cent. in 2023 as compared to 2021. The Company's commitments are aligned with OQ's decarbonisation plan and are a critical component of its strategy to enhance environmental, social and governance ("**ESG**") practices and reduce the OQ Group's

[16] For a discussion of how Adjusted EBITDA (including Abraj) is calculated, see "*Presentation of Financial, Industry and Market Data—Non-IFRS Information and Certain Other Financial and Operational Data—Non-IFRS Information*" and "*Chapter XIII—Selected Historical Financial, Operating and Other Information—Other Financial and Operational Data*".

[17] Peer group defined by Wood Mackenzie. For further information, refer to the "public peers of the Company" table in "*Chapter X—Industry Overview and Regulatory Framework*".

[18] For a discussion of how Adjusted Free Cash Flow is calculated, see "*Presentation of Financial, Industry and Market Data—Non-IFRS Information and Certain Other Financial and Operational Data—Non-IFRS Information*" and "*Chapter XIII—Selected Historical Financial, Operating and Other Information—Other Financial and Operational Data*".

[19] Peer group defined by Wood Mackenzie. For further information, refer to the "public peers of the Company" table in "*Chapter X—Industry Overview and Regulatory Framework*".

[20] For the purposes of the dividend calculations, "free cash flow" means net cash flow from operations minus capital expenditure. "Capital expenditure" includes any potential investments in oil and gas assets and the exercising of Government participation rights.

environmental impact. Moreover, the Company plans to increase visibility regarding its ESG-related performance indicators, including by preparing its first sustainability report, which is expected to be published from 2025 onward.

The Company is pursuing a wide range of initiatives to reduce its upstream carbon intensity and achieve net zero in Scope 1 and 2 emissions by 2050 from its currently producing operated assets (i.e., Block 60 and Block 8) and MGP, its operated processing facility and export terminal, including:

- renewable energy plans for operated assets and indirect renewable energy projects via joint ventures;
- energy efficiency initiatives; and
- flare reduction and recovery projects.

The Company is also committed to upholding strong and holistic health and safety practices and recognises their importance as an integral part of its business performance. The Company's senior management provides oversight of, and is committed to, upholding an HSE culture and implementing the related policies. It seeks to ensure that rigorous HSE standards are met by implementing extensive training and awareness campaigns, such as its HSE digital transformation and the implementation of the 12 Life Saving Rules programme, to increase safety knowledge within the organisation for its employees and contractors, and minimise time lost to injuries and permanent disabilities. The Company is currently working towards obtaining ISO 45001:2018 on Occupational Health and Safety Management Systems accreditation. Moreover, the Company complies with applicable laws, regulations and best practices on labour and occupational health and safety standards. The Company believes its strong safety culture has delivered tangible results, most notably by reducing its LTIF from 0.30 in 2020 to 0.08 in 2023.

Seasoned leadership team with significant industry experience and a track record of project delivery and growth

The Company boasts a leadership team with significant experience and unique capabilities, having worked within the industry for an average of 25 years within various OQ entities as well as IOCs, such as Shell, MOL Group and Halliburton. Management experience also includes Government positions in MEM. Members of the management team have delivered numerous growth projects at the Company as well as other organisations, and are well positioned to lead the business into the next phase of growth. The Company is led by the CEO, Mr. Ahmed Al Azkawi, the CFO, Mr. Jaber Al Noumani, the Chief Executive – Commercial, Mr. Anwar Al Kharusi, the Chief Operating Officer, Mr. Mahmoud Al Hashmi, the Chief Executive for People, Technology and Culture, Mr. Said Saif Al-Hashmi, the General Counsel, Yaman Al Samman and the Vice President of Joint Ventures, Mr. Mohammed Al Habsi. They are complemented by other senior management team members who have been involved in the Company's evolution as the Sultanate of Oman's strategic energy asset. Together, the Company's management team has overseen its expansion through the execution of major production and exploration projects, the acquisition of new contract areas and the disposal of working interests in Blocks 61, 60 and 48.

Strategy

The Company's strategy aims to reinforce its differentiated competitive position and lead in gas and decarbonisation, while continuing to drive further growth in its financial performance through increased production and expansion of its portfolio and reserves base.

The Company intends to continue to invest in hydrocarbon exploration and production to maintain and further enhance its commitment to the Oman upstream landscape and sustain competitiveness and differentiation.

According to Wood Mackenzie, the global demand for hydrocarbons will continue to increase in the near to medium term. The Company believes that substantial investments in the oil and gas industry continue to be required to meet future global demand, and that there are attractive opportunities to further grow production and expand its base profile in Oman. It therefore intends to continue to invest in a sustainable manner in continued hydrocarbon exploration and production through oil price cycles to maintain a reserves replacement ratio at or above the industry standard of 100 per cent. and believes that its focus on declining unit total costs and low carbon intensity position it to benefit from these investments.

The Company believes that its operational Scope 1 and 2 CO2 intensity for currently producing operated assets, Block 60 and Block 8, and from MGP, its operated processing facility and export terminal, in 2023 of 15 kgCO2e/boe is already below the market-recognised Oil and Gas Climate Initiative target of 17 kgCO2e/boe by 2025, which positions it competitively to benefit from continued pressure on the oil and gas industry to reduce its environmental impact, and that by being a reliable and low carbon intensity producer, it will support energy access and security throughout the energy transition.

The Company plans to further invest in and expand its gas business to meet the growing demand for low-cost, lower carbon intensity energy and promote the energy transition.

Expanding the gas business allows the Company to meet the energy needs of Oman and continue to replace oil with gas for its power generation, thereby lowering the carbon intensity of domestic energy production and supporting Oman's energy transition in accordance with its Vision 2040 strategy, as well as making more oil available for export. The Company intends to maintain a gas reserves portfolio contribution of more than 50 per cent. in boe terms. To achieve this, the Company intends to expand its gas reserves through the exploration of new fields, new reservoir additions in existing fields and the reassessment of existing reservoirs and fields.

Gas production also yields condensate, which supplement the Company's oil production. In addition to domestic gas exploration and production, the Company has also partnered with TotalEnergies on Oman's first integrated LNG project to construct the Marsa LNG plant at the Port of Sohar, which will be the Middle East's first LNG bunkering facility with the option to export LNG.

The Company plans to grow production across oil and gas through several avenues, including exploration, organic growth, asset optimisation, inorganic growth and by leveraging the Government's participation rights.

The Company expects to grow production by maximising the potential of discovered reserves. By using its knowledge of existing operating assets such as Bisat at Block 60, the Company believes that it can exploit new volumes with greater cost efficiency. The Company seeks to maintain reserves through additional exploration efforts across existing contract areas using the latest techniques and working with the Government to market new exploration blocks. In addition, it intends to optimise its existing assets through investments in operations, facilities, debottlenecking production and technology. Furthermore, it has a proven track record of being selected as the party through which the Government has chosen to exercise its participation rights, through which considerable working interests in commercialised resources can be acquired at an attractive cost.

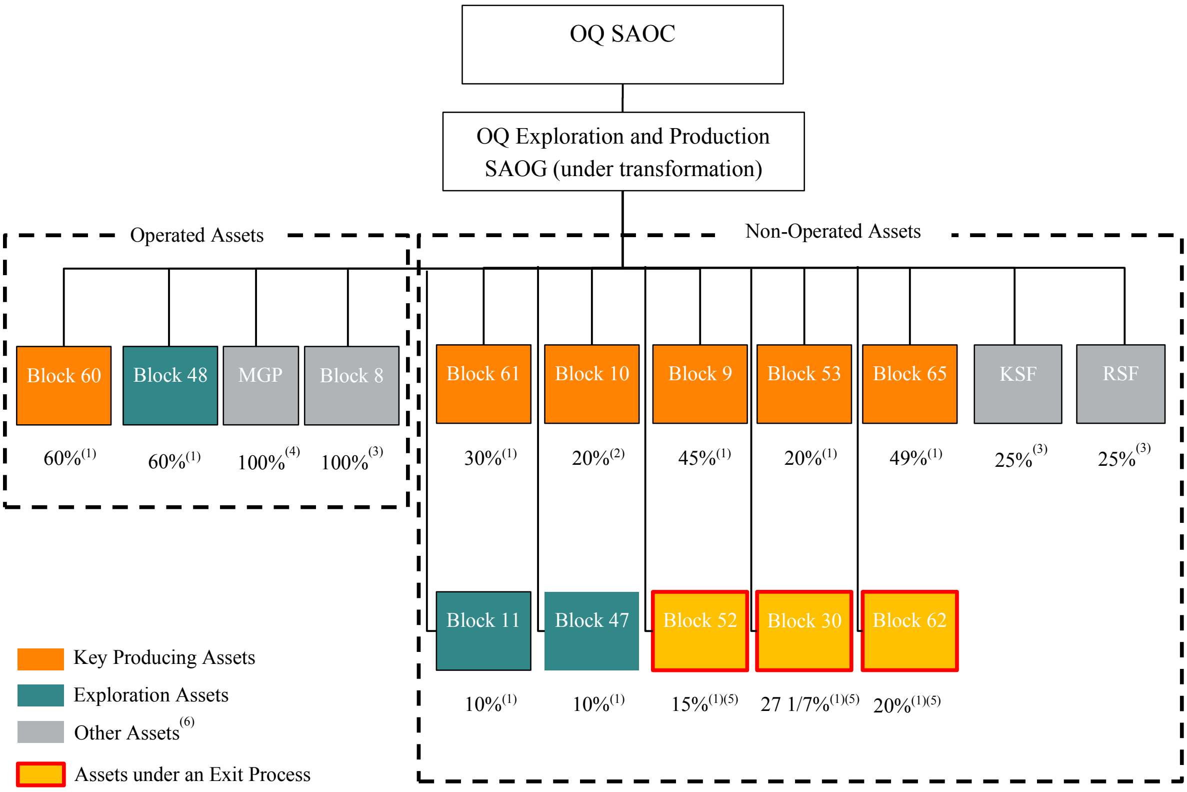
The Company monitors an active funnel of opportunities, including anticipated near-term opportunities to exercise applicable participation rights. So far as it is aware, there are a number of exploration blocks that have already reached discovery and are currently under evaluation. In the short term, one such example would be the anticipated DOC of the recent gas discovery at Jaleel field in Block 11.

In addition, there are a number of open blocks currently available in Oman that OQ is actively discussing with MEM regarding prospective partnerships, and the Company may elect to leverage its operational excellence to invest early in highly prospective and strategic expansion blocks which provide significant inorganic growth opportunities.

The Company will continue to review value-accretive opportunities to selectively divest working interests in its assets, leveraging the significant interest from IOCs to invest in Oman alongside the Company, and to bring in blue-chip IOCs to further stimulate growth and strengthen partnerships.

Organisational Structure

The following chart provides a simplified illustration of the Company's organisational structure.



Note:

(1) Operated pursuant to EPSA/JOA between, *inter alios*, the Company and its joint venture partners. Percentage reflects the Company's working interest in the asset.

(2) Operated pursuant to a concession agreement/JOA between, *inter alios*, the Company and its joint venture partners. Percentage reflects the Company's working interest in the asset.

(3) Operated pursuant to a service agreement. The Company has no entitlement to the production from this asset.

(4) Operated pursuant to a tariff agreement. This asset is not a producing asset.

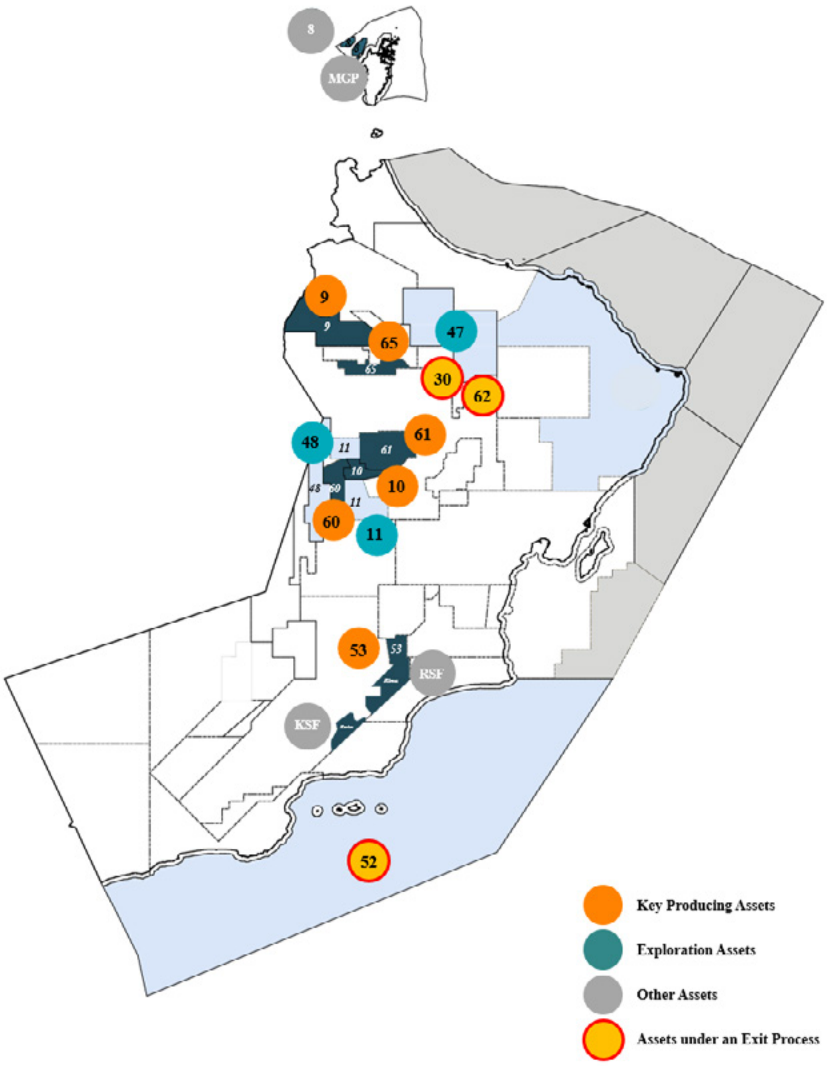
(5) The Company has a working interest in Block 52, but the participants of this contract area have notified the Government of their intention to relinquish the contract area. In addition, the Company has agreed in principle to exit Blocks 62 and 30 and is awaiting Government approval. For further details, see "*—Operations—Assets under an Exit Process*".

(6) Though not reflected in the above chart or the map that follows, the Company also receives revenue streams pursuant to a long-term sale and purchase arrangement in respect of gas imported to Oman from the Dolphin field in Qatar.

Operations

The Company's core business is oil and gas exploration and production in Oman. The Company's assets comprise its portfolio of interests in: (i) six key producing assets (one operated and five non-operated, in each case pursuant to the terms of an EPSA/JOA or, the case of Block 10, a concession agreement/JOA); (ii) three exploration assets (one operated and two non-operated, in each case pursuant to the terms of an EPSA/JOA); (iii) five other assets (three service agreements, a tariff agreement and a long-term sale and purchase arrangement); and (iv) three assets under an exit process (all non-operated).

The following map illustrates the locations of the Company's assets.



As at 31 December 2023, based on the Company's estimates on a working interest basis, the Company had 2P reserves of 1.016 bboe and 2C contingent resources of 820 mmboe. As at 30 June 2024, based on the Company's estimates on a working interest basis, the Company had 2P reserves of 0.974 bboe, and 2C contingent resources of approximately 820 mmboe. In 2023, the Company's average daily working interest oil, gas and condensate production was 249 kboe/d, of which 26 per cent. came from operated assets and 74 per cent. came from non-operated assets. The Company's production in 2023 on a working interest basis represented a production increase of nearly 14 times since the Company's inception in 2009 and approximately 14 per cent. of Oman's total oil and gas production in 2023.

The following tables set out certain information regarding the Company's: (i) key producing assets; (ii) exploration assets; (iii) other assets; and (iv) assets under an exit process.

Key Producing Assets

				Working interest production									
				For the year ended 31 December						For the six months ended 30 June			
	Operator	Current working interest	Licence expiry	2021		2022		2023		2023		2024	
Key Producing Assets[1]				*Oil and condensate (mmbbl)*	*Gas (bscf)*	*Oil and condensate (mmbbl)*	*Gas (bscf)*	*Oil and condensate (mmbbl)*	*Gas (bscf)*	*Oil and condensate (mmbbl)*	*Gas (bscf)*	*Oil and condensate (mmbbl)*	*Gas (bscf)*
Operated Assets													
Block 60	Company	60[3]%	2048	9.8	10.8	18.4	8.3	21.4	7.8	11.0	4.1	6.4	2.2
Total, operated key producing assets				**9.8**	**10.8**	**18.4**	**8.3**	**21.4**	**7.8**	**11.0**	**4.1**	**6.4**	**2.2**
Non-Operated Assets													
Block 61	BP	30%	2043	6.6	142.3	6.5	163.9	6.1	159.3	3.1	79.3	3.1	82.8
Block 9	OXY	45%	2030	14.4	20.0	16.0	18.6	16.2	16.1	8.1	7.8	7.8	10.1
Block 10[2]	Shell	20%	2050	0.0	0.0	0.0	0.0	1.5	23.8	0.6	9.2	1.0	17.4
Block 53	OXY	20%	2035	7.0	0.0	6.7	0.0	6.0	0.0	3.1	0.0	2.7	0.0
Block 65	OXY	49[4]%	2037	0.1	0.0	0.3	0.1	1.0	0.5	0.4	0.2	0.8	0.6
Total, non-operated key producing assets				**28.0**	**162.4**	**29.5**	**182.6**	**30.8**	**199.7**	**15.3**	**96.6**	**15.4**	**110.9**
Total, key producing assets				**37.8**	**173.2**	**47.9**	**190.9**	**52.2**	**207.5**	**26.3**	**100.7**	**21.7**	**113.1**

Notes:

(1) All assets are operated pursuant to an EPSA/JOA unless noted otherwise.

(2) Operated pursuant to a concession agreement/JOA.

(3) The Company's working interest in Block 60 changed from 100 per cent. to 60 per cent. effective 12 December 2023.

(4) The Company's working interest in Block 65 changed from 27 1/7 per cent. to 49 per cent. effective 19 September 2022.

Exploration Assets

	Operator	Current working interest	Licence expiry
Exploration Assets			
Operated Assets			
Block 48	Company	60%	31 December 2025
Non-Operated Assets			
Block 11	Shell	10%	19 October 2025
Block 47	Eni	10%	24 March 2025

Other Assets

			For the year ended 31 December			For the six months ended 30 June	
	Operator	Licence expiry	2021	2022	2023	2023	2024

Other Assets[1]			Oil and condensate (mmbbl)	Gas (bscf)	Oil and condensate (mmbbl)	Gas (bscf)	Oil and condensate (mmbbl)	Gas (bscf)	Oil and condensate (mmbbl)	Gas (bscf)	Oil and condensate (mmbbl)	Gas (bscf)
Block 8[2]	Company	Annual renewal	0.2	2.9	0.2	2.7	0.3	3.5	0.2	1.9	0.1	1.4
KSF[2]	Medco	2039	1.1	0.0	1.2	0.0	1.2	0.0	0.6	0.0	0.7	0.0
RSF[2]	Petrogas	2040	0.9	0.0	0.9	0.0	0.8	0.0	0.4	0.0	0.5	0.0
Total, Block 8, KSF and RSF			**2.2**	**2.9**	**2.2**	**2.7**	**2.3**	**3.5**	**1.2**	**1.9**	**1.3**	**1.4**

Notes:

(1) Also includes MGP, the Company's operated processing facility and export terminal, which is operated pursuant to a tariff agreement and is not a producing asset, and the Company's long-term sale and purchase arrangement in respect of gas imported to Oman from the Dolphin field in Qatar.

(2) Operated pursuant to a service agreement. The Company has no entitlement to the production from this asset. Figures shown reflect the total production for the asset multiplied by the Company's percentage ownership stake in the service agreement in respect of each asset: Block 8 – 100 per cent.; KSF – 25 per cent.; and RSF – 25 per cent.

Total Production

	For the year ended 31 December						For the six months ended 30 June			
	2021		2022		2023		2023		2024	
	Oil and condensate (mmbbl)	Gas (bscf)	Oil and condensate (mmbbl)	Gas (bscf)	Oil and condensate (mmbbl)	Gas (bscf)	Oil and condensate (mmbbl)	Gas (bscf)	Oil and condensate (mmbbl)	Gas (bscf)
Total, key producing assets	**37.8**	**173.2**	**47.9**	**190.9**	**52.2**	**207.5**	**26.3**	**100.7**	**21.7**	**113.1**
Total, Block 8, KSF and RSF[1]	**2.2**	**2.9**	**2.3**	**2.7**	**2.3**	**3.5**	**1.2**	**1.9**	**1.3**	**1.4**
Total	**40.0**	**176.1**	**50.2**	**193.7**	**54.5**	**211.0**	**27.5**	**102.65**	**23.0**	**114.5**

Notes:

(1) Operated pursuant to a service agreement. The Company has no entitlement to the production from these assets. Figures shown reflect the total production for the asset multiplied by the Company's percentage ownership stake in the service agreement in respect of each asset: Block 8 – 100 per cent.; KSF – 25 per cent.; and RSF – 25 per cent.

Assets under an Exit Process

In addition to the above, the Company has a working interest in Block 52, but the participants of this contract area have notified the Government of their intention to relinquish the contract area. In addition, the Company has agreed in principle to exit Blocks 62 and 30 and is awaiting Government approval. The EPSA for Block 42 expired in December 2023, and thus the Company no longer has rights in the asset. Accordingly, these contract areas are not included in this table. For further details, see "*—Assets under an Exit Process*".

Key Producing Assets

The Company's key producing assets are Blocks 60, 61, 9, 10, 53 and 65, each of which is described in more detail below. Except for Block 10, which is governed by a concession agreement and JOA, all of the Company's key production assets are governed by an EPSA and JOA. For further information regarding EPSAs and JOAs, refer to "*Chapter XI—Regulation of the Oil and Gas Industry in Oman*" and *"—Material Contracts—Joint Operating Agreements*", respectively.

Operated

Block 60

Block 60, the Company's flagship operated asset, is located onshore in western central Oman. It contains four producing oil and gas fields: the Abu Butabul gas field, the Abu Butabul south oil field, the Abu Butabul north oil and gas field and the Bisat oil field. The contract area includes a gas processing facility at Abu Butabul (commissioned in 2014) and three oil and condensate processing facilities at Bisat (respectively commissioned in 2019, 2021 and 2022) which process all the oil and water produced from the Bisat oil field. Block 60's fields are situated in the Shuaiba, Barik, Gharif and Miqrat reservoirs at depths of between 1,400 m and 4,500 m.

The Company obtained a 100 per cent. participation interest in Block 60 in 2011. Following its acquisition of the contract area, the Company initiated an exploration programme that resulted in the Bisat oil discovery and commercially tested in 2017. Effective 12 December 2023, the Company sold a 20 per cent. working interest in Block 60 to MedcoEnergi Oman Block 60 Limited ("**MedcoEnergi**") and a 20 per cent. working interest to Medco Daya Oman Block 60 PTE. LTD ("**Medco Daya**"). The aggregate consideration agreed to be paid by MedcoEnergi and Medco Daya for the interests in Block 60 was $1,400 million (including deferred payments), based on a valuation as of 1 January 2023, adjusted to reflect, among other things, the cash flows associated with the working interest divested for the period from 1 January 2023 through 11 December 2023. See Note 18 in the 2023 Annual Financial Statements. The Block 60 EPSA expires in 2048, with the potential for a 10-year extension if mutually agreed by the parties thereto.

Block 60's average gross production in 2023 was 62.4 kboe/d. Block 60 achieved a US$4.7/boe unit operating cost in 2023, the lowest for any oil block in Oman. In June 2024, the Company's daily working interest production from Block 60 averaged 35.3 kbbl/d for oil and condensate and 12.5 mmscf/d for gas. The table below shows the Company's working interest production from Block 60 in the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024.

	For the year ended 31 December			For the six months ended 30 June	
	2021	2022	2023	2023	2024
Working interest production – oil[1] (*kboe/d*)	26.9	50.5	58.7	60.8	34.9
Working interest production – gas[1] (*mmscf/d*)	29.5	22.8	21.3	22.7	11.9

Note:

(1) Working interest production means the Company's percentage of working interest multiplied by gross production of the contract area over the period.

The Company currently has four rigs undertaking drilling activities in Block 60, three of which are drilling at Bisat and one of which is undertaking gas and exploration drilling activities. In 2025, the Company intends to add a further rig to increase production at this contract area. The Company is also engaged in ongoing discussions with stakeholders to access new acreage to develop new resources and expand production, leveraging the existing Block 60 facilities and the Company's operational excellence. For example, the Company is expanding the Bisat processing facility to 850 thousand barrels of water and 65kbbl/d oil (which is expected to become operational in July 2025), with a further potential expansion of its overall processing capacity to a total of 1,200 thousand barrels of water and 100kbbl/d oil thereafter. The Company is also executing a project to connect 107 km of overhead lines from the Government grid to the new Bisat substation to supply 100 MW of power in order to phase out in-house power generation and thereby increase reliability of operations and cost effectiveness and reduce emissions. Finally, a 35 MW solar project is under consideration (representing 33 per cent. of Bisat development demand) which, if implemented, would result in cost savings and a significant reduction in carbon footprint.

The Company enters arrangements with various parties which support the day-to-day functioning of Block 60, covering aspects such as integrated services, drilling, maintenance and other services. For further information, see "*—Material Contracts—Operational Agreements*".

Non-Operated

Block 61

Block 61 accounted for 33 per cent. of Oman's gas production in 2023, with an attractive forward unit operating cost. Located onshore in central Oman, it contains two producing gas fields, Khazzan and Ghazeer. The Block 61 Central Processing Facility (CPF), situated centrally within the development area, operates three gas processing trains, two condensate trains and water management facilities. Block 61's fields are situated in the Barik and Miqrat reservoirs at depths of between 4,000 m and 5,000 m.

The Company acquired a 40 per cent. working interest in Block 61 via the exercise of the Government's participation right in 2014, and it sold a 10 per cent. working interest to Petronas in 2018. As a result, the Company now holds a 30 per cent. working interest in Block 61 pursuant to an EPSA with BP, PTTEP and Petronas, with BP holding a 40 per cent. working interest, PTTEP holding a 20 per cent. working interest and Petronas holding a 10 per cent. working interest. The Block 61 EPSA expires in 2043, with the potential for a 10-year extension if mutually agreed by the parties thereto.

Block 61 first production tested in 2010.

In June 2024, the Company's daily working interest production from Block 61 averaged 17.8 kbbl/d for oil and condensate and 487.2 mmscf/d for gas. The table below shows the Company's working interest production from Block 61 in the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024.

	For the year ended 31 December			**For the six months ended 30 June**	
	2021	**2022**	**2023**	**2023**	**2024**
Working interest production – gas[(1)] (*mmscf/d*)	389.8	449.0	436.5	438.3	454.9
Working interest production – condensate[(1)] (*kboe/d*)	18.0	17.7	16.7	17.0	17.0

Note:

(1) Working interest production means the Company's percentage of working interest multiplied by gross production of the contract area over the period.

Growth opportunities at Block 61 include: (i) the potential to develop further gas resources at the Miqrat field; (ii) the extension of the Barik gas area, which could result in better reservoir quality and well performance; (iii) the potential to install inlet compression, thereby lowering wellhead pressure and delivering incremental resources; and (iv) a new field development plan, which has the potential to unlock further resources and allow the contract area to continue production above the current GSA and beyond 2043.

Block 9

Block 9, which accounted for 10 per cent. of Oman's oil production in 2023, is located onshore in northern Oman. It primarily produces oil, as well as gas and condensate. The contract area consists of a large number of producing fields grouped into clusters, which are further divided into two main areas: the Safah Area and the

Wadi Latham Area. The contract area includes three main oil processing facilities and one main gas and condensate processing facility. Block 9's fields are situated in the Natih and Shuaiba reservoirs at depths between 1,500 m and 1,600 m.

The Company holds a 45 per cent. working interest in Block 9 pursuant to an EPSA with Oxy and Mitsui E&P Middle East B.V., which hold the remaining 50 per cent. and 5 per cent. working interests, respectively. The Block 9 EPSA expires in 2030. As EPSA expiry approaches, the Company expects that the Government will enter into a discussion relating to the proposed work programme for a potential new extension period and solicit feedback from the parties relating to the envisioned EPSA terms. Subject to these discussions, it is anticipated that new terms will be decided.

Block 9 also has the potential to offer cost reduction opportunities due to its being adjacent to Block 65 and Block 27.

Block 9 first produced oil in 1984, and production rates have been rising since then due to high exploration success (approximately 70 per cent. with a reserve replacement ratio above 100 per cent. from 2021 to 2023) and quick maturation of discoveries.

In June 2024, the Company's daily working interest production from Block 9 averaged 40.8 kbbl/d for oil and condensate and 53.2 mmscf/d for gas. The table below shows the Company's working interest production from Block 9 in the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024.

	For the year ended 31 December			For the six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
Working interest production – oil[(1)] (*kboe/d*) ...	39.3	43.9	44.3	44.9	43.0
Working interest production – gas[(1)] (*mm scf/d*) ...	54.9	51.0	44.0	43.4	55.6

Note:

(1) Working interest production means the Company's percentage of working interest multiplied by gross production of the contract area over the period.

Block 9 has the potential for sizeable oil and gas production by 2030, thereby providing the Company with a potential growth opportunity (targeting a further 5 to 10 exploration wells per annum).

Block 10

Block 10 is a gas and condensate asset that is operated pursuant to a concession agreement between the Government, Shell (as operator), Marsa LNG LLC ("**Marsa**") and the Company. The production from Block 10 is processed in the adjacent Saih Rawl Plant, which is operated by PDO. Block 10 is located onshore in western central Oman and contains four primary gas fields. The Mabrouk North-East (MBRNE) and Mabrouk East (MBRE) fields were discovered in 2017, while the Mabrouk West (MBRW) field was discovered in 2018. The Tawf Dahm field area is still under appraisal and is considered contingent resources; it is divided into three areas: main, south, and north. Block 10's fields are situated in the Barik, Al Bashair, and Miqrat reservoirs at depths of between 4,500 m and 4,900 m.

Shell holds a 53.5 per cent. working interest, Marsa holds a 33.2 per cent. working interest and the Company holds a 13.4 per cent. working interest. In addition, through the Company's 20 per cent. ownership interest in

Marsa, it has an indirect 6.6 per cent. working interest which it acquired simultaneously with its direct stake, giving it an aggregate working interest of 20 per cent. in Block 10. The concession agreement expires in 2050, with the potential for a 10-year extension if mutually agreed by the parties thereto.

Under the concession agreement, the Government receives a direct entitlement to a portion of the gas produced at Block 10 at no cost. The Company and its joint venture partners sell their entitlement to the gas produced to IGC pursuant to the terms of the GSA. However, following the construction and commissioning of the Marsa LNG plant, which is expected to be completed in 2028, Marsa will use its proportionate gas entitlement as a feedstock for the Marsa LNG plant, while the remainder of the Block 10 entitlement will continue to be sold to IGC until 2041. Once commissioned, any LNG produced at the Marsa LNG plant not sold as bunker will be exported.

The Marsa LNG plant is being developed and constructed as a 1 mmtpa nameplate capacity LNG plant and bunkering terminal at the Port of Sohar, with land available for an additional 1 mmtpa capacity. It will be operated by Marsa, a joint venture between TotalEnergies (80 per cent. working interest) and the Company (20 per cent. working interest). Marsa's primary business objective is to offer LNG as bunker to vessels arriving at the Port of Sohar and, more generally, passing through the shipping lanes in the Gulf of Oman. Commercial sale of LNG for bunkering as well as for export are expected to commence from 2028; until that point, Marsa's share of gas from Block 10 will continue to be sold to IGC. The Marsa LNG plant aims to be Oman's first integrated upstream-to-downstream project and the first LNG bunkering facility in the Middle East. It is being designed to operate on a low carbon basis and fully powered by electricity. A dedicated 300 MW solar power plant is being developed jointly by TotalEnergies and OQ Alternative Energy in parallel to the LNG plant, which will supply the equivalent of the LNG plant's annual needs. Any energy required from the electrical grid during periods of low production at the solar power plant is intended to be offset by carbon credits received during periods of high production at the plant, when excess energy is fed into the grid.

The construction of the LNG plant is expected to be financed through a subordinated loan from the joint venture participants and a drawdown under a US$500 million bank loan to be provided to Marsa by a syndicate of Omani, regional and international banks. In connection therewith, US$100 million and US$400 million of the facility is expected to be support guaranteed by the Company and TotalEnergies, respectively, with each being liable pursuant to their respective support guarantees for any drawdowns on a pro rata basis. The Company expects to complete the negotiation of, and to execute, the final form of facility documentation by the end of September 2024, and for Marsa to make an initial drawdown thereunder during the fourth quarter of 2024.

Block 10 first produced in January 2023.

In June 2024, the Company's daily working interest production from Block 10 averaged 5.6 kbbl/d for oil and condensate and 99.5 mmscf/d for gas. The table below shows the Company's working interest production from Block 10 (aggregated between its interest in Block 10 and Marsa) in the year ended 31 December 2023 and the six months ended 30 June 2023 and 2024.

	Year ended 31 December	**For the six months ended 30 June**	
	2023	**2023**	**2024**
Working interest production – gas[(1)] (*mmscf/d*)	65.2	50.9	95.6
Working interest production – condensate[(1)] (*kboe/d*)	4.2	3.6	5.5

Note:

(1) Working interest production means the Company's percentage of working interest multiplied by gross production of the contract area over the period.

Potential growth opportunities at Block 10 include: (i) the continuation of drilling at Miqrat beyond the GSA's expiry in 2041; (ii) the drilling of wells in the TD, TDS and TDM fields; (iii) the discovered Ghudun reservoir Mabrouk North; and (iv) installing inlet compression to lower wellhead pressure and deliver incremental resources.

Block 53

Block 53, the largest thermal EOR contract area in the Middle East, is primarily an oil development onshore in southeastern Oman, which also produces light oil and condensate from a conventional water-flooded reservoir, Thuleilat. The majority of the oil reserves in the field are in the Gharif reservoir, and other reservoirs are under development. The contract area includes two oil processing facilities. Block 53's fields are situated in the Gharif, Aruma, Kahmah-Khuff and Thuleilat reservoirs at depths of between 600 m and 2600 m.

The Company holds a 20 per cent. working interest in Block 53 pursuant to an EPSA with Oxy (47 per cent.), Indian Oil Company Limited (17 per cent.), Liwa Energy Limited (15 per cent.) and PTTEP (1 per cent.). The Block 53 EPSA expires in 2035, with the potential for a 10-year extension if mutually agreed by the parties thereto.

Block 53 first produced oil in 2005.

In June 2024, the Company's daily working interest oil and condensate production from Block 53 averaged 15.1 kbbl/d. The table below shows the Company's working interest production from Block 53 in the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024.

	For the year ended 31 December			**For the six months ended 30 June**	
	2021	**2022**	**2023**	**2023**	**2024**
Working interest production – oil and condensate[(1)] (*kboe/d*)	19.2	18.5	16.4	16.9	15.0

Note:

(1) Working interest production means the Company's percentage of working interest multiplied by gross production of the contract area over the period.

Block 53 holds significant volumes of hydrocarbons currently classified as contingent resources which have the potential to be reclassified as 2P reserves. The Company and its joint venture partners are currently in discussions with stakeholders on potential commercial improvement enablers with a view to further enhance the investment in this contract area.

Block 65

Block 65, which was fast-tracked to production in less than three years, is an oil development onshore in northern Oman. The Company and Oxy entered the Block 65 concession in 2019 and have agreed terms with the Government for a GSA relating to this contract area, which the Company expects will be executed by the end of 2024. The contract area is adjacent to Block 9 and block 27, both operated by Oxy, and includes oil and gas processing facilities. Block 65's fields are situated in the Natih reservoirs at depths of between 1500 m and 2000 m.

The Company joined as a participant with a 27 1/7 per cent. working interest, and Oxy retained a 72 6/7 per cent. working interest. Following successful oil discoveries, a DOC was announced in September 2022. In 2022, the Government chose to exercise its participation rights in Block 65 through the Company, thereby increasing the Company's working interest to 49 per cent., effective 19 September 2022, with Oxy holding the remaining 51 per cent. working interest. The Block 65 EPSA expires in 2037, with the potential for a five-year extension if mutually agreed by the parties thereto.

Block 65 first produced oil and associated gas in 2021.

In June 2024, the Company's daily working interest production from Block 65 averaged 4.8 kbbl/d for oil and condensate and 4.2 mmscf/d for gas. The table below shows the Company's working interest production from Block 65 in the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024.

	For the year ended 31 December			For the six months ended 30 June	
	2021	2022	2023	2023	2024
Working interest production – oil and condensate[(1)] (*kboe/d*)	0.3	0.7	2.7	2.2	4.1
Working interest production – gas[(1)] (*kboe/d*)	0.1	0.3	1.4	0.9	3.1

Note:

(1) Working interest production means the Company's percentage of working interest multiplied by gross production of the contract area over the period.

Block 65 experienced high exploration success and quick maturation of discoveries with low development cost (limited facility expansion required). Block 65 has long-term prospects with a sizeable reserve growth potential.

Exploration Assets

All the Company's exploration assets are governed by EPSAs and JOAs. For further information regarding EPSAs and JOAs, refer to "*Chapter XI—Regulation of the Oil and Gas Industry in Oman*" and *"—Material Contracts—Joint Operating Agreements*", respectively.

Operated

Block 48

Block 48 is an onshore exploration asset located in western central Oman. Prior to 2023, Block 48 was wholly owned by the Company. However, effective 12 December 2023, the Company sold 20 per cent. stakes in Block 48 to each of MedcoEnergi and Medco Daya. The aggregate consideration agreed to be paid by MedcoEnergi and Medco Daya for the interests in Block 48 was US$24.5 million, based on a valuation as of 1 January 2023, adjusted to reflect, among other things, the cash flows associated with the working interest divested for the period from 1 January 2023 through 11 December 2023. See Note 18 in the 2023 Annual Financial Statements. The Company has conducted and is continuing to conduct exploration activities in the contract area, including seismic surveys and reprocessing, geoscience studies and exploration drilling. In the event of a DOC, the EPSA term, which is currently scheduled to expire in 2025, is expected to be extended from the date of the DOC, with a further optional extension right.

The Company enters arrangements with various parties which support the day-to-day functioning of Block 48, covering aspects such as integrated services, drilling, maintenance and other services. For further information, see "*—Material Contracts—Operational Agreements*".

Non-Operated

Block 11

Block 11 is an onshore contract area in central Oman which the Company believes has high potential for gas discovery. In 2022, Shell, TotalEnergies and the Company entered into an EPSA with working interests of 67.5 per cent., 22.5 per cent. and 10 per cent., respectively, with Shell as the operator. Exploration activities are currently underway and gas has recently been discovered at the Jaleel field. In the event of a DOC, if the Company benefits from the Government's participation right, then its working interest would increase to 40 per cent. In the event of a DOC, the EPSA term, which is currently scheduled to expire in 2025, is expected to be extended from the date of the DOC, with a further optional extension right.

Block 47

Block 47 is an onshore contract area located in northern Oman. In early 2020, Eni and the Company entered into an EPSA with working interests of 90 per cent. and 10 per cent., respectively, with Eni as the operator. Exploration activities are currently underway. In the event of a DOC, the EPSA term, which is currently scheduled to expire in 2025, is expected to be extended from the date of the DOC, with a further optional extension right.

Other Assets

The Company's other upstream activities comprise MGP, its service agreements in respect of Block 8, KSF and RSF, and its long-term sale and purchase arrangement in respect of gas imported to Oman from the Dolphin field in Qatar. In June 2024, the Company's daily working interest production equivalent from service agreements in respect of Block 8, KSF and RSF averaged 7.0 kbbl/d for oil and condensate and 7.8 mmscf/d for gas (reflecting the total production for each asset multiplied by the Company's percentage ownership stake in the service agreement in respect of each asset, since the Company has no entitlement to the production from these assets).

Operated

Block 8

Block 8 is the first offshore upstream asset in Oman and is located off the Musandam peninsula in northern Oman. The contract area is owned by the Government and operated by the Company pursuant to a cost-plus service agreement. As a result, the Company is not entitled to any reserves or resources from Block 8, nor to any of the revenues generated from the sale of hydrocarbons produced at this contract area. The service agreement began in January 2019 and is subject to annual renewal. An evaluation is ongoing with respect to the potential drilling of additional wells in the West Bukha field, as well as a new gas well in the Bukha field in the fourth quarter of 2024.

MGP

MGP, an oil and gas processing plant and oil export terminal located in Musandam, Oman, is a strategic infrastructure asset that benefits from a fixed return on investment. It currently processes the oil, gas and condensate that is produced from the offshore fields in Block 8. MGP is well positioned to process hydrocarbon production from adjacent contract areas in the Musandam region. MGP also exports a small quantity of oil for shipping. MGP is wholly owned by the Company and operated on a build, own, operate and transfer (BOOT) basis pursuant to the terms of, among others, a tariff agreement with the Government that expires in 2036. The

Company operates MGP on a cost-plus basis, whereby the Government reimburses the Company for all operating expenditure and also pays the Company a fixed annual fee to compensate the Company for its capital expenditure and provide a return thereon. For further information regarding the tariff agreement, see "—*Material Contracts—Tariff Agreement for MGP*".

Non-Operated

KSF and RSF

The Company has a 25 per cent. interest in service agreements for each of the KSF and RSF contract areas, both of which are in Block 6 in southern Oman. KSF produces heavy oil and RSF produces light to heavy oil. MedcoEnergi, in the case of KSF, and Petrogas Rima LLC, in the case of the RSF, operate these fields on behalf of PDO. Should any additional reserves be identified at either cluster, financial remuneration will be paid to the relevant service agreement participants. The service agreements do not entitle the Company to any production or reserves from the respective fields, but instead entitle the Company to receive a cash payment in respect of its 25 per cent. interest in the production from the relevant asset, pursuant to the terms of each service agreement.

Dolphin

The Company imports approximately 70 trillion Btu per year of gas sourced from the Dolphin field in Qatar under a long-term take or pay agreement and supplies the same to the Government (through IGC) on back-to-back terms at a margin. Some of the volumes are diverted on an interruptible basis through additional contractual arrangements to the Musandam region for power generation. These arrangements represent a strategic source of energy for Oman and exemplify the cordial relations Oman has with the GCC.

Assets under an Exit Process

For certain non-operated blocks, no discoveries have been made, and consequently, pursuant to the terms of the relevant EPSA, the participants have notified the Government of their intention to relinquish the contract area. In addition, for certain contract areas, exploration or development activities are ongoing, but the Company has decided to exit the contract area. These contract areas are set out in further detail below:

- Block 52 is a deepwater offshore contract area in southeastern Oman that was awarded to Eni (85 per cent. working interest and operatorship) and the Company (15 per cent. working interest) in December 2017. In 2019, Qatar Petroleum purchased a 30 per cent. working interest from Eni. The participants have notified the Government of their intention to relinquish the contract area, which they expect to be completed in 2024.
- Block 30 is a gas contract area in northern Oman that is adjacent to Block 62. The contract area was awarded in November 2017 and Oxy has a participation of 72 6/7 per cent., with the Company holding the remaining 27 1/7 per cent. interest. Development options for the contract area are currently being assessed. The Company has agreed in principle to exit Block 30 (together with Block 62) and is awaiting Government approval.
- Block 62 is a gas contract area in central Oman that is operated by Oxy. The contract area was awarded in 2008 and Oxy has a participation of 80 per cent., with the Company holding the remaining 20 per cent. interest. The Company has agreed in principle to exit Block 62 (together with Block 30) and is awaiting Government approval.

Reserves

The Company estimates its reserves and resources using standard recognised evaluation techniques applied by its in-house reserve engineering team and an external reserves reviewer. 1P, 2P, and 3P reserves represent different levels of certainty in oil and gas reserves estimation. 1P reserves, or proven reserves, are quantities that are reasonably certain to be recoverable under existing economic and operational conditions and include proved developed producing (PDP), proved developed non-producing (PDNP) and proved undeveloped (PUD) categories. 2P reserves add probable reserves to the 1P total, offering a moderately certain estimate. 3P reserves combine proven, probable, and possible reserves, providing the broadest yet least certain estimate. Similarly, 1C, 2C, and 3C refer to contingent resources, which are quantities of hydrocarbons estimated to be potentially recoverable but not yet considered commercially viable. 1C represents the low estimate (high certainty), 2C is the best estimate (moderate certainty), and 3C is the high estimate (low certainty) of contingent resources, reflecting varying degrees of technical and economic feasibility.

The tables below contain a summary of the Company's estimated 1P, 2P and 3P reserves and 2C contingent resources as at 31 December 2023 and 30 June 2024. The Company's working interest in reserves is the percentage of the Company's working interest multiplied by the relevant gross reserves or resources figure for the contract area, aggregated across contract areas (without reduction for royalties or production share allocated to the Government under the applicable fiscal terms). The Company seeks to achieve a 100 per cent. reserves replacement ratio going forward.

Working interest 1P reserves	**As at 31 December 2023**	**As at 30 June 2024**
Oil and condensate (mmbbl)	262	240
Gas (bscf)	2,394	2,274
Total (bboe)	0.675	0.632

Working interest 2P reserves	**As at 31 December 2023**	**As at 30 June 2024**
Oil and condensate (mmbbl)	422	400
Gas (bscf)	3,449	3,330
Total (bboe)	1.016	0.974

Working interest 3P reserves	**As at 31 December 2023**	**As at 30 June 2024**
Oil and condensate (mmbbl)	578	556
Gas (bscf)	4,411	4,291
Total (bboe)	1.338	1.296

Working interest 2C contingent resources	**As at 31 December 2023**	**As at 30 June 2024**
Oil and condensate (mmbbl)	323	323

Working interest 2C contingent resources	As at 31 December 2023	As at 30 June 2024
Gas (bscf)	2,882	2,882
Total (mmboe)	820	820

The Company's reserves estimates are periodically evaluated by the Company's external reserve engineers. As part of its preparation for the Offer, the Company commissioned the GaffneyCline Reserves Report. The GaffneyCline Reserves Report is included in Appendix 1. For high level commentary on the areas of variance between the Company's reserves estimates and the GaffneyCline Reserves Report, see "*Chapter XIII—Selected Historical Financial, Operating and Other Information—GaffneyCline Reserves Report*".

For additional information relating to how reserves estimates impact the Company's results of operations, see "*Chapter XIV—Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Company's Business and Results of Operations—Reserves*"

Participation Rights

Pursuant to the EPSA that is signed for any contract area before exploration or production activities can begin, the Government retains a right to economically participate in prospective oil and gas developments that achieve a DOC. It does this by appointing a nominee to claim up to a 30 per cent. working interest in the contract area, although in some cases it may be higher. Generally, the working interest is calculated on a pro rata basis in proportion to the respective working interests of the nominee and the joint venture partners at the time of DOC. For example, if a nominee were to exercise its participation right for 30 per cent. in an existing contract area where the two existing partners held (prior to exercise of the participation right) 40 per cent. and 60 per cent. working interests, respectively, then the resulting working interest (after exercise of the participation right) would be 28 per cent. and 42 per cent. for the existing partners, respectively, and the nominee would hold a 30 per cent. working interest.

The Company has historically been the Government's preferred nominee through which to exercise these participation rights, having been chosen as the beneficiary of the Government's participation rights that have been exercised since the Company's foundation in 2009, and the Company expects this to continue to be the case.

The following table sets out the Company's contract areas in respect of which: (i) the Government has exercised its participation right through the Company; and (ii) the Government retains unexercised participation rights that may be exercised in the future once DOC is declared.

	JV Partner	Company working interest prior to Participation	Government Participation Right	Company working interest post Participation	Year of Exercise
Contract areas in which participation rights have been exercised					
Block 61	BP	0	40	40	2014
Block 65	Oxy	27 1/7	30	49	2022

	JV Partner	Company working interest prior to Participation	Government Participation Right	Company working interest post Participation	Year of Exercise
Contract areas in which the Company is a participant and DOC has not yet been declared					
Block 11	Shell	10	30	N/A	N/A
Block 47	Eni	7	30	N/A	N/A

The Company also monitors the status of contract areas in Oman that are owned by other companies to best position itself to take advantage of any opportunity offered to it by the Government to act as a nominee in respect of applicable participation rights. The Company reviews each participation right offered to it on a case-by-case basis. When exercising these rights, the Company is required to pay its proportional share of the historical costs in such de-risked economic opportunities. If the Company is not satisfied with the economic viability of the contract area in question following a commercial assessment, it may elect to decline the Government's request to exercise its participation right through the Company.

Reservoir Management and Production Strategy

The Company actively manages its operated asset reserves base and collaborates with the operators of its non-operated assets in the management of those reserve bases, in each case to optimise production from existing oil and gas fields, thereby maximising short-term and long-term value without risking production sustainability.

Oil

Oil recovery is separated into primary, secondary and tertiary phases. Primary oil recovery is limited to hydrocarbons that naturally rise to the surface or those that can be recovered using artificial lift devices. Secondary oil recovery employs water and gas injection, displacing the oil and driving it to the surface. Tertiary oil recovery, which is also referred to as EOR, uses a set of production technologies that involve the injection of energy or fluids to improve oil recovery at any stage of production—whether primary, secondary, or tertiary—with the purpose of increasing the total recovery beyond what is possible through traditional methods, such as water flooding and gas injection. The Company's sole producing operated contract area, Block 60, currently uses primary recovery, as it is still in the early stages of production. The Company may progress to using secondary recovery in the next phase of Block 60's development. The Company's non-operated assets variously use primary, secondary and tertiary recovery, as described in more detail in "—*Operations—Key Producing Assets—Non-Operated*" above.

The Company has maintained a reserve replacement ratio of 130 per cent. from 1 January 2021 to 31 December 2023. As at 31 December 2023, the Company's reserve replacement ratio was 118 per cent.

Enhanced Oil Recovery

The three primary methods of EOR are miscible gas injection, thermal injection and chemical injection.

The most common form of EOR is miscible gas injection, which consists of injecting a gas or a mixture of gases that mix (or become miscible) with the reservoir oil. This process maintains the pressure in the reservoir and improves oil displacement by reducing the interfacial tension between gas and oil. Typical gases that are injected include carbon dioxide, natural gas and nitrogen. There is a small miscible gas injection project, which began operation in 2023, at Block 9.

Thermal injection involves using various methods to heat oil to reduce its viscosity and/or vaporise it so as to decrease its mobility ratio. The increased heat reduces surface tension and increases the flow of the oil. Methods of thermal injection include cyclic steam injection, steam flooding and combustion. Thermal injection is used at Block 53 as well as in some small-scale trials at KSF and RSF.

Chemical injection involves the injection of chemicals into reservoirs to aid mobility and reduce surface tension, allowing operators to extract more oil from reservoirs. Chemical injection is used on a small scale at KSF and RSF.

Quality

All oil and condensate volumes in Oman, except those exported from MGP, are commingled and sold as OEB. OEB quality is measured primarily based on API gravity, a measure of density developed by the American Petroleum Institute. It represents the inverse measure of liquid hydrocarbon density against water, with lighter hydrocarbon liquids having higher API gravities. API gravity is used to classify oil by weight (i.e. extra light, light, medium, heavy and extra heavy), which is the largest determinant of market value. Oil and condensate with a higher API gravity is typically more valuable because it allows refineries to produce a greater percentage of high-margin products from the oil and condensate, such as gasoline and diesel fuel, than oil and condensate with a lower API gravity. Sulphur content also affects the value of oil and condensate; because sulphur must be removed prior to oil and condensate being refined into other products, oil and condensate with lower sulphur content has a higher value. Sulphur content is distinguished by categories (i.e., sweet, medium sour, sour). In 2023, 55.0 per cent. of OEB was medium (sour), 23.7 per cent. was extra light (sweet), 7.6 per cent. was light (medium sour), 7.1 per cent. was heavy (medium sour), 6.5 per cent. was light (sweet) and 0.1 per cent. was extra light (medium sour). In December 2023, OEB had an API gravity of approximately 34 and an average sulphur content of 1.3 per cent.

Gas and condensate

The Company's gas management and production strategy focuses on maximising economically recoverable gas using the best available methods and technologies. The Company's primary production strategy is focused on pressure depletion at moderate rates, with no aquifer support and little water production expected. Its gas fields also make extensive use of advanced technologies (for example, multi-stage fracturing), with compression projects being evaluated to extend field plateaus.

Some of the Company's gas production for its operated assets is used for captive power generation. In its non-operated assets, some of the Company's gas production is used in connection with gas lifting to enhance oil recovery and for steam generation.

Condensate is separated from the gas produced and stabilised at the processing facilities for each block. For further information, see "*—Operations—Infrastructure—Gas and condensate*" below.

Exploration

The mission of the Company's exploration function is to safely and efficiently explore commercially viable oil and gas opportunities across its contract areas in a way that can be monetised efficiently to support the Company's growth aspirations. The Company's exploration programme is designed to drive reserves replenishment to support its future growth.

The Company's strategy for its operated exploration assets focuses on accelerating the maturation of high value production opportunities that can be easily monetised due to their proximity to existing production infrastructure and processing facilities (i.e., near-field), thereby contributing to growth in the Company's production. Recently, two exploration/appraisal wells were drilled and successfully tested for commercial production in the north area of Block 60, near the Bisat field. Both wells are now producing, with total daily production contribution ranging between 1,500 and 2,000 boe/d. The Company plans to develop this field further from 2025.

For its operated assets, the Company targets the drilling of two to three exploration wells each year and, where successful, additional appraisal wells are drilled to assess the commerciality of the discovery. The Company uses industry best practices and leading technological advancements (including seismic data acquisition, processing and analysis techniques) to cost-effectively conduct its exploration activities in both near-field and frontier exploration contract areas. For example, in 2023, the Company acquired a large (1,750 km^2) Wide Azimuth 3D Seismic Survey in the southern part of two of its operated assets, Block 60 and Block 48, deploying nodes technology and simultaneous recording. The Company also seeks to enhance the cost effectiveness of its exploration activities by: (i) leveraging the drilling performance of its existing development wells; (ii) combining multiple drilling prospects through a single well; and (iii) using existing development wells to access shallow or deeper prospects.

The Company also partners with leading IOCs to access new contract areas in Oman and diversify its exploration portfolio. Its strategy for non-operated exploration assets is to take a minority stake in selected prospective joint ventures prior to DOC, in order to minimise the initial financial commitment and maximise the potential value of its investment upon DOC through the exercise of participation rights by the Government. The current exploration portfolio includes the Company's working interests in Block 11, which is operated by Shell, and Blocks 52 and 47, which are operated by Eni.

In addition to organic growth, the Company also seeks inorganic growth outside its existing portfolio by participating in domestic exploration bid rounds or farm-out opportunities to evaluate the potential of new contract areas. In 2023, the Company participated in an exploration bid round and successfully submitted a bid proposal for block 54, which is located near the Mukhaizna producing field.

For a discussion of the Company's exploration efforts in each contract area, see "*Operations—Exploration and Production Assets*".

Infrastructure

Oil

The Company's oil fields are linked to an extensive network of pipelines, booster stations and metering facilities, the Main Oil Line, which allows the Company to send produced oil and condensate to Oman's main oil terminal at Mina Al Fahal for shipping. The Main Oil Line system transports all the oil produced in mainland Oman from oil fields to the coastal terminal at Mina Al Fahal.

The terms under which the Company receives access to the Main Oil Line (and the Mina Al Fahal storage and loading terminal) are set out in crude oil handling and transportation agreements, which set out, among other things, capacity allocation, quality specifications, risk of loss, line-fill and terminal stock, liftings and the payment of a tariff per barrel. For further details on this agreement, see "*—Material Contracts—PDO Pipeline Agreements*".

Gas and condensate

Gas is extracted from gas fields at contract areas and is then processed at gas processing plants before being transported to users via a pipeline network operated by OQ Gas Networks SAOG ("**OQGN**"). All gas-producing operated and non-operated assets are equipped with gas processing facilities where the gas produced from the field is treated and the condensate is separated and stabilised. The stabilised condensate is transported from the processing facility to the Main Oil Line, where it is blended with oil, ultimately yielding OEB. The Company operates two gas processing facilities, being the gas processing plant at Block 60 at Abu Butabul and MGP, which processes the gas produced in Block 8. In addition, the Marsa LNG project will use gas produced from Block 10. For further details on MGP, see "*—Operations—Other assets—Operated—MGP*". For further details on the Marsa LNG project, see "*—Operations—Key Producing Assets—Non-Operated—Block 10*". The Company's joint venture partners also operate gas processing plants at their respective non-operated contract areas.

Power Generation

The Company uses three types of power generation at its operated and non-operated assets: self-generated power using the gas from a contract area, power from the Government-operated electrical grid, and renewable energy generated at the asset.

Sales and Marketing

The Company seeks to maximise value from the sale of oil, gas and condensate, as described in further detail below.

Oil and condensate

The Company sells all its oil and condensate entitlements to OQ Trading, an affiliated company that is wholly owned by OQ, on an FOB basis and for export at the Mina Al Fahal terminal pursuant to one- to two-year renewable contracts for each applicable contract area. These contracts are priced based on the Government's OSP for OEB plus a fixed premium for the term of the contract. The OSP is the monthly mean of the "Marker Price" for OEB as traded two months ahead for the relevant month on the DME.

The following table sets out the quarterly average OEB per barrel between the first quarter of 2021 and the second quarter of 2024.

OEB per barrel	2021	2022	2023	2024
		(US$)		
Q1	60.03	95.67	80.40	81.27
Q2	67.07	107.73	77.67	85.20
Q3	71.77	97.07	86.67	
Q4	78.33	84.80	83.43	

Gas

Oman incentivises the exploration of gas in the country by providing a stable gas price framework. Prior to 1 January 2023, the Government gas aggregator and purchaser was MEM and, since 1 January 2023, IGC has been mandated by the Government to perform this role. As a result, IGC is responsible for procuring all gas available for sale from the Company and other gas producers, transporting it through the gas network operated by OQGN, and selling the gas to IGC's customers under existing contractual arrangements. In the year ended 31 December 2022, for example, these customers comprised LNG exporters (representing 33 per cent.), industrial projects (27 per cent.), power and desalination (15 per cent.) and oil field and other uses (24 per cent.).

For each of the Company's contract areas that produces gas, a GSA is signed between the entitlement holders (being the joint venture partners and the Government, if applicable) and IGC, although once the Marsa LNG plant comes online, which is expected in 2028, a proportion of the gas produced at Block 10 will go directly there. See "*—Operations—Key Producing Assets—Non-Operated—Block 10*" for further detail. The gas offtake to IGC is concluded pursuant to long-term GSAs with take or pay features, with IGC paying a pre-agreed price that was determined with reference to, *inter alia*, the operator's cost of production, its anticipated capital and operating expenditure, and an agreed return. Pursuant to each GSA, the price at which IGC agrees to purchase gas typically has an annual escalation factor of 2 per cent. for the term of the relevant GSA. Once the Marsa LNG plant commences operations, the GSA relating to Marsa's share of gas will be terminated. For further information on the intended plans for Marsa, see "*—Operations—Key Producing Assets—Non-Operated—Block 10*".

The Company's gas entitlement primarily comes from Blocks 61 and 10, as well as to a lesser extent from Blocks 9 and 60.

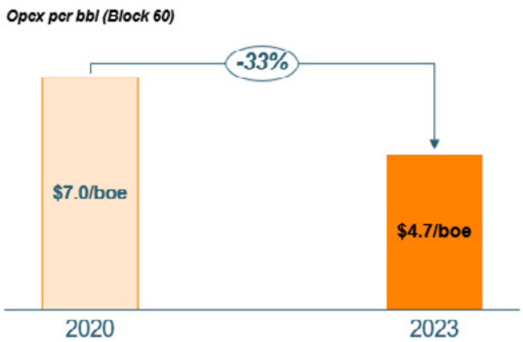
For further details on the GSAs, see "*—Material Contracts—Gas Sales Agreements*".

Cost Control and Production Initiatives

Operated assets

The Company has introduced various initiatives that seek to optimise both its operating costs and capital expenditure while improving the production capabilities of Block 60.

For example, the Company has used the latest technology to achieve operational excellence. Opex per boe at Block 60 decreased from US$7.0 in 2020 to US$4.7 in 2023, as illustrated in the table below:



The Company believes this is one of the lowest levels of Opex per boe for an oil contract in Oman. It was achieved by increasing production while optimising Opex by switching from higher-cost diesel-generated energy to lower-cost energy sourced from the national electricity grid to power certain hydrocarbon production wells, as well as by minimising well failure through design modification and implementation of predictive maintenance.

To achieve further operational improvements, the Company is currently undertaking two projects in Block 60 that are expected to further optimise its operating costs per boe and minimise GHG emissions. These comprise continuing the transition from higher-cost diesel-generated energy to lower-cost energy sourced from the national electricity grid to power certain hydrocarbon production wells, which has already led to operational improvements and is expected to be completed by July 2025, and the use of a 35 MW solar power plant at Block 60 to minimise the use of power from the national electricity grid during the day. In addition to further optimising Opex per boe, these two projects will enhance input power reliability and availability and will improve the Company's production capabilities while reducing GHG emissions.

In order to reduce its capital expenditure at Block 60, the Company has focused on lowering the cost of drilling new wells and implementing the Design, Build, Own, Operate and Maintain ("**DBOOM**") concept in relation to its production processing facilities.

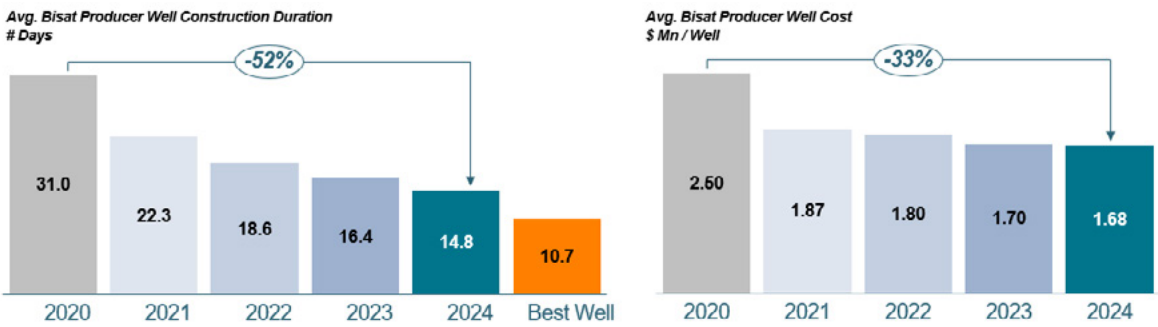
The Company has sought to optimise its capital expenditure by using the DBOOM approach to replace its Engineering, Procurement and Construction ("**EPC**") strategy. DBOOM involves contractors primarily owning and operating a facility after construction on behalf of the Company, whereas under the EPC model, the Company retains primary responsibility for operating its facilities after construction.

Through its implementation of DBOOM and staged development practices, the Company has lowered initial capital expenditure and spread applicable costs over longer periods of time, which in turn have improved the Net Present Value ("**NPV**") of various projects, helped manage against subsurface uncertainties, accelerated construction of production processing facilities and lowered processing fees per boe as compared to the processing fees it would have incurred under the EPC model.

The Company also introduced the use of more flexible "long length reinforced thermoplastic pipe" ("**LLRTP**") for well hookups instead of standard carbon steel pipe. In addition to being lower cost, the use of LLRTP supports a faster hookup, which accelerates oil recovery.

With respect to drilling, the Company has reduced the average drilling time for the Bisat field from 31.0 days in 2020 to 14.8 days in the first half of 2024 by optimising well design, using automated rigs, reducing downtime and flat time, and using the latest technology in drilling fluids and practices, which resulted in the reduction of the average cost of drilling a new well from US$2.5 million in 2020 to US$1.7 million in the first half of 2024. The Company is able to accelerate oil production through its drilling improvements.

The following graphs illustrate the reduction in producer well construction duration and drilling cost for the Bisat field for the periods indicated:



Non-operated assets

The Company's non-operated assets are a material source of its revenue and expenditures, and it expects this to continue to be the case in future periods. As a result, the oversight of these joint venture arrangements is critical to the Company's success, as it does not directly manage their day-to-day operations. The Company has therefore established a joint venture asset management directorate that oversees and manages its participation in its non-operated oil and gas assets. Each asset presents a unique set of challenges and complexities, and this directorate plays a critical role to protect the Company's investments in its non-operated assets by ensuring: (i) the execution of each asset's field development plans; and (ii) the proper financial and technical evaluation and development of each asset to assess its economic feasibility, maximise its economic viability and increase its growth potential through exploration and appraisal activities as well as operational excellence. In addition, the joint venture asset management directorate helps to co-ordinate communication and the sharing of technological information among joint venture participants, optimises the use of the Company's assets across its contract areas, and monitors exploration and development opportunities in the Omani hydrocarbon market that the Company can seek to take advantage of, either directly, through joint venture arrangements and/or through potential Government participation rights.

Programmes undertaken by the joint venture asset management directorate to maintain or increase production at the Company's non-operated assets in the years ended 31 December 2021, 2022, 2023 include:

- *Block 53 (Thuleilat Field Development)*: A waterflood development project exploiting the Thuleilat reservoir, including the drilling of deep wells and installation of additional facilities. This project has lower unit total cost compared to the existing Steamflood development in the Gharif Reservoir. The field was discovered by drilling a deeper well in the formation. The Company reviewed and provided input on the plan which was complemented and implemented by the operator.
- *Block 9 (Exploration Campaign)*: A project which involves drilling five to eight exploration wells every year, targeting the Natih and Shuaiba formations. The Company's input has been incorporated by the operator to enhance the exploration programme. The Company also works very closely with the operator during well pick sessions to improve the evaluation work. This project has resulted in the discovery of an additional recoverable hydrocarbon volume of 26.3 mmbbl (on a working interest basis).
- *Block 9 (Dual extended lateral and acid stimulation injection)*: A project which focuses on improving oil recovery by long dual laterals in thin, tight reservoirs, followed by acid stimulation injections. For this project, the Company participated in several workshops with the operator to define the criteria to apply this technique in certain type of reservoirs. This initiative accelerated recovery of contingent resources and enhanced project NPV by reducing drilling expenditure.
- *RSF (Cyclic Steam Stimulation)*: A project which involved injecting in heavy oil reservoirs in Gharif and Al Khlata by applying the Cyclic Stream Stimulation ("**CSS**") process. Using experience from other projects in its portfolio, the Company's thermal EOR experts reviewed and provided input on the operator's plans, ensuring optimum settings to enhance potential oil gains and investment value. This initiative accelerated recovery of contingent resources and enhanced project NPV.
- *KSF (Hydraulic Fracturing)*: A project which applied hydraulic fracturing in certain types of reservoirs to enhance oil recovery. Using experience from other projects in its portfolio, the Company's hydraulic fracturing experts worked with the operator to define the criteria that should be used for applying this technique. This initiative accelerated recovery of contingent resources and enhanced project NPV.
- *Block 65 (DOC and increased Company working interest share to 49 per cent.)*: Following technical discussions and reviews between the Company and the operator, multiple oil accumulations were discovered in Block 65. After the related DOC, the Company decided to exercise the Government's participation right to increase its stake in Block 65 to 49 per cent. Block 65 maintains a high potential for growth.
- *Block 10 (Mabrouk North-East Gas Development)*: The Company evaluated and reviewed the development plan of the Mabrouk North-East Gas field, working closely with the operator throughout the project development and operation phases. The capital investment started in 2019, and first production started in January 2023 and ramped up throughout 2023 to reach the GSA plateau rate in 2024. There are several petroleum resources undergoing technical maturation activities and studies, with the potential to deliver additional production and economic value to all parties.
- *Block 61 (Ghazeer Field Development)*: A project which involves the development of gas discovery in the Block 61 southwest extension area known as Ghazeer Field. First production from this project started in the middle of 2021, which helped to ramp up Block 61 gas gross production from 1 bscf/d to 1.5 bscf/d. The Company's review and input was incorporated into and enhanced the field development proposal and it has supported the operator throughout the operation stage. There are several petroleum resources in Block 61 undergoing technical maturation activities and studies, including a new full block field development plan, with the potential to deliver additional production, reserves and economic value to all parties. The field development plans in Block 61 (Ghazeer in

addition to Khazzan) resulted in substantial life cycle capex savings of approximately 40 per cent. due to an improved understanding of the subsurface, actual performance of wells and reduced drilling time.

Competition

The oil exploration and production industry is competitive, with the primary factors affecting competition being the price, quantity and quality of the oil produced. Primary competitors for the sale of oil and condensate include other oil companies and independent producers. Competitors also include providers of other sources of energy, such as coal and renewable energy. In addition, oil and gas production contract areas are typically auctioned by the Government, and the Company faces competition when bidding for such contract areas from other oil companies in particular for those contract areas with the most attractive oil and gas reserves potential.

The Government, through IGC, is currently the sole buyer of gas in Oman. As the Company sells all its gas entitlement domestically, there is no open competitive market for the sale of its gas. Following the construction and commissioning of the Marsa LNG plant, which is expected to be completed in 2028, the Company will compete with other sellers of LNG, both for bunker and for export.

Technology and Innovation

The Company assesses, develops and incorporates new technology into its operations to promote the long-term sustainability of its business, enhance its operational efficiency, increase its profitability and reduce the environmental impact of its operations. The scale of the Company's hydrocarbon reserves and operational capabilities enable it to realise significant benefits and value from technology development and deployment that would otherwise provide only incremental benefits.

The Company focuses its technology initiatives on upstream projects and sustainability. Upstream technology development is primarily directed at improving methods for discovering new hydrocarbon reserves, improving oil recovery, increasing productivity and reducing lifting costs. The development of sustainability-focused technology is aimed at addressing global energy demand challenges, growing non-fuel applications for oil, sustaining low carbon intensity oil, advancing sustainable transport and driving high-impact, low carbon intensity solutions in response to climate change concerns.

Together with its joint venture partners, the Company aims to identify and develop technologies that have the potential to unlock difficult hydrocarbon resources, further reduce the technical costs of these developments and accelerate project delivery. This is achieved through dedicated laboratory studies, desktop studies and field-testing programmes in collaboration with local and international institutions and screens third-party, off-the-shelf solutions. Technologies such as foam injection, surfactant foam, cyclic solvent injection, CO2 injection and polymer/water simultaneous injection have been tested in recent years. Other research initiatives target cost optimisation. The Company is also focused on leveraging both proven and disruptive digitalisation technologies to unlock new opportunities.

Information Technology

The Company uses OQ's centralised and cost-efficient Systems Applications and Products in Data Processing ("**SAP**") Enterprise Resource Planning system covering all of its assets and aspects of its business activity, including billing and payment, supply chain management, finance and cost control, maintenance, investment and project management and talent management, and it expects to continue using this system pursuant to an IDS Services Agreement which it intends to sign with OQ.

The Company manages certain aspects of its own information and communications technology infrastructure requirements, including end-users' devices, the data and voice network, the backbone transmission network and telecommunications infrastructure, and all applications that are used only by the Company, such as its SharePoint network. Other aspects of its IT infrastructure are provided by OQ, and are expected to continue to be provided by OQ pursuant to the terms of the IDS Services Agreement when executed. The Company owns and operates its own data centres and also uses data centres provided at the OQ level, both of which provide the required hosting, database, storage and backup infrastructure to support the Company's business applications (with all data and information being regularly backed up in accordance with the Company's corporate backup and retention policies). OQ operates a cloud-based disaster recovery centre with respect to the shared IT services and the Company operates a separate cloud-based disaster recovery centre with respect to its local critical business applications, in each case as part of the Company's business continuity plan. IT systems are managed according to operational technology security standards and best practices. The Company continuously monitors changes to laws, regulations and IT-related cybersecurity threats, and applies mitigation controls to ensure compliance with regulations and to minimise cyber risks.

The Company relies on various IT systems to carry out its day-to-day operations. As a result of the increasing complexity of digital information and communication, and the increase in unauthorised access attempts and cyberattacks on corporations globally, the Company is exposed to risks, ranging from the loss or theft of data, cyberattacks, stoppages and interruptions of the business, to failure and technical obsolescence of IT systems. Therefore, the Company prioritises security measures to prevent unauthorised access or attacks and uses trusted infrastructure protection technologies to ensure a high level of security. Both at the Company level and the OQ level, network access security is regularly tested, and weaknesses are identified and remedied. Furthermore, cybersecurity-related internal and external network penetration tests are periodically performed by independent security companies to identify and mitigate security vulnerabilities as soon as possible. The Company provides its employees with access to anti-phishing awareness programmes and mandatory cybersecurity training.

The Company is subject to certain data regulations. Oman has also recently issued a Personal Data Protection Law (the "**PDPL**"), promulgated by Royal Decree 6/2022, which came into force in February 2023 and replaces the previous limited data protection regime contained in Chapter 7 of the Electronic Transactions Law (Royal Decree 69/2008). The PDPL applies to the processing of personal data and the responsible regulatory authority is the Ministry of Transport, Communications and Information Technology (the "**MTCIT**"). The Executive Regulations of the PDPL (Ministerial Decision 34/2024) (the "**PDPL Regulations**") were published on 4 February 2024 and entered into force on 5 February 2024. The PDPL Regulations expand on and clarify a number of the obligations outlined in the PDPL, including, for example, the requirement for Omani entities to appoint a data protection officer, as well as other reporting obligations. Those subject to the PDPL Regulations are required to align their practices to ensure compliance by 5 February 2025. Given the novelty of the PDPL Regulations, the extent of the PDPL's application to and precise impact on the Company's activities and business is not fully known.

In general, for the vast majority of cases in which the PDPL applies, any processing of personal data requires the express written consent of the relevant person, and proof of consent must be obtained by the legal or natural person who is deciding the means and objectives of processing. The relevant person whose data is to be processed must be notified of certain information concerning processing prior to such processing taking place. The data controller must also obtain the written consent of such data subjects before sending them any advertising or marketing material, in the manner specified in the PDPL Regulations. Data subjects have a number of rights, including a right to revoke consent to processing, to request amendment, updating or erasure of their personal data, the right to obtain a copy of the personal data or have it transferred to another data controller. Data controllers must establish appropriate procedures, records, controls and technical measures, assess the risks of processing for data subjects, and comply with other procedures specified in the PDPL Regulations. Processing related to genetic or biometric data, health data, data concerning ethnic origin, political or religious opinions, beliefs, criminal convictions or security measures is not allowed without obtaining a permit from the MTCIT, under a procedure set out in the PDPL Regulations. Data controllers must appoint a data protection officer. There is also an obligation to inform the MTCIT and the data subject of any data breach. For further information on risks related to regulations, see "*Chapter IV—Risk Factors—The Company operates in a regulated environment and its business may be affected by regulatory changes*".

Intellectual Property

The Company only owns trade mark registrations and believes that no single intellectual property asset is material to its business as a whole. The Company recently launched its own logo, OQEP, which it registered for a period of 10 years through 2034. The Company historically operated under the OQ logo and trade mark. The Company expects to enter into a trade mark licensing agreement with OQ which authorises the Company to use certain OQ trade marks (the "**Trademark Licence Agreement**"). See "*—Material Contracts—Trademark Licence Agreement*" for further information.

Environment

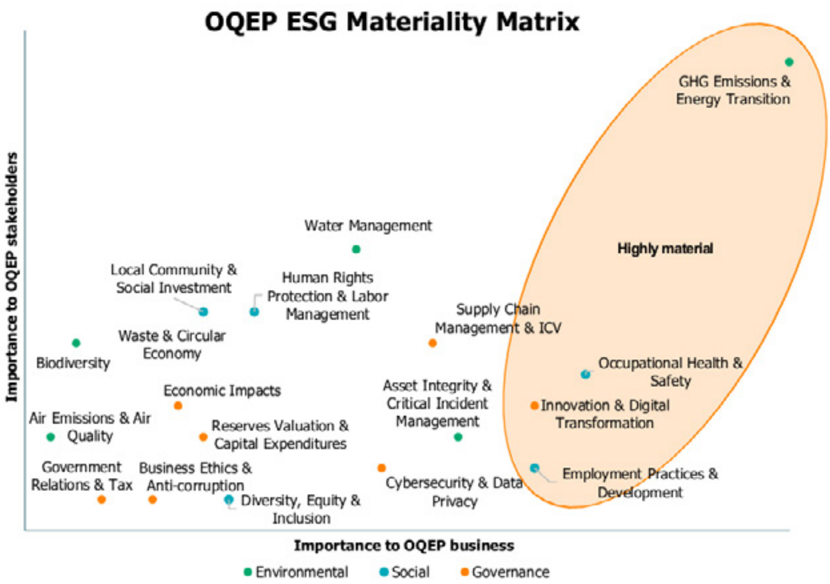
General

The Company's environmental and sustainability strategy is focused on decarbonisation and energy transition in line with Oman's Vision 2040 and its commitment to net zero by 2050. The Company has committed to cease routine flaring by 2027 and, by 2050, achieve net zero greenhouse gas ("**GHG**") emissions (Scope 1 and 2) from its currently producing operated assets, Block 60 and Block 8, and from MGP, its operated processing facility and export terminal. The Company's operational GHG intensity of 15kgCO2e/boe in 2023 is already below the Oil and Gas Climate Initiative target of 17kgCO2e/boe by 2025, and the Company has already reduced its operational GHG intensity by 19 per cent. from 2021.

Through this strategy, the Company seeks to protect the environment and make a positive impact on the wider community and its various internal and external stakeholders, and it prioritises compliance with environmental regulations and best practices. The Company continuously looks to improve its sustainability processes, supported by frequent planning, monitoring and measurement. With a goal of embedding its sustainability agenda in its internal plans and strategies, the Company's sustainability team is tasked with overseeing sustainability initiatives and implementing initiatives as part of the Company's sustainability strategy. The Company's sustainability performance is also subject to review by the Board.

The Company's sustainability journey revolves around five key milestones, starting with the deployment of sustainability awareness and training, through to publishing, by 2025, a dedicated sustainability report, as set out below:

As part of its sustainability journey, in 2024 the Company completed its materiality assessment following a six-stage assessment and analysis process which included multiple engagements with internal and external stakeholders:



The Company is subject to regulation by the Environment Authority, which has jurisdiction over Oman's environmental policies and regulates environmental management, pollution prevention and environmental conservation through the issuance of regulations and standards. Under the Law on Environment, the Environment Authority is charged with the general supervision of environmental affairs in Oman, including in relation to upstream operations. See "*Chapter XI—Regulation of the Oil and Gas Industry in Oman—Environmental Regulation*".

The Company is required to obtain, maintain and renew environmental licences, permits and approvals for its operated assets, whereas its joint venture partners who operate its non-operated assets are required to do the same for those assets. The Company also monitors a dashboard of environmental KPIs that relate to, among other things, GHG emissions, flaring, energy intensity, spills and discharges, water consumption and waste generation, as set forth in further detail in the table below.

	For the year ended 31 December		
	2021	**2022**	**2023**
Greenhouse gas emissions			
Total GHGs *(Scope 1 and 2; mmtCO_2 equivalent)*[(1)]	0.23	0.26	0.36
GHG intensity *(Scope 1 and 2; kgCO_2 equivalent/boe production)*[(1)]	18.9	12.9	15.4
Flaring			
Flaring (upstream) *(million tonnes flared)* ..	0.01	0.02	0.02
Flaring intensity *(kg/boe production)*	1.24	0.76	0.9
Energy intensity			
Upstream *(gigajoules per boe production)* .	0.23	0.16	0.19

	For the year ended 31 December		
	2021	2022	2023
Spills and discharge			
Number of oil spills over 1 bbl ($0.16m^3$) per boe production	—	0.00000033	0.00000025
Water			
Water consumed from desalination units *(m^3)*	0.28	0.38	1.39
Produced water handled (*1,000 m^3 per day*)	9.20	17.31	46.51
Produced water used for injection activities (*1,000 m^3 per day*)	8.88	17.04	46.22
Produced water used for disposal activities (*1,000 m^3 per day*)	0.32	0.27	0.29
Waste generation			
Hazardous *(kt)*	0.054	0.710	2.29
Non-hazardous *(kt)*	4.58	9.45	6.24
Total waste *(kt)*	4.634	10.16	8.53

Note:

(1) Scope 1 and 2 for the Company's currently producing operated assets, Block 60 and Block 8, and from MGP, its operated processing facility and export terminal.

Greenhouse Gas Emissions

GHG emissions are categorised by the GHG Protocol into three different categories: Scope 1, Scope 2 and Scope 3. Scope 1 emissions are direct GHG emissions that occur from sources that are controlled or owned by a company. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity. Scope 3 emissions are indirect emissions (not included in Scope 2) from sources not owned or directly controlled by Company, such as purchased goods and services from the assets the Company operates. The Company started accounting for Scope 1 and 2 emissions in 2017 and for Scope 3 emissions in 2024. The Company intends to continue to improve the quality of its Scope 3 data.

The following table sets out the Company's GHG total absolute emissions for the periods indicated:

	For the year ended 31 December		
	2021	2022	2023
Total GHGs *(Scope 1; mmtCO_2 equivalent)*[(1)]	0.20	0.23	0.33
Total GHGs *(Scope 2; mmtCO_2 equivalent)*[(1)]	0.03	0.03	0.03
Total	0.23	0.26	0.36

Note:

(1) For the Company's currently producing operated assets, Block 60 and Block 8, and from MGP, its operated processing facility and export terminal.

The Company has established GHG reduction targets across its business activities in line with the goals of the Paris Agreement. However, achieving its GHG targets is challenging given the increasing complexity of the Company's operations. Decarbonisation projects are also challenged by economic viability based on existing business premises and the removal of carbon pricing from project economics.

Operational challenges that significantly affect the Company's GHG reduction efforts include increasing power demands, water cut and production water disposal activities and flaring, all of which contribute to increases in the Company's GHG emission levels. The increase in GHG emissions in 2023 was attributable to several factors, including captive power generation (both gas-based and diesel-fuel-based), higher fuel consumption for process heat generation, and increased fuel use in vehicles and construction machinery, all of which were driven by the need to support the increased production rate in Block 60.

Nevertheless, the Company has identified various GHG reduction opportunities over the next 10 years, including flare reduction projects, energy efficiency projects, process optimisation and renewable energy projects. The Company's decarbonisation initiatives for its operated assets include ongoing projects such as the Bisat gas recovery system for the elimination of routine flaring, the switch from diesel power to gas power for Block 60 and the use of a 35 MW solar power plant at the Bisat field in Block 60. Moreover, multiple other projects have been identified and are undergoing feasibility studies, including switching to clean electricity at MGP, fuel switching for both marine and road transport, and switching from reedbed technology to conventional sewage treatment plants. The Company also intends to implement additional emission reduction initiatives in the future that are expected to deliver a reduction of up to 40 per cent. of Scope 1 and 2 GHG emissions from the Company's currently producing operated assets, Block 60 and Block 8, and from MGP, its operated processing facility and export terminal, by 2030, as compared to 2021 baseline emissions.

Moreover, multiple emission reductions programmes are planned at non-operated assets in co-operation with the Company's joint venture partners, such as the anticipated use of a 300 MW solar energy plant to power the Marsa LNG plant, which is expected to result in a carbon intensity below 3kgCO2e/boe (ranking it among the lowest carbon intensity LNG plants in the world), as well as the use of 140 MW of solar power supplied by OQ Alternative Energy and the retirement of captive power generators in favour of connecting Block 9 to the national electricity grid for a permanent power supply.

The Company also monitors flaring performance across its contract areas through proactive use of technology to detect and minimise leaks, and is planning more initiatives, including flare gas recovery, to meet its commitment to zero routine flaring by 2027.

The Company also plans to join the Oil and Gas Methane Partnership (OGMP) initiative, with the goal of reducing methane emissions from its operated assets. Current methane emission reduction initiatives include the Company's SMART fugitive methane leak detection system, which results in approximatively 30 per cent. lower survey costs through the use of optical gas imaging cameras to detect even the smallest leaks (in ppm), proactive leak detection and management processes, and preventive maintenance at its wells to reduce the risk of and/or minimise methane leaks.

Oil spills and discharges

The Company strives to continuously improve the integrity of its assets, including by reducing oil spills. In 2023, the number of spills over one barrel (0.16 m^3) per boe of oil production decreased to 0.00000025 from 0.00000033 in 2022, after having increased from zero in 2021 due to production doubling as compared to 2021.

The Company has not had a major spill since 2014. A major spill is defined as a spill greater than 2.5 m^3. To prevent oil spills, the Company has implemented several key measures and programmes, such as digitalisation and real time measurement, annual emergency response and rectification training, use of the best available technology during the design, construction and operation of its wells to minimise the likelihood of leaks and spills, the use of remote control technologies to shutdown wells to mitigate the impact of leaks and spills, and periodic mock drills to test the Company's preparedness to remediate oil spills.

Gas leaks

To monitor gas leaks, the Company uses gas detectors and conducts maintenance activities in the normal course of its operations. The HSE team also conducts periodic surveillance on gas containment systems, as required by environmental regulations. The Company uses the American Petroleum Institute's guidance ("**API 754**") to classify process safety events into tiers and uses material release threshold quantities when measuring primary containment incidents.

Water management

In Block 60, the Company currently produces approximately 72,245 m^3 of water per day, of which approximately 99.4 per cent. of the water produced at the surface is reused for pressure maintenance through water injection, with the remainder going to evaporation ponds.

Waste management

In Block 60, the Company generated 58.66 t of waste in 2023, 0.34 t of which was "hazardous", meaning that it may include, for example, spent catalysts, sludges and contaminated soil. The Company engages in various initiatives to manage its waste. For example, in the Bisat-Shuaiba reservoir in the northern region of Block 60, which is still under development, the Company determined that the high-performance water-based mud ("**HPWBM**") used to drill each well can be reused and transferred to other rigs operating in Block 60. Additionally, in October 2021, the Company implemented a system of liquid mud pumps in Block 60, which functions as a storage facility for the mud, enabling its later recycling and reuse between rigs. The Company reuses treated wastewater for irrigation and dust suppression, which reduces its reliance on freshwater resources.

Biodiversity management

The Company is committed to developing a comprehensive roadmap for the conservation of biodiversity and the natural habitats around its operations. Biodiversity conservation includes initiatives such as the planting of native tree plantations and the Company's coral enhancement project in Musandam, where subsea structures were designed to mimic the existing coral substrate. This led to the creation of 8,000m^2 of new coral habitat, which supports the growth of 12 corals per 10m^2. The Company hopes that, as a result of this project, coral density and diversity will continue to increase in the years to come.

The Company has implemented robust environmental management assurance processes with annual internal environmental compliance audits and regular external audits. This is complemented by monthly reporting on air quality, noise, waste, wastewater and natural resources.

Health and Safety

The Company is required to comply with applicable laws and regulations on labour and occupational health and safety standards. This includes compliance with Labour Law. The Company is also required to comply with the Ministry of Labour Ministerial Decision 286/2008, as amended, issuing the Regulation of Occupational Safety and Health for Establishments Governed by the Labour Law. These laws and regulations impose various health and safety requirements and place the primary responsibility to take precautionary health and safety measures on the employer (i.e., the Company). Under health and safety-related laws and regulations, the Company is required to identify potential health and safety hazards, evaluate potential risk to employees and promote an occupational health and safety policy. The Company contributes to setting, and complies with, national health and safety standards and industry best practices, including the Oman Energy Association ("**OPAL**") standards which have been endorsed by MEM.

The Company is committed to protecting the health, safety and welfare of its employees and contractors, and recognises health and safety as an integral part of its business performance.

The Company has put in place an HSE strategy targeting zero harm to people, environment and assets. The strategy revolves around seven key pillars (occupational health, work safety, road safety, environment and sustainability, contractor management, emergency response and security). The HSE strategy is translated into action through a concrete annual HSE business plan, with focus areas broken down into clear action plans and key performance indicators defined to measure the performance of each action plan, along with measurable targets and responsible owners under a defined timeline.

The Company's health and safety policy aims to continuously focus on the safety of employees and contractors by:

- complying with Article 10 of MD 286/2008, by having its health and safety programme endorsed by the Ministry of Labour;
- ensuring that each employee focuses on achieving excellence in safety, health, work environment, quality and productivity;
- routinely evaluating practices and procedures and implementing the necessary processes to maintain and improve the health and safety of employees, consumers, contractors and subcontractors;
- providing adequate training for all staff to reduce exposure to risks and hazards, including mandatory HSE training programmes, which include OQ's "12 Life Saving Rules";
- promoting a safety-focused culture, including by using the construction assurance safety programme (CASPER) and the well assurance safety programme (WASP);
- promoting occupational health and industrial hygiene best practices, which include pre- and post-employment medical evaluations, management of fitness-to-work programmes, health risk assessments, monitoring occupational exposure limits, food safety and hygiene, conducting health surveys and audits, promoting occupational health programmes, monitoring occupational health programmes, and providing primary healthcare services, including medical emergency services;
- ensuring that every employee and contractor whose work may give rise to health and safety concerns is fully trained and held accountable for the implementation of the Company's health and safety policies and related health and safety legislation in Oman;
- ensuring that the Company's safety rules are followed by all of the Company's employees and contractors;
- ensuring that the Company maintains high standards of food safety, including by receiving ISO 22000 accreditation for food safety management;
- promoting the understanding that all injuries, incidents and occupational illnesses, and the investigation of such incidents, is fundamental to future prevention, by using the TapRooT® system for root cause analysis, which is recognised as one of the industry's leading root cause analysis models, and ensuring that all learning from previous incidents is addressed and communicated to employees and contractors to prevent recurrence;

- using FACT24 for emergency management;
- ensuring that employees and contractors are aware of hazards and safe work practices in their work premises;
- setting a high standard for contractors' health and safety specifications and requirement and using contractor selection criteria based on health and safety tender evaluations and pre-qualification;
- following industry health and safety best practices, such as electronic work permits and other digital health and safety solutions, including the use of electronic HSE reporting systems, journey management systems and emergency and crisis management systems;
- implementing an internationally-recognised incident command system for managing emergencies and crises, based on ICS FEMA, aided by a fully digitalised emergency management system enabling remote management of emergencies and crises;
- holding regular emergency drills, such as large-scale emergency exercises jointly with local authorities for learning purposes and continual improvement;
- motivating all employees and contractors to report unsafe acts, near misses and health and safety violations, and implementing a reward and recognition scheme for promoting a positive health and safety culture at the Company; and
- setting health and safety leading indicators, objectives, targets and mitigation measures, and appraise and publicly report on the Company's health and safety performance.

The Company is currently working towards accreditation concerning environmental, health and safety and quality management, being ISO 14001:2015 Environmental Management Systems, ISO 45001:2018 on Occupational Health and Safety Management Systems, ISO 9001 Quality Management Systems and ISO 50001 Energy Management Systems. It also undergoes regular audits from external independent auditors and has in place related assurance systems.

As a result of the Company's consistent focus on health and safety issues, it has received multiple health and safety awards, including for road safety, construction safety assurance, emergency and crisis management, and environmental management.

The Company's robust health and safety management culture has resulted in strong safety outcomes, including recording no lost time due to injuries for the last 7.5 years at MGP and 5.5 years at Block 8.

The following table sets out the Company's key safety data for the last three years:

	Year ended 31 December		
	2021	**2022**	**2023**
Work-related fatalities			
Total number	1	—	—

	Year ended 31 December		
	2021	2022	2023
Injuries			
Lost Time Injury (LTI)	2	3	1
Lost Time Injury Frequency (LTIF)	0.24	0.23	0.08
Total Recordable Injury (TRI)	9	8	13
Total Recordable Injury Frequency (TRIF)	0.73	0.60	1.09
Motor vehicle incidents			
Serious Motor Vehicle Incident Frequency (MVIF)	0.28	0.16	0.10
Process safety			
Tier 1 incidents	—	—	—
Tier 2 incidents	—	1	—
Tier 3 incidents	—	2	1
Tier 4 incidents	—	—	—
Exposure			
Million Working Hours	12.3	13.3	12.0
Million Km Driven	24.9	18.5	20.0

Corporate and Social Responsibility

The Company is committed to creating shared value in the communities in which it operates by contributing to Oman Vision 2040 priorities and sustainable development goals. In 2023, it completed seven major corporate and social responsibility ("**CSR**") projects, and sponsored an additional 12 CSR projects. It also completed 77 external engagements. The Company also encourages its employees to participate in volunteer efforts. In 2023, 348 employees volunteered 7,262 hours in Company-sponsored CSR projects. As a result, the Company's CSR work has benefited over 20 thousand people.

The Company has recently adopted a CSR policy framework which focuses on implementing projects relating to education and health, economic performance, environmental stewardship, innovation and technology, capacity building and education, skills development, partnerships and volunteering.

Examples of the Company's community development initiatives include:

- *Assef with OQ*: promoting first aid skills training for local communities, along with awareness workshops targeting school students, government entities and Non-Governmental Organisations (NGOs), reaching 1,500 beneficiaries;
- *Buka beachfront project*: rebuilding Bukha Park in Musandam, featuring high quality amenities for the community, with a total budget of OMR 250,000;
- *Dabba Archaeological Visitor Centre*: built in alignment with Oman's Vision 2040 focus on education, scientific research, national heritage, culture, environment and natural resources, and with a total budget of OMR 2.2 million; and
- *Musandam Cultural and Innovation Centre*: an integrated cultural complex serving the local community in educational, cultural and entertainment fields, with a total budget of OMR 488,000.

The Company actively considers the interests of society at large and the economic development of Oman as part of its operations and strives to maximise its engagement in and contribution to Omani communities, support the Government's efforts towards environmental sustainability and strengthen community partnership. The Company's social responsibility strategy entails focusing on human capital development by implementing several practices to encourage a culture of volunteering amongst its employees, supporting local suppliers, contractors and entrepreneurs, and by implementing its agenda.

In-Country Value

The Company aims to share the benefits of the oil and gas industry across Oman through its In-Country Value ("**ICV**") strategy, which primarily focuses on nurturing national talent, particularly in skilled and professional sectors, and bolstering Oman's SMEs, local services and manufacturing industry. ICV is defined as the total spend retained in-country that benefits business development, contributes to human capability development and stimulates productivity in Oman's economy.

The Company typically includes ICV terms and conditions in most of its major contracts. Moreover, as a member of Oman's national procurement system for the oil and gas industry (the "**Joint Supplier Registration System**"), the Company promotes the centralised registration of vendors to provide better access to small and medium-sized enterprises ("**SMEs**") and local companies in the oil and gas sector.

In 2023, the Company's total expenditure on local goods and services was US$354 million, and it allocated US$280 million to contracts and procurement through local businesses, representing a retained value ("**ICV index**") of approximately 40 per cent., which was equivalent to US$142 million of ICV. Additionally, the Bisat-C project secured the top position in the "Made in Oman for In-Country Value" category at the OPAL awards in 2023.

In addition, in 2023, the Company invested in programmes that promoted the growth and development of local businesses, created new job opportunities for 20 graduates, and supported skill development by introducing training for 42 graduates through its contractor and subcontractor community. It also sources goods and services from nationally registered suppliers, promotes the use of locally made products, and encourages innovation and development in SMEs.

The following table sets out certain ICV-related metrics for the Company's business for the years ended 31 December 2022 and 2023, excluding the contribution from Abraj (in 2021, ICV spending was consolidated under OQ).

	Year ended 31 December	
	2022	**2023**
Domestic procurement spend as a percentage of total procurement spend (%)	81	79
Domestic SME spend as a percentage of total SME spend (%)	18	21
ICV index	42%	40%
ICV retained value (US$ millions)	171	142

Employees

The Company had 608, 635 and 647 and 655 employees, respectively, as at 31 December 2021, 2022, 2023 and 30 June 2024. In addition, the Company supplements its workforce with contractors whom it hires through third-party employment agencies to fill certain roles, such as procurement, support services, technicians, senior engineers, technical advisers and technical leadership roles. It had 91, 135, 120 and 126 third-party contractors, respectively, as at 31 December 2021, 2022, 2023 and 30 June 2024. The Company is not responsible for employment benefits for contractors hired through third-party employment agencies. As at 31 December 2023, the Company had an Omanisation rate of 91 per cent., which only includes full-time employees in the calculation.

The Company believes that human resources are critical to its business and seeks to ensure that staff are given career training and development opportunities to address all present and future workforce needs. These opportunities include secondments to IOCs, graduate training positions and internal recruitment opportunities across the Company.

The Company seeks to offer a compelling employee value proposition, including a competitive compensation and benefits package. The value proposition for employees includes monetary rewards (including annual performance-based rewards), medical care, individual growth and development benefits and end-of-service benefits for non-Omani employees. Entitlement to certain benefits is based on an employee's performance and length of service. The Company is in an evolving end-of-service benefit regulatory environment in Oman, on 7 April 2021, the Government issued Royal Decree 33/2021 requiring the integration of public sector pension funds in Oman, including the Civil Services Employee Pension Fund, into a new social security fund to be named the Social Protection Fund (the "**SPF**"). In July 2023, Royal Decrees 50/2023 and 52/2023 were issued, establishing the SPF and issuing the Social Protection Law, which entered into force on 17 July 2023 and 19 July 2023, respectively. Under Royal Decree 50/2023, *inter alia*, the functions, competencies, assets, rights, obligations, holdings and financial liabilities, as well as associated data, of the public sector pension funds in Oman were transferred to the SPF. The Company is in the process of finalising its post-integration arrangements and is in discussion with the Government to finalise the key assumptions which will enable the Company to quantify the liability which needs to be transferred to the SPF. This exercise is expected to be completed before 1 January 2025. For further information on risks related to regulations, see "*Chapter IV—Risk Factors—The Company operates in a regulated environment and its business may be affected by regulatory changes*".

The Company is committed to fostering a diverse and inclusive workplace, evidenced by several initiatives aimed at enhancing employee engagement and wellbeing. The Management and Administrative Skills and Responsibilities programme ("**MASAR**"), focused on personal development and leadership training, complements the Company's broader efforts to support career advancement across all levels. Regular employee engagement surveys are conducted to gauge workplace satisfaction, and the Company has maintained a low employee turnover rate of 4.15 per cent. in 2023, underscoring its success in creating a positive work environment. Significant investments have been made in training, dedicating numerous hours to employee development – 45,161 training hours for activities including technical programmes, conferences and mandatory HSE courses were completed in 2023, equalling approximatively 64 training hours per employee. The Company's dedication to mental health is demonstrated through the Remedy tool, an innovative resource aimed at supporting employee mental wellbeing. Additionally, the Mazaykom programme addresses financial wellness, ensuring that team members have access to the resources they need to thrive both professionally and personally. Moreover, 26 nationalities are represented by the Company's employees. In terms of gender representation, the Company has made notable progress, with 116 Omani female employees and nine women now holding mid-level management positions. This achievement is bolstered by the targeted leadership programme, Women@OQ, designed to empower women within the Company to reach leadership roles, five of which have been nominated to participate in the Sedra leadership programme, and many of which benefit from the MASAR programme. The Company offers various benefits and activities to its female employees, including allocated rooms for mothers, celebrating Omani Women's Day, and various sports and personal training opportunities.

The Company's recruitment team seeks to fill vacant positions based on the skills and expertise required for open jobs, providing equal opportunity to both men and women, while giving priority to internal talent in a fair manner. All candidates are selected based on capability assessments to ensure the best candidate is appointed.

Insurance

The Company maintains insurance coverage that aligns with customary practices in its industry. It currently maintains a comprehensive operational energy insurance program, which includes separate construction all risks coverage, either directly or through OQ's umbrella insurance policies. The covered risks encompass property damage (both operational and construction), operators' extra expenses, third-party liability, terrorism, and cybersecurity (covering both physical and non-physical damage).

Furthermore, insurance for non-operated blocks is often procured by the operators on behalf of all joint venture partners. The Company also benefits from OQ's property all risks insurance, which covers potential hazards such as fire and explosions.

In addition to these policies, the Company maintains several other insurance types, including motor fleet insurance, fidelity guarantees, marine cargo transit insurance, travel insurance, and directors' and officers' liability insurance. The Company's employees are covered by medical, group life, and workers' compensation insurance procured by OQ.

Typically, the Company's insurance policies are set for a one-year term and are renewed annually upon expiration. See "*Risk Factors—Risks relating to the Company and its Business—The Company's insurance and indemnities from its customers may not be adequate to cover potential losses from its operations*".

Legal Proceedings

From time to time, the Company is party to governmental, legal, arbitration or other proceedings. The Company does not believe that there are any proceedings that would, if finally determined adversely the Company, have a material adverse effect on the Company's financial position or profitability.

Subsidiaries

The following table sets forth certain details regarding the Company's subsidiaries:

Subsidiary	Principal Activities	Country of Incorporation	Ownership Interest (%)
Abutubul LLC	Exploration and Production	Sultanate of Oman	100
Musandam Gas Plant LLC	Oil and gas processing	Sultanate of Oman	100
Makarim Gas Development LLC	Exploration and Production	Sultanate of Oman	100
Musandam Oil and Gas Company LLC	Exploration and Production	Sultanate of Oman	100
Almajd Gas Development LLC	Exploration and Production	Sultanate of Oman	99

Subsidiary	Principal Activities	Country of Incorporation	Ownership Interest (%)
Almuzn Liquified Natural Gas LLC	Exploration and Production	Sultanate of Oman	99
Alizz Gas Development LLC	Exploration and Production	Sultanate of Oman	99

Material Contracts

The Company's material agreements comprise: (i) governing agreements, such as EPSAs, concession agreements and JOAs, which establish the foundational legal and operational framework for exploration and production activities; (ii) offtake and transportation agreements, which ensure that the Company's oil, gas and condensate have committed buyers and are transported efficiently to their destinations; (iii) operation support agreements, which support the day-to-day functioning of the Company's operated assets, covering aspects such as integrated services, drilling, maintenance and other services; and (iv) service level agreements between the Company and OQ, which help the Company manage risk and optimise corporate functions by consolidating certain of its support services.

Governing Agreements

The majority of the Company's assets are operated pursuant to the terms of an EPSA, the main granting instrument by which the Government assigns the rights and obligations to a contractor to explore and produce hydrocarbons from a contract area, and a JOA, which governs the relationship between the participants for joint venture assets. Other assets operate under service agreements, concession agreements (in which case, a JOA as well) or tariffs-based agreements. These governing agreements are set out in further detail below. See also *"—Organisational Structure*" and *"—Operations*".

Exploration and Production Sharing Agreements, Concession Agreement and Service Agreement

For further information regarding EPSAs, refer to "*Chapter XI—Regulation of the Oil and Gas Industry in Oman*". The terms of a concession agreement are similar to those of EPSAs, except the Government's share of profits is also taken in cash to a certain extent. The terms of the Company's upstream service agreements for KSF and RSF are similar to those of EPSAs, but instead of having the right to lift its share of hydrocarbons produced in kind, the Company receives their value in cash from PDO, which plays a role similar to that of the Government under an EPSA. The service agreement for Block 8 is a cost-plus margin agreement to provide upstream services essentially at the cost and risk of the Government, except in certain exceptional circumstances.

Tariff Agreement for MGP

The Company's tariff agreements with the Government, effective since June 2012, are akin to a build, own, operate, and transfer (BOOT) arrangement. Under this agreement, the Company built and operates the Musandam Gas Plant in exchange for a fixed tariff and costs of operation over a 20-year period. Any income the Company earns from providing these processing services, whether to Block 8 or any future block in Oman, with the Government's approval, will be passed on to the Government. This essentially leaves the Company with its lease income on its investment.

Joint Operating Agreements

The Company's interests in producing and exploration assets (both operated and non-operated) are governed by JOAs with respect to the relationship as among the Company and its joint venture partners (the relationship between these parties and MEM being governed by a related EPSA or concession agreement). The JOAs govern the relationship between joint venture partners from the effective date, as defined therein, and continue until the termination of the related EPSA, decommissioning and abandonment of all joint property and final financial settlements and audits. As at the effective date of the relevant JOA, the Company and other joint venture partners acquire a working interest in the related EPSA. JOAs establish the respective rights and obligations of parties forming an unincorporated joint venture aimed at carrying out petroleum operations within the contract area defined therein. The Company's JOAs largely conform to the Association of International Energy Negotiators (AIEN) model JOA.

Each party is required to pay amounts due, which pursuant to the relevant JOA, is based on their working interest in the contract area.

Pursuant to the relevant JOA, the operator conducts joint operations for the benefit of all parties, complying with relevant laws, EPSA terms and good oilfield practice, without gaining profit or loss from joint operations itself, but instead charging a joint account for any operational liabilities. Indemnity obligations pursuant to the JOA related to payments and financial responsibilities will continue until all accrued obligations are settled, even after the termination of the related EPSA or the JOA itself.

The JOAs are typically governed by and are construed in accordance with the laws of England and Wales.

Offtake and Transportation Agreements

The Company's oil production entitlements are transported via Oman's Main Oil Line, which allows the Company to send produced oil to Oman's main oil terminal at Mina Al Fahal for shipping. The Company's condensate entitlement that is produced from gas fields is also sent to the Main Oil Line, where it is blended with oil, ultimately yielding OEB. The terms under which the Company receives access to the Main Oil Line (and the Mina Al Fahal storage and loading terminal) are set out in a crude oil handling and transportation agreement with PDO, and the terms under which OQ Trading offtakes the Company's OEB entitlements at Mina Al Fahal are set out in an oil offtake agreement with OQ Trading.

For each of the Company's contract areas that produces gas, a GSA is signed between the entitlement holders (being the joint venture partners and the Government, if applicable) and IGC under which it sells gas to the Government. However, following the construction and commissioning of the Marsa LNG plant, which is expected to be completed in 2028, Marsa will use its proportionate gas entitlement from Block 10 as a feedstock for the Marsa LNG plant, while the remainder of the Block 10 entitlement will continue to be sold to IGC. Once commissioned, any LNG produced at the Marsa LNG plant not sold as bunker will be exported.

Certain offtake and transportation agreements are set out in further detail below. See also "*—Operations—Infrastructure*" and "*—Operations—Sales and Marketing*".

PDO Pipeline Agreements

The Company enters into crude oil handling and transportation agreement with PDO (the "**PDO Pipeline Agreements**") whereby PDO receives, transports and redelivers oil and condensate from the Company at its applicable contract areas to the Mina Al Fahal terminal. In return, the Company pays the agreed contract price and rates at the times and in the manner as stipulated therein.

The Company and PDO are both entitled to terminate the agreements at their discretion, provided that at least 12 months' prior written notice is given to the other party.

Gas Sales Agreements

For each of the Company's contract areas that produces gas (Blocks 60, 61, 10 and 9), it has entered into a long-term, U.S. dollar-denominated GSA pursuant to which it sells its gas entitlements to the Government.

The GSAs are signed between the entitlement holders (being the joint venture partners and the Government, if applicable) and IGC, pursuant to which IGC agrees to pay for the Company's gas at a pre-agreed price with take or pay features.

Each GSA expires with the related EPSA or upon Substantial Depletion of the reservoir, as defined therein. The Block 10 GSA, however, terminates in 2041.

Operation Support Agreements

The Company enters supply chain or services arrangements with various parties which support the day-to-day functioning of the Company's operated assets, covering aspects such as integrated services, drilling, maintenance and other services. These main operation support agreements are set out in further detail below.

Provision of Integrated Service Contract for Blocks 60 and 48

The Company entered into an integrated service contract (the "**ISC**") with Gulf Petrochemical Services & Trading LLC ("**GPS**") effective 1 February 2019 pursuant to which GPS provides the Company with integrated services for Blocks 60 and 48 of the Abu Tubul field, located in Abu Butabul. These services include, but are not limited to: (i) integrated engineering and construction services, including design, sourcing, construction, and completion; (ii) integrated maintenance services, including operational support; (iii) integrated support services, including the provision of resources, office facilities, and specialist support; and (iv) integrated management services, including project planning, health and safety provisions, quality assurance. In return, the Company pays the agreed contract price and rates at the times and in the manner as stipulated therein. GPS provides all personnel, equipment and materials to perform the required services in a workmanlike manner that safeguards and protects the Company's interests, and in accordance with the specifications set out in the ISC (including "good industry practice" and certain HSSE specifications defined therein). The contract was set to expire on 1 May 2025, with a renewal option.

Provision of Directional Drilling, LWD, MWD and Associated Service for Blocks 60 and 48

The Company entered into a contract for the provision of directional drilling, logging whilst drilling ("**LWD**"), measurements whilst drilling ("**MWD**") and associated services (the "**Directional Drilling Provision**") with Schlumberger, effective 1 June 2020, whereby Schlumberger provides the following services to the Company: directional drilling, LWD, MWD and all associated services, such as technical and personnel support, for the Company's exploratory wells located in Blocks 60 and 48 of the Abu Tubul field, located in Abu Butabul. In return, the Company pays the agreed contract price and rates at the times and in the manner as stipulated therein. Schlumberger provides all personnel and acquires the relevant licences to perform the required services in a workmanlike manner that safeguards and protects the Company's interests, and in accordance with the specifications set out in the Directional Drilling Provision (including certain HSSE specifications defined therein). The Company is responsible for acquiring the equipment and supplies required for the services, in accordance with the specifications set out in the Directional Drilling Provision (including the Omanisation, ICV and confidentiality obligations outlined therein). The contract was recently extended for four years.

Provision of Civil and Earth Work Services for Blocks 60 and 48

The Company entered into a contract for the provision of civil and earth work services (the "**Civil and Earth Work Provision**") with Al-Ez Trading, Transport and Contracting Co. LLC ("**ALEZ**") effective 1 November 2020. Under the Civil and Earth Work Provision, ALEZ provides the Company with civil and earthworks services for Blocks 60 and 48 of the Abu Tubul field, located in Abu Butabul. These services include, but are not limited to: (i) civil and earthworks construction services, including sourcing, construction and maintenance of drilling well pads and access roads, earthmoving activities and structural works; (ii) support services, including the provision of resources, specialist support, logistical and transportation services; and (iii) management services, including project planning, health and safety provisions and quality assurance. In return, the Company pays the agreed contract price and rates at the times and in the manner as stipulated therein. ALEZ provides all personnel, equipment, and material (unless otherwise specified) to perform the required services in a workmanlike manner that safeguards and protects the Company's interests, and in accordance with the specifications set out in the Civil and Earth Work Provision (including "good industry practice" and certain HSSE specifications defined therein). The contract is set to expire on 31 October 2024 subject to renewal for a one-year term, provided that ALEZ is given written notice no later than 1 October 2024, with a renewal option.

Provision of Land Drilling Rig Services for Blocks 60 and 48

The Company entered into a contract for the provision of land drilling rig services (the "**Land Drilling Provision**") with Abraj effective 16 December 2020 whereby Abraj provides a drilling programme (including vertical and horizontal drilling) and land rig services for the Company's wells located in Blocks 60 and 48 of the Abu Tubul field, in Abu Butabul. In return, the Company pays the agreed contract price and rates at the times and in the manner as stipulated therein. Abraj provides all personnel and acquires the relevant licences to perform the required services in a workmanlike manner that safeguards and protects the Company's interests, and in accordance with the specifications set out in the Land Drilling Provision (including certain HSSE specifications defined therein). The Company is responsible for acquiring the equipment and supplies required for the services, in accordance with the specifications set out in the Land Drilling Provision (including the Omanisation, ICV and confidentiality obligations outlined therein). The contract is for a term of three years with an extension option.

Provision of Construction and Service Contract for Blocks 60 and 48

The Company entered into a construction and service contract (the "**CSC**") with Arabian Industries Projects LLC ("**AIP**") effective 2 May 2021. Under the CSC, AIP provides the Company with construction services for Blocks 60 and 48 of the Abu Tubul field, located in Abu Butabul. These services include, but are not limited to: (i) engineering and construction services, including design, sourcing, construction, commission and completion; (ii) maintenance services, including operational support, asset integrity scope; (iii) support services, including the provision of resources, office and accommodation facilities, specialist support, logistical and transportation services; (iv) management services, including project planning and progress reporting, health and safety provisions, quality assurance. In return, the Company pays the agreed contract price and rates at the times and in the manner as stipulated therein. AIP provides all personnel, equipment and material (unless otherwise specified) to perform the required services in a workmanlike manner that safeguards and protects the Company's interests, and in accordance with the specifications set out in the CSC (including "good industry practice" and certain HSSE specifications defined therein). The contract is set to expire on 1 May 2025, subject to a renewal option.

Provision of Drilling Fluids and Associated Services for Blocks 60 and 48

The Company entered into a contract for the provision of drilling fluids and associated services (the "**Drilling Fluids Provision**") with Baker Hughes LLC ("**Baker Hughes**") effective 18 March 2021 whereby Baker Hughes provides a drilling and testing programme (including vertical and horizontal drilling) and associated services for the Company's wells located in Blocks 60 and 48 of the Abu Tubul field, in Abu Butabul. In return, the Company pays the agreed contract price and rates at the times and in the manner as stipulated therein. Baker Hughes provides all personnel and acquires the relevant licences to perform the required services in a workmanlike manner that safeguards and protects the Company's interests, and in accordance with the specifications set out in the Drilling Fluids Provision (including certain HSSE specifications defined therein). The Company is responsible for acquiring the equipment and supplies required for the services, in accordance with the specifications set out in the Drilling Fluids Provision (including the Omanisation, ICV and confidentiality obligations outlined therein). The contract is for a term of four years with a n extension option.

Provision of DBOOM for Bisat-B Station

The Company entered into a design, build, own, operate and maintain agreement (a "**DBOOM Agreement**") with Schlumberger Oman & Co., LLC ("**Schlumberger**"), effective 17 June 2020, whereby Schlumberger is to design and operate a processing facility for the Company (the Bisat-B station). The services provided by Schlumberger are set out according to the following phases: design; construction; commission; operation and maintenance; support and project services. In return, the Company pays the agreed contract price and rates at the times and in the manner as stipulated therein. Schlumberger provides all personnel, equipment and materials to perform the required services in a workmanlike manner that safeguards and protects the Company's interests, and in accordance with the specifications set out in the DBOOM Agreement (including "good industry practice" and certain HSSE specifications defined therein). The contract is for a term of four years with an extension option.

Provision of DBOOM for Bisat C-Station

The Company entered into a DBOOM agreement with Exterran Middle East LLC ("**Exterran**"), effective 25 February 2021, wherein Exterran is to design and operate a processing facility for the Company (the Bisat-C station). Exterran's services are divided into the following phases: design, construction, commissioning, operation and maintenance and support and project services. In return, the Company pays the agreed contract price and rates as specified therein. Exterran provides all necessary personnel, equipment, and materials to perform the required services in a workmanlike manner that safeguards and protects the Company's interests, in accordance with the specifications outlined in the DBOOM Agreement for Bisat-C (including "good industry practice" and certain HSSE specifications defined therein). The contract term is four years with an extension option.

Service Level Agreements

The Company has entered various service level agreements with OQ, which are set out in more detail below. See also "*Chapter XVI—Related Party Transactions and Material Contracts*".

Trademark Licence Agreement

The Company entered into a trade mark licence agreement with OQ effective 17 September 2024 (the "**Trademark Licence Agreement**"), pursuant to which OQ granted the Company a non-exclusive, non-transferable licence to use certain OQ trade marks in Oman for an annual fee which will not exceed US$2.5 million. The Trademark Licence Agreement will be valid until a termination date that is mutually agreed by the parties, and may be terminated by either party for convenience on one month's prior written notice. The Trademark Licence Agreement may also be terminated by OQ immediately on written notice in the event of a change of control of the Company. The Trademark Licence Agreement defines "control" as the possession, directly or indirectly, or the power to direct or cause the direction of the management, business, or policies of the Company, whether through the ownership of shares or the power to elect or appoint at least 50 per cent. of the directors, managers or other individuals exercising similar authority.

Information Sharing Agreement

The Company entered into an information sharing agreement with OQ effective 17 September 2024 (the "**Information Sharing Agreement**"), which sets out guidelines on matters relating to the sharing of material non-public information and insider trading. Pursuant to the agreement, the Company agrees to provide OQ with such information as OQ may require, including, among other things, for the purposes of: (i) satisfying the requirements of law, regulations or the rules and regulations of any regulatory body or international exchange to which it is subject and any obligation relating thereto; (ii) financial and/or non-financial reporting obligations, including producing and verifying the consolidated group accounts of the OQ Group and any related report or obligation; and (iii) providing information as required by Governmental authorities. The Information Sharing Agreement contains certain obligations on both parties to ensure that they are complying with FSA and MSX rules, in particular, regarding the protection of material non-public information. The Information Sharing Agreement is governed by the laws of Oman. The Information Sharing Agreement may be terminated by OQ, or upon the earlier of: (i) the Shares ceasing to be listed on the MSX; and (ii) OQ ceasing to control the Company (where "control" is defined as the possession, directly or indirectly, of the power to direct or cause the direction of the management, business or policies of the Company, whether through the ownership of shares or the power to elect or appoint at least 50 per cent. of the directors, managers or other individuals exercising similar authority).

IDS Services Agreement

The Company entered into a technology services and support agreement with OQ effective 17 September 2024 (the "**IDS Services Agreement**"), pursuant to which OQ provides the Company with, among other things, access to and use of any software owned or licensed by OQ or that may be owned by or licensed to OQ under OQ Group software licensing agreements. Through the IDS Services Agreement, the Company can participate in the benefits of the OQ Group IT licensing arrangements, including preferential OQ Group licensing fees. In addition, pursuant to the IDS Services Agreement, OQ provides the Company with IT support services in several areas, including business integration and applications services (such as SAP functional and technical services), cyber security services, digital transformation services, information management services and IT operational support (such as IT infrastructure and network support).

Pursuant to the IDS Services Agreement, OQ ensures that it will implement ringfencing and data segregation measures to safeguard and protect the integrity and availability of the Company's data and information.

The IDS Services Agreement has an initial term of five years with a renewal option. It is governed by the laws of Oman, and may be terminated by OQ, or upon the earlier of: (i) the Shares ceasing to be listed on the MSX; and (ii) OQ ceasing to control the Company (where "control" is defined as the possession, directly or indirectly, of the power to direct or cause the direction of the management, business or policies of the Company, whether through the ownership of shares or the power to elect or appoint at least 50 per cent. of the directors, managers or other individuals exercising similar authority).

Chapter XIII
Selected Historical Financial, Operating and Other Information

The selected historical financial information set forth below as at and for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 has been derived from the audited consolidated Annual Financial Statements, which have been prepared in accordance with IFRS, and the audited Interim Carve-Out Financial Statements, which have been prepared in accordance with IFRS, excluding Abraj. For further information on the presentation of financial information, see "—Presentation of Financial, Industry and Market Data".

Results in the Interim Carve-Out Financial Statements are not necessarily indicative of the results that can be expected for the full year. The selected historical financial information should be read in conjunction with "Chapter XIV—Management's Discussion and Analysis of Financial Condition and Results of Operations", and the Financial Statements, including the related notes, included elsewhere in this Prospectus.

Statement of Profit or Loss and Other Comprehensive Income (OMR)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
		(consolidated)			*(carve-out)*
			(OMR '000)		
Revenue	956,635	1,389,733	1,207,628	554,884	427,892
Cost of sales	(584,514)	(714,983)	(725,603)	(325,305)	(257,414)
Gross profit	372,121	674,750	482,025	229,579	170,478
Lease income	24,214	23,400	22,512	11,256	10,772
Other income	2,694	4,227	135	56	9,670
Exploration costs	(710)	(412)	(4)	—	—
Administrative expenses	(30,226)	(48,132)	(53,087)	(16,521)	(19,365)
Impairment reversal of oil and gas assets and other property, plant and equipment	162,460	—	757	—	—
Write off exploration assets	(2,574)	—	—	—	—
ECL reversals/(charge) on trade receivables	(90)	(192)	323	—	—
Operating profit	527,889	653,641	452,661	224,370	171,555
Gain on divestment	—	—	274,659	—	—
Finance income	1,515	6,534	8,847	4,429	8,982
Finance costs	(16,846)	(21,342)	(26,273)	(11,040)	(4,927)
Share of profit of joint venture	—	—	—	—	3,551
Profit before tax	512,557	638,833	709,894	217,759	179,161
Income tax	(5,954)	(4,984)	(82,884)	(1,093)	(3,061)
Profit for the year/period	506,603	633,849	627,010	216,666	176,100
Other comprehensive income for the year/period	2,921	3,332	(3,333)	(1,736)	(318)
Total comprehensive income for the year/period	509,525	637,181	623,677	214,930	175,782

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
		(consolidated)		*(carve-out)*	
			(OMR '000)		
Profit for the year/period attributable to:					
Equity holders of the parent................................	506,604	633,849	620,172	216,666	176,100
Non-Controlling interest	—	—	6,838	—	—
Total comprehensive income attributable to:					
Equity holders of the parent................................	509,525	637,181	616,839	214,930	175,782
Non-Controlling interest	—	—	6,838	—	—

Statement of Financial Position (OMR)

	As at 31 December			As at 30 June
	2021	2022	2023	2024
		(consolidated)		*(carve-out)*
		(OMR '000)		
Assets				
Non-current assets				
Oil and gas properties..............................	1,171,619	1,046,880	930,569	903,751
Exploration and evaluation assets.............	11,058	102,655	6,675	4,410
Other property, plant and equipment	204,653	195,805	191,406	—
Other intangible assets.............................	312	196	232	—
Right-of-use assets..................................	5,160	5,996	40,751	27,730
Lease receivable	240,200	229,524	223,702	211,529
Deferred consideration	—	—	—	37,524
Investment in joint venture	—	—	—	6,581
Derivatives	1,071	869	—	—
Other non-current assets..........................	2,242[(1)]	—	4,701	149[(2)]
Total non-current assets........................	1,636,315	1,581,925	1,398,036	1,191,674
Current assets				
Inventories..	97,244	110,001	99,087	63,671
Trade and other receivables	255,155	358,371	271,537	338,536
Advances and prepayments......................	13,078	7,161	13,831	1,108
Deferred consideration	—	—	—	7,702
Lease receivable......................................	9,788	10,676	5,822	12,173
Derivatives	—	4,811	1,554	—
Cash and cash equivalents	145,437	158,501	246,764	156,351
Restricted Cash	—[(3)]	11,647	10,079	9,857
Total current assets...............................	520,702	661,168	648,674	589,398
Total assets	2,157,017	2,243,093	2,046,710	1,781,072

	As at 31 December			As at 30 June
	2021	2022	2023	2024
		(consolidated)		*(carve-out)*
		(OMR '000)		
Equity and liabilities				
Capital and reserves				
Share capital	250	250	250	500
Statutory reserves	84	84	84	84
Hedging reserves	1,035	4,828	1,554	—
Capital reserves	103,041	103,041	103,041	103,041
Other Reserve	—	—	24,505	3,475
Subordinated loans	751,088	986,089	532,774	415,838
Shareholder contribution	—	—	—	17,896
Retained earnings	558,499	325,386	637,419	783,605
Equity attributable to equity holders of the parent	1,413,997	1,419,678	1,299,627	1,324,439
Non-Controlling interest	—	—	71,431	—
Total equity	1,413,996	1,419,678	1,371,058	1,324,439
Non-current liabilities				
Borrowings	263,081	165,125	72,060	—
Employees' end-of-service benefits	2,189	2,815	3,136	1,047
Provision for site restoration and abandonment costs	38,501	37,020	39,606	53,089
Lease liabilities	3,196	4,293	18,657	12,359
Other non-current liabilities	1,539	1,539	1,539	—
Deferred tax liabilities	4,209	4,281	3,870	—
Deferred income	14,067	3,114	8,368	8,312
Total non-current liabilities	326,782	218,187	147,236	74,807
Current liabilities				
Borrowings	163,445	137,333	102,001	29,623
Lease liabilities	2,177	1,913	10,748	8,241
Accounts payables and accrued liabilities	242,722	458,118	328,478	334,717
Derivatives	36	—	—	—
Income tax payable	7,858	7,864	87,189	9,245
Total current liabilities	416,238	605,228	528,416	381,826
Total liabilities	743,020	823,415	675,652	456,633
Total equity and liabilities	2,157,017	2,243,093	2,046,710	1,781,072

Notes:

(1) Amount classified as "Deferred tax asset" in the 2022 Annual Financial Statements.

(2) Amount classified as "Deferred tax asset" in the Interim Carve-Out Financial Statements.

(3) Restricted Cash is included in cash and cash equivalents for the year ended 31 December 2021.

Statement of Cash Flows (OMR)[1]

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	(consolidated)			*(carve-out)*	
	(OMR '000)				
Net cash generated from operating activities	668,536	1,159,555	790,164	427,072	213,788
Net cash (used in)/generated from investing activities	(333,697)	(357,366)	241,736	(163,835)	(122,429)
Net cash (used in)/generated from financing activities	(324,622)	(778,019)	(943,637)	(287,344)	(173,701)
Net (decrease)/increase in cash and cash equivalents	10,217	24,170	88,263	(24,107)	(82,342)
Cash and cash equivalents at beginning of the period	124,114	134,331	158,501	135,932	238,693
Cash and cash equivalents at end of the period	134,331	158,501	246,764	111,825	156,351

Note:

(1) The full statements of cash flows for the periods indicated are included in the Financial Statements. See "*Chapter XXVI—Historical Financial Statements*".

Other Financial and Operational Data (OMR)

The following tables set out certain financial and operating data of the Company as at and for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	(OMR '000, except percentages)				
Adjusted Revenue[(1)(2)]	843,873	1,266,290	1,087,762	554,884	427,892
Adjusted Cost of sales[(1)(2)]	503,944	624,947	638,654	325,305	257,414
Adjusted Gross Profit[(1)(2)]	339,929	641,342	449,109	229,579	170,478
Adjusted Operating Profit[(1)(2)]	502,295	628,454	426,985	224,370	171,555
Adjusted Profit before tax[(1)(2)]	491,044	619,426	690,396	217,759	179,161
Adjusted Profit for the year/period[(1)(2)]	488,190	617,330	610,449	216,666	176,100
Adjusted Total assets[(1)(5)]	1,867,240	1,960,658	1,770,663		1,781,072
Adjusted Total current liabilities[(1)(6)]	359,127	556,902	447,581		381,826
Adjusted Total equity[(1)(6)]	1,280,370	1,275,059	1,258,667		1,324,439

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	(OMR '000, except percentages)				
Adjusted EBITDA (including Abraj)[(1)(3)]	694,520	1,072,727	836,763		
Adjusted EBITDA[(1)(3)]	648,304	1,025,474	789,774	416,416	317,365
Adjusted EBITDA Margin[(1)(3)]	76.8%	81.0%	72.6%	75.0%	74.2%
Adjusted Capital Expenditure[(1)(4)]	293,763	362,225	246,636	168,264	128,400
Adjusted Free Cash Flow[(1)(4)]	326,542	767,466	510,958	258,808	85,388
Adjusted Net External Debt (including Abraj) [(1)(5)]	292,195	143,957	(72,703)		
Adjusted Net External Debt[(1)(5)]	206,854	70,732	(149,924)		(126,728)
Adjusted Leverage[(1)(5)]	31.9%	6.9%	(19.0)%		(18.3)%
Adjusted Gearing[(1)(5)]	16.2%	5.5%	(11.9)%		(9.6)%
Adjusted ROCE[(1)(6)]	33.3%	44.8%	32.3%		26.7%

	Year ended 31 December		
	2021	2022	2023
Lost Time Injury (LTI)[(1)]	2	3	1
Lost Time Injury Frequency (LTIF)[(1)]	0.24	0.23	0.08
Total Recordable Injury (TRI)[(1)]	9	8	13
Total Recordable Injury Frequency (TRIF)[(1)]	0.73	0.60	1.09
Serious Motor Vehicle Incident Frequency (MVIF)[(1)]	0.28	0.16	0.10
Million Working Hours[(1)]	12.3	13.3	12.0
Million Km Driven[(1)]	24.9	18.5	20.0

Notes:

(1) For the definitions of all Non-IFRS information and other operational data used, see "*Presentation of Financial, Industry and Market Data—Non-IFRS Information and Certain Other Financial and Operational Data*". Non-IFRS information presented for the years ended 31 December 2021, 2022 and 2023 is derived primarily from the Annual Financial Statements, which are presented on a consolidated basis. Non-IFRS information presented for the six months ended 30 June 2023 and 2024 is derived primarily from the Interim Carve-Out Financial Statements, which are presented on a carve out basis, excluding Abraj.

(2) The following table sets forth a reconciliation of Adjusted Revenue to revenue, Adjusted cost of sales to cost of sales, Adjusted Gross Profit to gross profit, Adjusted Operating Profit to operating profit, Adjusted Profit before tax to profit before tax and Adjusted Profit for the year/period to profit for the year/period for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
			(OMR '000)		
Revenue	956,635	1,389,733	1,207,628	554,884	427,892
*Revenue – **Abraj***	(124,511)	(137,040)	(144,346)	—	—
*Intercompany revenue – **Abraj***	11,749	13,597	24,481	—	—
Adjusted Revenue	**843,873**	**1,266,290**	**1,087,762**	**554,884**	**427,892**
Cost of sales	(584,514)	(714,983)	(725,603)	(325,305)	(257,414)
*Cost of sales – **Abraj***	92,319	103,632	111,430	—	—
*Intercompany Cost of sales – **Abraj***	(11,749)	(13,597)	(24,481)	—	—
Adjusted Cost of sales	**(503,944)**	**(624,947)**	**(638,654)**	**(325,305)**	**(257,414)**
Gross profit	372,121	674,750	482,025	229,579	170,478
*Gross profit – **Abraj***	(32,192)	(33,408)	(32,916)	—	—
Adjusted Gross Profit	**339,929**	**641,342**	**449,109**	**229,579**	**170,478**
Lease income	24,214	23,400	22,512	11,256	10,772
Other income	2,694	4,227	135	56	9,670
*Other income – **Abraj***	—	(84)	(10)	—	—
Exploration costs	(710)	(412)	(4)	—	—
Administrative expenses	(30,226)	(48,132)	(53,087)	(16,521)	(19,365)
*Administrative expense – **Abraj***	5,423	6,682	7,410	—	—
Impairment (reversal)/charge on trade receivables - Abraj	(13)	191	(138)	—	—
Impairment reversal of oil and gas assets and other property, plant and equipment	162,460	—	757	—	—
*Impairment reversal of oil and gas assets and other property, plant and equipment – **Abraj***	637	—	(757)	—	—
Write off exploration assets	(2,574)	—	—	—	—
ECL reversals/(charge) on trade receivables	(90)	(192)	323	—	—
*Other expenses – **Abraj***	552	1,431	736	—	—
Operating profit	527,889	653,641	452,661	224,370	171,555
*Operating profit – **Abraj***	(25,594)	(25,187)	(25,677)	—	—
Adjusted Operating profit	**502,295**	**628,454**	**426,985**	**224,370**	**171,555**
Gain on divestment	—	—	274,659	—	—
Share of profit of joint venture	—	—	—	—	3,551
Finance income	1,515	6,534	8,847	4,429	8,982
*Finance income – **Abraj***	(226)	(566)	(142)	—	—
Finance costs	(16,846)	(21,342)	(26,273)	(11,040)	(4,927)
*Finance costs – **Abraj***	4,307	6,345	6,323	—	—
Profit before tax	512,557	638,833	709,894	217,759	179,161
*Profit before tax – **Abraj***	(21,513)	(19,408)	(19,496)	—	—

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
			(OMR '000)		
Adjusted Profit before tax	**491,044**	**619,426**	**690,396**	**217,759**	**179,161**
Income tax	(5,954)	(4,984)	(82,884)	(1,093)	(3,061)
*Income tax – **Abraj***	3,100	2,889	2,935	—	—
Profit for the year/period	506,603	633,849	627,010	216,666	176,100
*Profit for the year/period – **Abraj***	(18,413)	(16,519)	(16,561)	—	—
Adjusted Profit for the year/period	**488,190**	**617,330**	**610,449**	**216,666**	**176,100**

(3) The following table sets forth a reconciliation of Adjusted EBITDA (including Abraj), Adjusted EBITDA and Adjusted EBITDA Margin to profit before tax (referencing Adjusted Revenue as is reconciled in the table in note 2 above) for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
			(OMR '000, except percentages)		
Profit before tax	512,557	638,833	709,894	217,759	179,161
Finance income	(1,515)	(6,534)	(8,847)	(4,429)	(8,982)
Finance costs	16,846	21,342	26,273	11,040	4,927
Depreciation, depletion and amortisation	329,092	419,086	384,859	192,046	132,915
Impairment reversal of oil and gas assets and other property, plant and equipment	(162,460)	—	(757)	—	—
Gain on divestment	—	—	(274,659)	—	—
Adjusted EBITDA (including Abraj)	**694,520**	**1,072,727**	**836,763**		
Exploration and evaluation assets written off block 42	—	—	—	—	2,832
Provision for impairment and explorations and evaluation assets of block 52	—	—	—	—	6,512
*Profit before tax – **Abraj***	(21,513)	(19,408)	(19,496)	—	—
*Finance income – **Abraj***	226	566	142	—	—
*Finance costs – **Abraj***	(4,307)	(6,345)	(6,323)	—	—
*Depreciation, depletion and amortisation (Cost of sales) – **Abraj***	(19,568)	(21,651)	(21,661)	—	—
*Depreciation, depletion and amortisation (G&A) – **Abraj***	(418)	(415)	(406)	—	—
*Impairment reversal of oil and gas assets and other property, plant and equipment – **Abraj***	(637)	—	757	—	—
Adjusted EBITDA[(a)]	**648,304**	**1,025,474**	**789,774**	**416,416**	**317,365**
Adjusted Revenue[(b)]	843,873	1,266,290	1,087,762	554,884	427,892
Adjusted EBITDA Margin[(a over b)]	**76.8%**	**81.0%**	**72.6%**	**75.0%**	**74.2%**

(4) The following table sets forth a reconciliation of Adjusted Capital Expenditure and Adjusted Free Cash Flow to the relevant items in the statement of cash flows in the Financial Statements for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
			(OMR '000)		
Addition of property, plant and equipment and other intangible assets	66,186	3,769	15,009	—	—
Addition of oil and gas assets and exploration assets	277,140	369,919	250,002	168,264	128,400
Capital Expenditure	343,326	373,688	265,011	168,264	128,400
Addition of property, plant and equipment and other intangible assets – ***Abraj***	(49,563))	(11,463)	(18,375)	—	—
Adjusted Capital Expenditure	**293,763**	**362,225**	**246,636**	**168,264**	**128,400**
Net cash generated from operating activities	668,536	1,159,555	790,164	427,072	213,788
*Net cash generated from operating activities – **Abraj***	(48,232)	(29,864)	(32,570)	—	—
Adjusted Capital Expenditure	(293,763)	(362,225)	(246,636)	(168,264)	(128,400)
Adjusted Free Cash Flow	**326,542**	**767,466**	**510,958**	**258,808**	**85,388**

(5) The following table sets forth a reconciliation of Adjusted Net External Debt (including Abraj), Adjusted Net External Debt, Adjusted Leverage (referencing Adjusted EBITDA as is reconciled in the table in note 3 above), Adjusted Total equity and Adjusted Gearing to the relevant items in the statement of financial position for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2021	**2022**	**2023**	**2024**
		(OMR '000, except percentages)		
Borrowings (current)	163,445	137,333	102,001	29,623
Borrowings (non-current)	263,081	165,125	72,060	—
Cash and cash equivalents	(145,437)	(158,501)	(246,764)	(156,351)
(***Adjustment for***) Restricted cash (*part of cash and cash equivalents in respect of the year ended 31 December 2021 only*)	11,106	—	—	—
Adjusted Net External Debt (including Abraj)	**292,195**	**143,957**	**(72,703)**	
*Borrowings (current) – **Abraj***	(15,330)	(18,841)	(13,232)	—
*Borrowings (non-current) – **Abraj***	(87,644)	(76,953)	(72,060)	—

	Year ended 31 December			Six months ended 30 June
	2021	2022	2023	2024
	(OMR '000, except percentages)			
*Cash and cash equivalents – **Abraj***	17,633	22,569	8,071	—
Adjusted Net External Debt[(a)]	**206,854**	**70,732**	**(149,924)**	**(126,728)**
Adjusted EBITDA[(b)]	648,304	1,025,474	789,774	317,365
***Adjusted EBITDA**, six months ended 31 December 2023*[(c)]	—	—	—	373,360
Adjusted Leverage[(a over sum of b and c)]	**31.9%**	**6.9%**	**(19.0)%**	**(18.3)%**
Total equity	1,413,996	1,419,678	1,371,058	1,324,439
*Equity – **Abraj***	(133,626)	(144,621)	(112,395)	—
Adjusted Total equity[(d)]	**1,280,370**	**1,275,059**	**1,258,667**	**1,324,439**
Adjusted Gearing[(a over d)]	**16.2%**	**5.5%**	**(11.9)%**	**(9.6)%**

(6) The following table sets forth a reconciliation of Adjusted ROCE to total assets (also providing a reconciliation of Adjusted Total assets to total assets), total current liabilities (also providing a reconciliation of Adjusted Total current liabilities to total current liabilities) and operating profit (referencing Adjusted Operating profit as is reconciled in the table in note 2 above) for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2021	2022	2023	2024
	(OMR '000, except percentages)			
Total assets	2,157,017	2,243,093	2,046,710	1,781,072
*Assets - **Abraj***	(289,777)	(282,437)	(276,049)	—
Adjusted Total assets	**1,867,240**	**1,960,658**	**1,770,663**	**1,781,072**
Total current liabilities	416,238	605,228	528,416	381,826
*Current liabilities – **Abraj***	(57,112)	(48,326)	(80,835)	—
Adjusted Total current liabilities	**359,127**	**556,902**	**447,581**	**381,826**
Adjusted Operating profit[(a)]	502,295	628,454	426,985	171,555
***Adjusted Operating profit**, six months ended 31 December 2023*[(b)]	—	—	—	202,615
Adjusted Total assets *less* Adjusted Total current liabilities[(c)]	1,508,114	1,403,757	1,323,082	1,399,246
Adjusted ROCE[(sum of a and b, over c)]	**33.3%**	**44.8%**	**32.3%**	**26.7%**

Statement of Profit or Loss and Other Comprehensive Income (USD)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
		(consolidated)			(carve-out)
			(USD '000)		
Revenue	2,484,122	3,608,759	3,135,880	1,440,883	1,111,119
Cost of sales	(1,517,824)	(1,856,615)	(1,884,194)	(844,729)	(668,434)
Gross profit	966,298	1,752,144	1,251,686	596,154	442,685
Lease income	62,878	60,764	58,457	29,229	27,972
Other income	6,995	10,976	351	145	25,110
Exploration costs	(1,843)	(1,070)	(10)	—	—
Administrative expenses	(78,489)	(124,986)	(137,848)	(42,901)	(50,286)
Impairment reversal of oil and gas assets and other property, plant and equipment	421,864	—	1,966	—	—
Write off exploration assets	(6,685)	—	—	—	—
ECL reversals/(charge) on trade receivables	(235)	(499)	838	—	—
Operating profit	1,370,783	1,697,329	1,175,440	582,627	445,481
Gain on divestment	—	—	713,211	—	—
Finance income	3,934	16,966	22,975	11,501	23,324
Finance costs	(43,745)	(55,417)	(68,221)	(28,668)	(12,794)
Share of profit of joint venture	—	—	—	—	9,222
Profit before tax	1,330,972	1,658,878	1,843,405	565,460	465,233
Income tax	(15,462)	(12,941)	(215,224)	(2,838)	(7,949)
Profit for the year/period	1,315,510	1,645,937	1,628,181	562,622	457,284
Other comprehensive income for the year/period	7,584	8,654	(8,655)	(4,508)	(826)
Total comprehensive income for the year/period	1,323,094	1,654,591	1,619,526	558,114	456,458
Profit for the year/period attributable to:					
Equity holders of the parent	1,315,510	1,645,937	1,610,425	562,622	457,284
Non-Controlling interest	—	—	17,756	—	—
Total comprehensive income attributable to:					
Equity holders of the parent	1,323,094	1,654,591	1,601,770	558,114	456,458
Non-Controlling interest	—	—	17,756	—	—

Statement of Financial Position (USD)

	As at 31 December			As at 30 June
	2021	2022	2023	2024
		(consolidated)		*(carve-out)*
		(USD '000)		
Assets				
Non-current assets				
Oil and gas properties	3,042,376	2,718,463	2,416,431	2,346,796
Exploration and evaluation assets	28,715	266,568	17,334	11,452
Other property, plant and equipment	531,428	508,451	497,028	—
Other intangible assets	811	508	600	—
Right-of-use assets	13,400	15,570	105,819	72,007
Lease receivable	623,734	596,011	580,892	549,283
Deferred consideration	—	—	—	97,440
Investment in joint venture	—	—	—	17,089
Derivatives	2,780	2,256	—	—
Other non-current assets	5,822[(1)]	—	12,207	387[(2)]
Total non-current assets	4,249,066	4,107,827	3,630,311	3,094,453
Current assets				
Inventories	252,516	285,644	257,300	165,336
Trade and other receivables	662,567	930,593	705,109	879,086
Advances and prepayments	33,961	18,600	35,917	2,877
Deferred consideration	—	—	—	20,000
Lease receivable	25,416	27,723	15,119	31,610
Derivatives	—	12,494	4,036	—
Cash and cash equivalents	377,661	411,585	640,780	406,001
Restricted Cash	—[(3)]	30,243	26,183	25,596
Total current assets	1,352,121	1,716,882	1,684,444	1,530,506
Total assets	5,601,187	5,824,709	5,314,755	4,624,960
Equity and liabilities				
Capital and reserves				
Share capital	650	650	650	1,298
Statutory reserves	217	217	217	218
Hedging reserves	2,687	12,538	4,036	—
Capital reserves	267,569	267,569	267,569	267,569
Other Reserve	—	—	63,632	9,024
Subordinated loans	1,950,371	2,560,605	1,383,468	1,079,818
Shareholder contribution	—	—	—	46,471
Retained earnings	1,450,269	844,944	1,655,216	2,034,809
Equity attributable to equity holders of the parent	3,671,763	3,686,523	3,374,788	3,439,208

	As at 31 December			As at 30 June
	2021	2022	2023	2024
		(consolidated)		(carve-out)
		(USD '000)		
Non-Controlling interest	—	—	185,487	—
Total equity	3,671,763	3,686,523	3,560,275	3,439,208
Non-current liabilities				
Borrowings	683,150	428,785	187,120	—
Employees' end-of-service benefits	5,684	7,311	8,143	2,719
Provision for site restoration and abandonment costs	99,977	96,130	102,844	137,858
Lease liabilities	8,298	11,146	48,444	32,093
Other non-current liabilities	4,000	4,000	4,000	—
Deferred tax liabilities	10,930	11,116	10,047	—
Deferred income	36,527	8,087	21,729	21,584
Total non-current liabilities	848,566	566,575	382,327	194,253
Current liabilities				
Borrowings	424,423	356,616	264,870	76,923
Lease liabilities	5,653	4,968	27,909	21,400
Accounts payables and accrued liabilities	630,284	1,189,607	852,969	869,169
Derivatives	93	—	—	—
Income tax payable	20,405	20,420	226,405	24,007
Total current liabilities	1,080,858	1,571,611	1,372,153	991,498
Total liabilities	1,929,424	2,138,186	1,754,480	1,185,752
Total equity and liabilities	5,601,187	5,824,709	5,314,755	4,624,960

Notes:

(1) Amount classified as "Deferred tax asset" in the 2022 Annual Financial Statements.

(2) Amount classified as "Deferred tax asset" in the Interim Carve-Out Financial Statements.

(3) Restricted Cash is included in cash and cash equivalents for the year ended 31 December 2021.

Statement of Cash Flows (USD)[1]

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
		(consolidated)			(carve-out)
			(USD '000)		
Net cash generated from operating activities	1,736,006	3,011,049	2,051,840	1,108,990	555,149

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	(consolidated)			*(carve-out)*	
	(USD '000)				
Net cash (used in)/generated from investing activities	(866,520)	(927,986)	627,713	(425,435)	(317,915)
Net cash (used in)/generated from financing activities	(842,955)	(2,020,300)	(2,450,358)	(746,154)	(451,054)
Net (decrease)/increase in cash and cash equivalents	26,531	62,763	229,195	(62,599)	(213,820)
Cash and cash equivalents at beginning of the period	322,290	348,822	411,585	352,978	619,821
Cash and cash equivalents at end of the period	348,821	411,585	640,780	290,379	406,001

Note:

(1) The full statements of cash flows for the periods indicated are included in the Financial Statements. See "*Chapter XXVI—Historical Financial Statements*".

Other Financial Data (USD)

The following table sets out certain financial data of the Company as at and for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	(USD '000, except percentages)				
Adjusted Revenue[(1)(2)]	2,191,309	3,288,210	2,824,623	1,440,883	1,111,119
Adjusted Cost of sales[(1)(2)]	1,308,605	1,622,818	1,658,411	844,729	668,434
Adjusted Gross Profit[(1)(2)]	882,704	1,665,392	1,166,212	596,154	442,685
Adjusted Operating Profit[(1)(2)]	1,304,324	1,631,924	1,108,757	582,627	445,481
Adjusted Profit before tax[(1)(2)]	1,275,109	1,608,480	1,792,772	565,460	465,233
Adjusted Profit for the year/period[(1)(2)]	1,267,697	1,603,038	1,585,169	562,622	457,284
Adjusted Total assets[(1)(5)]	4,848,715	5,091,297	4,597,931		4,624,960
Adjusted Total current liabilities[(1)(6)]	932,554	1,446,122	1,162,246		991,498
Adjusted Total equity[(1)(6)]	3,324,773	3,310,982	3,268,416		3,439,208
Adjusted EBITDA (including Abraj)[(1)(3)]	1,803,480	2,785,581	2,172,847		
Adjusted EBITDA[(1)(3)]	1,683,470	2,662,877	2,050,834	1,081,318	824,111
Adjusted EBITDA Margin[(1)(3)]	76.8%	81%	72.6%	75.0%	74.2%
Adjusted Capital Expenditure[(1)(4)]	762,822	940,600	640,446	436,936	333,420
Adjusted Free Cash Flow[(1)(4)]	847,940	1,992,900	1,326,819	672,054	221,729

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	(USD '000, except percentages)				
Adjusted Net External Debt (including Abraj) (1)(5)	758,751	373,816	(188,790)		
Adjusted Net External Debt(1)(5)	537,143	183,671	(389,312**)**		(329,078)
Adjusted Leverage(1)(5)	31.9%	6.9%	(19.0)%		(18.3)%
Adjusted Gearing(1)(5)	16.2%	5.5%	(11.9)%		(9.6)%
Adjusted ROCE(1)(6)	33.3%	44.8%	32.3%		26.7%

Notes:

(1) For the definitions of all Non-IFRS information used, see "*Presentation of Financial, Industry and Market Data—Non-IFRS Information and Certain Other Financial and Operational Data*". Non-IFRS information presented for the years ended 31 December 2021, 2022 and 2023 is derived primarily from the Annual Financial Statements, which are presented on a consolidated basis. Non-IFRS information presented for the six months ended 30 June 2023 and 2024 is derived primarily from the Interim Carve-Out Financial Statements, which are presented on a carve-out basis, excluding Abraj.

(2) The following table sets forth a reconciliation of Adjusted Revenue to revenue, Adjusted cost of sales to cost of sales, Adjusted Gross Profit to gross profit, Adjusted Operating Profit to operating profit, Adjusted Profit before tax to profit before tax and Adjusted Profit for the year/period to profit for the year/period for the periods indicated:.

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
			(USD '000)		
Revenue	2,484,122	3,608,759	3,135,880	1,440,883	1,111,119
*Revenue – **Abraj***	(323,321)	(355,856)	(374,827)	—	—
*Intercompany revenue – **Abraj***	30,508	35,307	63,570	—	—
Adjusted Revenue	**2,191,309**	**3,288,210**	**2,824,623**	1,440,883	1,111,119
Cost of sales	(1,517,824)	(1,856,615)	(1,884,194)	(844,729)	(668,434)
*Cost of sales – **Abraj***	239,727	269,104	289,353	—	—
*Intercompany Cost of sales – **Abraj***	(30,508)	(35,307)	(63,570)	—	—
Adjusted Cost of sales	**(1,308,605)**	**(1,622,818)**	**(1,658,411)**	**(844,729)**	**(668,434)**
Gross profit	966,298	1,752,144	1,251,686	596,154	442,685
*Gross profit – **Abraj***	(83,594)	(86,752)	(85,474)	—	—
Adjusted Gross Profit	**882,704**	**1,665,392**	**1,166,212**	**596,154**	**442,685**
Lease income	62,878	60,764	58,457	29,229	27,972
Other income	6,995	10,976	351	145	25,110
*Other income – **Abraj***	—-	(218)	(26)	—	—
Exploration costs	(1,843)	(1,070)	(10)	—	—
Administrative expenses	(78,489)	(124,986)	(137,848)	(42,901)	(50,286)
*Administrative expense – **Abraj***	14,082	17,351	19,242	—	—

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
			(USD '000)		
*Impairment reversal/charge on Trade Receivables – **Abraj***	(34)	499	(364)	—	—
Impairment reversal of oil and gas assets and other property, plant and equipment	421,864	—	1,966	—	—
*Impairment reversal of oil and gas assets and other property, plant and equipment – **Abraj***	1,653	—	(1,966)	—	—
Write off exploration assets	(6,685)	—	—	—	—
ECL reversals/(charge) on trade receivables	(235)	(499)	838	—	—
*Other expenses – **Abraj***	(1,433)	(3,716)	(1,911)	—	—
Operating profit	**1,370,783**	**1,697,329**	**1,175,440**	**582,627**	**445,481**
*Operating profit – **Abraj***	(66,460)	(65,404)	(66,677)	—	—
Adjusted Operating profit	**1,304,324**	**1,631,924**	**1,108,757**	**582,627**	**445,481**
Gain on divestment	—	—	713,211	—	—
Finance income	3,934	16,966	22,975	11,501	23,324
*Finance income – **Abraj***	(587)	(1,470)	(369)	—	—
Share of profit of joint venture	—	—	—	—	9,222
Finance costs	(43,745)	(55,417)	(68,221)	(28,668)	(12,794)
*Finance costs – **Abraj***	11,184	16,476	16,419	—	—
Profit before tax	1,330,972	1,658,878	1,843,405	565,460	465,233
*Profit before tax – **Abraj***	(55,863)	(50,398)	(50,627)	—	—
Adjusted Profit before tax	**1,275,109**	**1,608,480**	**1,792,772**	**565,460**	**465,233**
Income tax	(15,462)	(12,941)	(215,224)	(2,838)	(7,949)
*Income tax – **Abraj***	8,050	7,502	7,621	—	—
Profit for the year/period	1,315,510	1,645,937	1,628,181	562,622	457,284
*Profit for the year/period – **Abraj***	(47,813)	(42,896)	(43,006)	—	—
Adjusted Profit for the year/period	**1,267,697**	**1,603,038**	**1,585,169**	**562,622**	**457,284**

(3) The following table sets forth a reconciliation of Adjusted EBITDA (including Abraj), Adjusted EBITDA and Adjusted EBITDA Margin (referencing Adjusted Revenue as is reconciled in the table in note 2 above) to profit before tax for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
			(USD '000, except percentages)		
Profit before tax	1,330,972	1,658,878	1,843,405	565,460	465,233
Finance income	(3,934)	(16,966)	(22,975)	(11,501)	(23,324)
Finance costs	43,745	55,417	68,221	28,668	12,794

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	(USD '000, except percentages)				
Depreciation, depletion and amortisation ..	854,561	1,088,252	999,373	498,691	345,144
Impairment reversal of oil and gas assets and other property, plant and equipment ...	(421,864)	—	(1,966)	—	—
Gain on divestment....................................	—	—	(713,211)	—	—
Adjusted EBITDA (including Abraj)............	**1,803,480**	**2,785,581**	**2,172,847**		
Exploration and evaluation assets written off block 42	—	—	—	—	7,354
Provision for impairment and explorations and evaluation assets of block 52	—	—	—	—	16,910
*Profit before tax – **Abraj***	(55,863)	(50,398)	(50,627)	—	—
*Finance income – **Abraj***	587	1,470	369	—	—
*Finance costs – **Abraj***...............................	(11,184)	(16,476)	(16,419)	—	—
*Depreciation, depletion and amortisation (Cost of sales) – **Abraj***..............................	(50,813)	(56,222)	(56,248)	—	—
*Depreciation, depletion and amortisation (G&A) – **Abraj***...	(1,085)	(1,078)	(1,054)	—	—
*Impairment reversal of oil and gas assets and other property, plant and equipment – **Abraj***	(1,653)	—	1,966	—	—
Adjusted EBITDA[(a)]...	**1,683,470**	**2,662,877**	**2,050,834**	**1,081,318**	**824,111**
Adjusted Revenue[(b)]...	2,191,309	3,288,210	2,824,623	1,440,883	1,111,119
Adjusted EBITDA Margin[(a over b)]....................	**76.8%**	**81.0%**	**72.6%**	**75.0%**	**74.2%**

(4) The following table sets forth a reconciliation of Adjusted Capital Expenditure and Adjusted Free Cash Flow to the relevant items in the statement of cash flows in the Financial Statements for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	(USD '000)				
Addition of property, plant and equipment and other intangible assets.........................	171,867	9,788	38,974	—	—
Addition of oil and gas assets and exploration assets	719,658	960,580	649,188	436,936	333,420
Capital Expenditure...	891,524	970,369	688,162	436,936	333,420
*Addition of property, plant and equipment and other intangible assets – **Abraj***...........	(128,702)	(29,766)	(47,715)	—	—
Adjusted Capital Expenditure	**762,822**	**940,600**	**640,446**	**436,936**	**333,420**
Net cash generated from operating activities	1,736,007	3,011,049	2,051,840	1,108,990	555,149

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
			(USD '000)		
*Net cash generated from operating activities – **Abraj***	(125,245)	(77,549)	(84,575)	—	—
Adjusted Capital Expenditure	(762,822)	(940,600)	(640,446)	(436,936)	(333,420)
Adjusted Free Cash Flow	**847,940**	**1,992,900**	**1,326,819**	**672,054**	**221,729**

(5) The following table sets forth a reconciliation of Adjusted Net External Debt (including Abraj), Adjusted Net External Debt, Adjusted Leverage (referencing Adjusted EBITDA as is reconciled in the table in note 3 above), Adjusted Total equity and Adjusted Gearing to the relevant items in the statement of financial position for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2021	2022	2023	2024
		(USD '000, except percentages)		
Borrowings (current)	424,423	356,616	264,870	76,923
Borrowings (non-current)	683,150	428,785	187,120	—
Cash and cash equivalents	(377,661)	(411,585)	(640,780)	(406,001)
(***Adjustment for***) Restricted cash (*part of cash and cash equivalents in respect of the year ended 31 December 2021 only*)	28,839	—	—	—
Adjusted Net External Debt (including Abraj)	**758,751**	**373,816**	**(188,790)**	—
*Borrowings (current) – **Abraj***	(39,808)	(48,925)	(34,360)	—
*Borrowings (non-current) – **Abraj***	(227,588)	(199,826)	(187,120)	—
*Cash and cash equivalents – **Abraj***	45,788	58,606	20,958	—
Adjusted Net External Debt[(a)]	**537,143**	**183,671**	**(389,312)**	**(329,078)**
Adjusted EBITDA[(b)]	1,683,470	2,662,877	2,050,828	824,111
***Adjusted EBITDA**, six months ended 31 December 2023*[(c)]	—	—	—	969,515
Adjusted Leverage[(a over sum of b and c)]	**31.9%**	**6.9%**	**(19.0)%**	**(18.3)%**
Total equity	3,671,763	3,686,523	3,560,275	3,439,208
*Equity – **Abraj***	(346,990)	(375,541)	(291,859)	—
Adjusted Total equity[(d)]	**3,324,773**	**3,310,982**	**3,268,416**	**3,439,208**
Adjusted Gearing[(a over d)]	**16.2%**	**5.5%**	**(11.9)%**	**(9.6)%**

(6) The following table sets forth a reconciliation of Adjusted ROCE to total assets (also providing a reconciliation of Adjusted Total assets to total assets), total current liabilities (also providing a reconciliation of Adjusted Total current liabilities to total current liabilities) and operating profit (referencing Adjusted Operating profit as is reconciled in the table in note 2 above) for the periods indicated:

	Year ended 31 December			**Six months ended 30 June**
	2021	**2022**	**2023**	**2024**
	(USD '000, except percentages)			
Total assets	5,601,187	5,824,709	5,314,755	4,624,960
*Assets - **Abraj***	(752,472)	(733,412)	(716,824)	—
Adjusted Total assets	**4,848,715**	**5,091,297**	**4,597,931**	**4,624,960**
Total current liabilities	1,080,858	1,571,611	1,372,153	991,498
*Current liabilities – **Abraj***	(148,304)	(125,489)	(209,907)	—
Adjusted Total current liabilities	**932,554**	**1,446,122**	**1,162,246**	**991,498**
Adjusted Operating profit[(a)]	1,304,324	1,631,924	1,108,761	445,481
Adjusted Operating profit, six months ended 31 December 2023[(b)]	—	—	—	526,135
Adjusted Total assets *less* Adjusted Total current liabilities[(c)]	3,916,161	3,645,175	3,435,685	3,633,462
Adjusted ROCE[(sum of **a** and **b**, over **c**)]	**33.3%**	**44.8%**	**32.3%**	**26.7%**

GaffneyCline Reserves Report[21]

The Company commissioned GaffneyCline to carry out an independent assessment of reserves and resources pertaining to certain of the Company's assets. The GaffneyCline Reserves Report is included in Appendix 1. The asset perimeter for the GaffneyCline Reserves Report includes Blocks 9, 10, 11, 47, 48, 53, 60, 61 and 65.

The table below contains a summary of the Company's 1P, 2P and 3P reserves for certain of its assets aggregated to the Company level as at 30 June 2024. The table includes reserves that have been independently evaluated by GaffneyCline, comprising Gross Field and Net Entitlement Reserves according to the PRMS definitions and guidelines. The table also includes volumes reported as Independent Net Working Interest Reserves. These volumes have been calculated by multiplying GaffneyCline's Gross Field reserves at the contract area level with the Company's working interest at the contract area level and aggregating the results at the Company level. The reserves included in the table below are sales volumes and exclude volumes consumed in operations (CiO or fuel).

21 Additional detail on the assumptions utilised by GaffneyCline and the definitions of reserves and resources can be found in the GaffneyCline Reserves Report set out in Appendix 1. Capitalised terms used exclusively in this section have the meanings assigned herein and are calculated based on GaffneyCline estimates.

Commodity	Gross Field[1]			Net Entitlement Reserves[2]			Independent Net Working Interest Reserves[3]		
	1P	2P	3P	1P	2P	3P	1P	2P	3P
Oil and Condensate (mmbbl)[4].........................	402	725	1,050	83	134	183	157	275	392
Gas (bscf)[4]	7,517	12,007	15,533	1,368	2,114	2,666	2,061	3,245	4,221
Total (mmboe)[4].............	1,698	2,795	3,728	319	499	642	512	834	1,120

Notes:

(1) Gross Field volumes are 100 per cent. of the volumes estimated to be commercially recoverable from the fields under the existing and intended development plans. The volumes in this table are an aggregation of field volumes in the Company portfolio.

(2) Net Entitlement Reserves are the Company's net economic entitlement volumes under the terms of the contract that governs each asset. For EPSAs this is equal to the Company's working interest share of cost recovery and contractor profit oil. For concession agreements it is equal to the Company's working interest share of production net of the Government's share of production.

(3) Independent Net Working Interest Reserves are the Company's working interest fraction of the Gross Field reserves; they do not represent the Company's actual net entitlement under the terms of contracts that govern the assets.

(4) Oil and condensate volumes are reported in mmbbl and gas volumes are reported in bscf. Aggregated liquid (oil and condensate) and gas reserves are reported in mmboe using the conversion factor 1 boe = 5.8 kscf of gas.

The table below contains a summary of the Company's 1C, 2C and 3C contingent resources for certain of the Company's assets aggregated to the Company level as at 30 June 2024. GaffneyCline has independently evaluated the Company's contingent resources comprising Gross Field and Net Working Interest volumes at different project maturity sub-classes according to the PRMS definitions and guidelines. The table below shows volumes that have been calculated by aggregating GaffneyCline's contingent resources at maturity sub-class level to the Company level. The volumes reflected in the table below are "unrisked", as a result of which no adjustment has been made for the risk that the project may not go ahead in the form envisaged or may not go ahead at all (i.e., no "chance of development" ("**Pd**") factor has been applied). Contingent resources should not be aggregated with reserves because of the different levels of risk involved. Additional detail on the assumptions utilised by GaffneyCline and the definitions of reserves and resources can be found in the GaffneyCline Reserves Report set out in Appendix 1.

Commodity	Gross Field[1]			Net Working Interest[2]		
	1C	2C	3C	1C	2C	3C
Oil and condensate (mmbbl)[3]..............	698	1,149	2,015	224	338	570
Gas (bscf)[3]	6,518	13,501	24,960	1,767	3,700	6,916
Total (mmboe)[3]..................................	1,822	3,477	6,318	529	976	1,763

Notes:

(1) Gross Field contingent resources are 100 per cent. of the volumes estimated to be recoverable from the fields in the event that they are developed according to the intended development options. The volumes in this table are an aggregation of field volumes in the Company portfolio.

(2) Net Working Interest contingent resources are the Company's working interest fraction of the Gross Field contingent resources; they do not represent the Company's actual net entitlement under the terms of contracts that govern the assets, which would be lower.

(3) Oil and condensate volumes are reported in mmbbl and gas volumes are reported in bscf. Aggregated liquid (oil and condensate) and gas reserves are reported in mmboe using the conversion factor 1 boe = 5.8 kscf of gas.

The table below contains a summary of the Company's 1U (low estimate), 2U (best estimate) and 3U (high estimate) risked prospective resources for certain of the Company's assets aggregated to the Company level as at 30 June 2024.

GaffneyCline has independently reviewed the Company's own estimates of unrisked prospective resources, including geoscience validity of prospects and leads, volumetric estimates and chance of geologic discovery (Pg)[22], according to the PRMS definitions and guidelines, and has found the Company's estimates to be reasonable. The table below shows risked volumes that have been calculated by multiplying the Company's unrisked prospective resources with the respective Pg for each prospect or lead, and then aggregating to the Company level. The volumes reflected in the table below are "risked", as a result of which the gross and net prospective resources have been multiplied by the Pg assigned to each individual prospect; no adjustment has been made for the chance of development. Identification of prospective resources associated with a prospect is not indicative of any certainty that the prospect will be drilled, or will be drilled in a timely manner. Under the PRMS guidelines, prospective resources should not be aggregated with each other, or with reserves or contingent resources, because of the different levels of risk involved.

Commodity	**Risked Gross[(1)]**			**Risked Net Working Interest[(2)]**		
	1U	**2U**	**3U**	**1U**	**2U**	**3U**
Oil and condensate (mmbbl)[(3)]	99	325	827	41	115	310
Gas (bscf)[(3)]	280	2,411	6,388	79	499	1,563
Total (mmboe)[(3)]	147	741	1,929	55	201	580

Notes:

(1) Risked Gross prospective resources are 100 per cent. of the volumes estimated to be recoverable from the prospect or lead, multiplied by the Pg for the prospect or lead, in the event that a discovery is made. The volumes in this table are an aggregation of individual prospect and lead volumes in the Company's portfolio.

(2) Risked Net Working Interest prospective resources in this table are the Company's working interest fraction of the risked gross prospective resources; they do not represent the Company's actual net entitlement under the terms of the contract that governs the asset, which would be lower.

(3) Oil and condensate volumes are reported in mmbbl and gas volumes are reported in bscf. Aggregated liquid (oil and condensate) and gas reserves are reported in mmboe using the conversion factor 1 boe = 5.8 kscf of gas.

The Independent Net Working Interest 2P reserves of 0.834 bboe calculated from GaffneyCline's appraisal of Gross Field reserves is approximately 14 per cent. lower than the Company's assessment of the working interest 2P reserves of 0.974 bboe as at 30 June 2024.

The GaffneyCline assessment of Net Working Interest 2C contingent resources of 0.976 bboe is approximately 19 per cent. higher than the Company's assessment of working interest 2C contingent resources of 0.820 bboe as at 30 June 2024.

The main reason for these differences is that GaffneyCline has applied economic limit definitions in accordance with PRMS guidelines. As a result, GaffneyCline has categorised certain volumes that the Company considers as 2P reserves as 2C contingent resources instead.

The asset where there is the largest differential between the Independent Net Working Interest 2P reserves calculated from GaffneyCline and the Company's estimates of working interest reserves is Block 53. As

[22] The Chance of Geologic Discovery ("**Pg**") represents an indicative estimate of the probability that drilling the prospect would result in a discovery. This does not include any assessment of the risk that the discovery, if made, may not be developed (i.e., it does not include a Pd).

described in "*Chapter XII—Description of the Company and Business Overview—Operations—Key Producing Assets—Non-Operated—Block 53*", the Company and its joint venture partners are currently in discussions with stakeholders about potential commercial improvement enablers with a view to further enhance the investment in Block 53. GaffneyCline has acknowledged in the GaffneyCline Reserves Report that once new terms have been agreed upon, certain contingent resources in Block 53 could potentially be reclassified as reserves.

GaffneyCline also attributes a lower 2P reserves figure in Block 60 due to a different approach to stage 2 infill wells and the water shut-off project. In Block 65, GaffneyCline's assessment of 2P reserves is higher than Company's estimate because of GaffneyCline taking account of recent positive production rates.

For additional information relating to how reserves estimates impact the Company's results of operations, see "*Chapter XIV—Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Company's Business and Results of Operations—Reserves*"

Chapter XIV
Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of operations of the Company should be read in conjunction with the information set out in "Chapter XIII—Selected Historical Financial, Operating and Other Information" and the Financial Statements included elsewhere in this Prospectus. For a description of the financial information presented in this Prospectus, see "Presentation of Financial, Industry and Market Data".

The following discussion contains certain forward-looking statements that reflect the Company's plans, estimates and beliefs and involve risks and uncertainties. Actual results may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those discussed below and elsewhere in this Prospectus, including under "Forward-Looking Statements", "Chapter IV—Risk Factors" and "Chapter XII—Description of the Company and Business Overview".

Overview

The Company is Oman's largest pure-play oil and gas exploration and production company and its only wholly-Government-owned upstream oil and gas operator. It currently ranks among the top three oil and gas producers and is also one of the largest holders of oil and gas reserves in Oman. The Company, founded in 2009, is a wholly owned subsidiary of OQ, Oman's flagship energy company, and is one of its core assets, with its Adjusted EBITDA[23] accounting for approximately 40 per cent. of OQ's adjusted EBITDA in 2023.

Since 2009, the Company has witnessed significant growth, expanding its average daily production over nearly 14 times, averaging 249 kboe/d on a working interest basis by 2023. Its total production in 2023 constituted approximately 14 per cent. of Oman's total oil, gas and condensate production for that year. As at 30 June 2024, based on Company estimates, it had 2P working interest reserves of approximately 0.974 bboe and 2C working interest contingent resources of 820 mmboe.

The Company benefits from Oman's fundamental advantages, including: (i) its strategic location in a prolific hydrocarbon province with direct access to global shipping routes and logistics hubs; (ii) its well-developed oil and gas sector, which is a major driver of macro-economic fundamentals and a significant contributor to Oman's GDP; (iii) a stable and highly prospective oil and gas operating environment which has attracted many international investors; (iv) the Government's encouragement of investment in gas-intensive industries to support economic diversification and hydrocarbon value optimisation across several industrial cities and zones; (v) an established and competitive regulatory and fiscal framework for the hydrocarbon sector; and (vi) its stable currency, with the Omani Rial having been pegged to the U.S. Dollar since 1973.

The Company has benefited from being the only entity since 2009 assigned or nominated by the Government to exercise its participation rights in oil and gas developments in Oman when a DOC is made by the incumbent explorer and holder of an oil and gas contract area in the country.

The Company has also been supported and strategically positioned by the Government as a participant in several key oil and gas projects. These range from the development of new major oil and gas discoveries, the renewal or extension of an international oil and gas company's development and production license of a legacy contract

[23] For a discussion of how Adjusted EBITDA is calculated, see "*Presentation of Financial, Industry and Market Data—Non-IFRS Information and Certain Other Financial and Operational Data—Non-IFRS Information*" and "*Chapter XIII—Selected Historical Financial, Operating and Other Information—Other Financial and Operational Data*".

area, to the redevelopment of small peripheral fields or the deployment of technology at scale to enhance production and maximise the recovery of a field's reserves.

The Company has a high-quality portfolio of 14 upstream oil and gas assets in Oman (excluding those assets that it is relinquishing or otherwise exiting). These assets range from those in the development and production phase to others being appraised for commerciality or undergoing exploration programmes. Some assets are operated by the Company, while in others, the Company is a participant/non-operator alongside one or more joint venture partners.

The Company's six *key producing assets* comprise:

- Block 60, its flagship operated asset, an onshore contract area that primarily produces oil, and which accounted for nearly 25 per cent. of the Company's total working interest production in 2023;
- Block 61, a non-associated gas and condensate asset, which accounted for 33 per cent. of Oman's gas production in 2023;
- Block 65, a recent addition after a successful exploration programme and subsequent commercial development of the discoveries, which primarily produces oil and offers long-term prospects with sizeable reserve growth potential;
- Block 53, the largest thermal EOR contract area in the Middle East;
- Block 9, which produces oil, gas and condensate and accounted for 10 per cent. of Oman's oil production in 2023; and
- Block 10, a non-associated gas and condensate asset which was brought online in 2023 with the commencement of gas sales and which currently sells its gas production domestically, though with the sanctioning of the Marsa LNG project in 2024, is also now intended, once the LNG train is ready (currently expected for 2028), to supply gas to the Marsa LNG plant at the Port of Sohar, which will be the Middle East's first LNG bunkering facility with the option to export LNG.

The Company's three *exploration assets* comprise Blocks 48, 11 and 47.

The Company's five *other assets* comprise:

- Block 8, the only offshore production contract area in the Company's portfolio, which it operates on behalf of the Government through a service agreement;
- MGP, an oil and gas processing facility and oil export terminal operated by the Company which currently processes the production from Block 8 and is well positioned to provide similar services to new oil and gas discoveries in the Musandam region, providing strategic energy infrastructure with fixed returns;
- two other service agreements in respect of the KSF and the RSF, both of which relate to producing contract areas; and
- a long-term sale and purchase arrangement in respect of gas imported to Oman from the Dolphin field in Qatar.

The Company is currently in the process of relinquishing its interests in three assets – Blocks 52, 30 and 62. It also completed the relinquishment of another asset, Block 42, in December 2023.

The majority of the Company's assets are operated pursuant to the terms of an EPSA, the main granting instrument by which the Government assigns the rights and obligations to a contractor to explore and produce hydrocarbons from a contract area, and a JOA, which governs the relationship between the participants for joint venture assets. Other assets operate under service agreements, concession agreements (in which case, a JOA as well) or tariffs-based agreements. The Company's partners include some of the world's largest oil and gas companies, including BP, Eni, MedcoEnergi, Occidental, Petronas, PTTEP, Shell and TotalEnergies, among others.

The Company sells all its oil and condensate entitlements to OQ Trading, an affiliated company that is wholly owned by OQ, on an FOB basis and for export at the Mina Al Fahal terminal pursuant to one- to two-year renewable contracts for each applicable contract area. These contracts are priced based on the Government's OSP for OEB plus a fixed premium for the term of the contract. The OSP is the monthly mean of the "Marker Price" for OEB as traded two months ahead for the relevant month on the DME. The Company currently sells all of its gas entitlement to IGC at pre-agreed prices pursuant to long-term, U.S. dollar-denominated GSAs, signed with IGC, with take or pay features.

The following table sets out certain key financial metrics of the Company as at and for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024.

	As at and for the year ended 31 December			As at and for the six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
Adjusted Revenue[(1)] (*OMR ’000*)	843,873	1,266,290	1,087,762	554,884	427,892
of which oil and condensate sales (*OMR ’000*)	642,172	1,027,140	867,181	456,617	321,416
of which gas sales (*OMR ’000*)	169,964	199,525	136,044	73,040	80,696
Adjusted Profit before tax[(1)] (*OMR ’000*)	491,044	619,426	690,396	217,759	179,161
Adjusted EBITDA[(1)] (*OMR ’000*)	648,304	1,025,474	789,774	416,416	317,365
Adjusted Free Cash Flow[(1)] (*OMR ’000*)	326,542	767,466	510,958	258,808	85,388
Adjusted Total assets[(1)] (*OMR ’000*)	1,867,240	1,960,658	1,770,663		1,781,072

Note:

(1) For a discussion of how Adjusted Revenue, Adjusted Profit before tax, Adjusted EBITDA, Adjusted Free Cash Flow and Adjusted Total assets are calculated, see "*Presentation of Financial, Industry and Market Data—Non-IFRS Information and Certain Other Financial and Operational Data—Non-IFRS Information*" and "*Chapter XIII—Selected Historical Financial, Operating and Other Information—Other Financial and Operational Data*". Non-IFRS information presented for the years ended 31 December 2021, 2022 and 2023 is derived primarily from the Annual Financial Statements, which are presented on a consolidated basis. Non-IFRS information presented for the six months ended 30 June 2023 and 2024 is derived primarily from the Interim Carve-Out Financial Statements, which are presented on a carve-out basis, excluding Abraj.

Key Factors Affecting the Company's Business and Results of Operations

The most significant factors that have affected and/or are expected to affect the Company's results of operations and financial condition include the following:

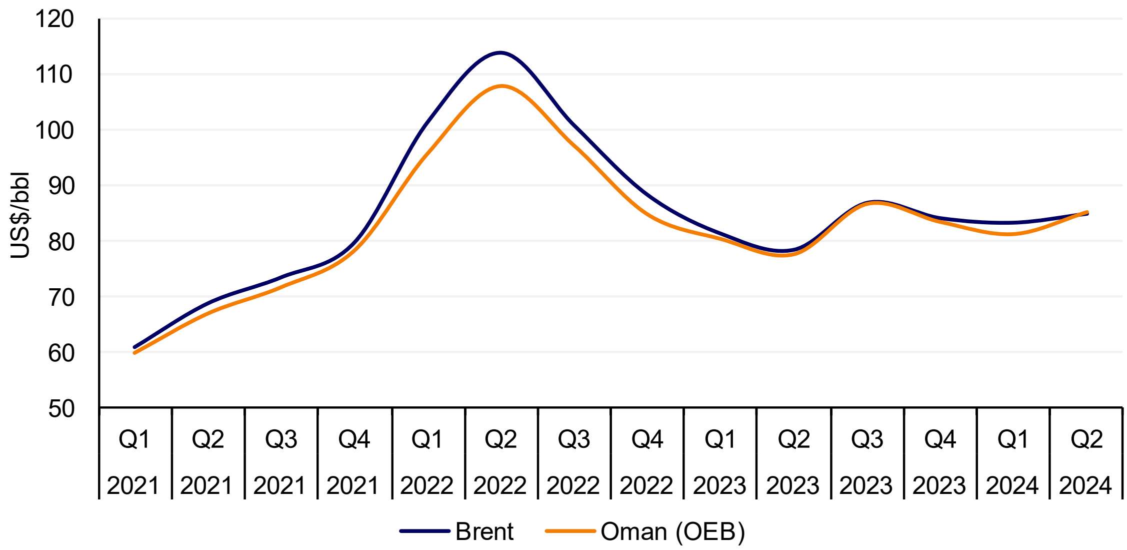
Market Supply, Demand and Related Price of Oil and Gas

Oil and condensate

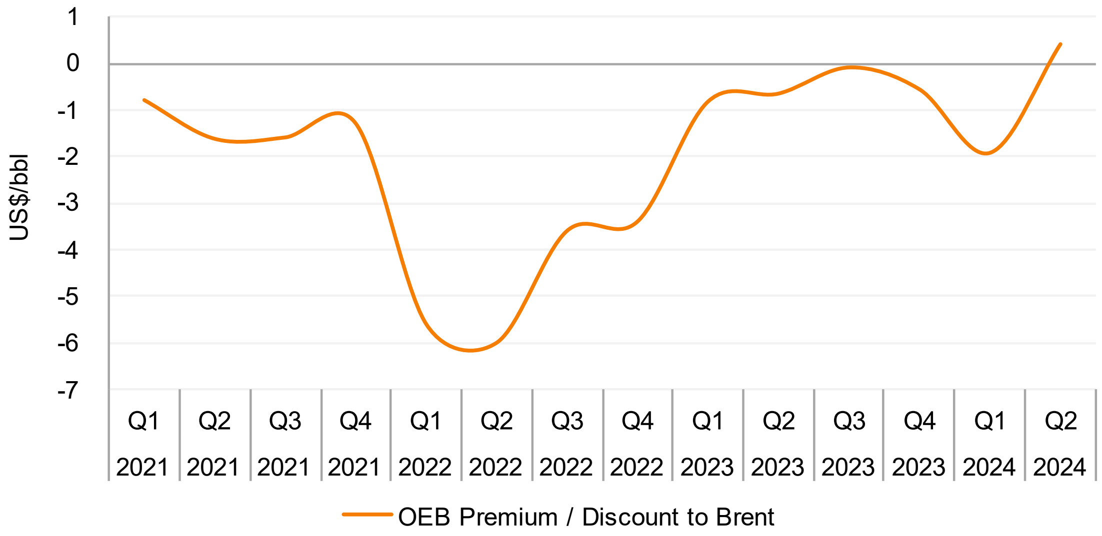
Sales of oil and condensate, which is a by-product of both oil and gas production, are the largest component of the Company's revenue, accounting for 67.1 per cent., 73.9 per cent., 71.8 per cent. and 75.1 per cent. of the Company's revenue for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June

2024, respectively. The 46.2 per cent. increase in the average realised sales price of the Company's oil and condensate from US$65.23 for the year ended 31 December 2021 to US$95.35 for the year ended 31 December 2022 accounted for 77.0 per cent. of the US$999.7 million increase in the Company's revenue from US$1,668 million for the year ended 31 December 2021 to US$2,667 million for the year ended 31 December 2022. Similarly, the 12.0 per cent. decrease in the average realised sales price of the Company's oil and condensate from US$95.35 for the year ended 31 December 2022 to US$83.90 for the year ended 31 December 2023 accounted for 77.1 per cent. of the US$415.4 million decrease in the Company's revenue from US$2,667 million for the year ended 31 December 2022 to US$2,252 million for the year ended 31 December 2023. Accordingly, the Company's results of operations and cash flows are significantly impacted by the price at which it sells its oil, which it commingles with production from other contract areas to form OEB.

The Company sells all its oil and condensate entitlements to OQ Trading, an affiliated company that is wholly owned by OQ, on an FOB basis and for export at the Mina Al Fahal terminal pursuant to one- to two-year renewable contracts for each applicable contract area. These contracts are priced based on the Government's OSP for OEB plus a fixed premium for the term of the contract. The OSP is the monthly mean of the "Marker Price" for OEB as traded two months ahead for the relevant month on the DME. The OSP near which the Company sells its oil and condensate has largely followed fluctuations in Brent prices. The following chart (source: Market Report) presents historical information on Brent crude and the OEB, and illustrates how OEB has remained closely aligned with prices of Brent crude for the period from 1 January 2021 through 30 June 2024:



In addition, the following chart (source: Market Report) presents historical information on the nominal OEB price differential relative to Brent crude prices, illustrating an average discount of approximately US$1.97/bbl over the period from 1 January 2021 through 30 June 2024:



Crude oil prices have historically been volatile and are dependent upon the balance between supply and demand, particularly as a result of OPEC production. Following significant fluctuations in the price of Brent as a result of the COVID-19 pandemic's impact on worldwide demand for oil and economic activity, as well as other supply and demand factors, Brent prices recovered to above US$60/bbl in January 2021, reaching US$77.24/bbl by 31 December 2021. Following the beginning of the conflict in Ukraine in February 2022, Brent prices increased significantly, reaching a high of US$133/bbl in August 2022. In subsequent months, Brent prices decreased to levels comparable to those prior to the conflict in Ukraine, ending 2022 at US$82.82/bbl, reflecting the Chinese government's abandonment of its zero-COVID policy and robust consumption in the United States.

In the first half of 2023, Brent crude prices decreased to a low of US$71.03/bbl in connection with developments in the banking sector, such as the collapse of Silicon Valley Bank, the takeover of Credit Suisse and fears regarding a global recession (including concerns about China's economic growth and fears of a U.S. recession) and higher-than-expected Russian oil exports that put downward pressure on oil prices. However, during the second half of 2023, the average price of Brent crude increased to US$84.52/bbl and the price as at 31 December 2023 was US$77.69/bbl, primarily reflecting the resilience of the U.S. economy and production cuts by OPEC+. During the first six months of 2024, the price of Brent oil remained strong, increasing to US$87.26 at 30 June 2024 due to the extension of OPEC+ cuts in production.[24]

In 2021, 2022 and 2023 and the first half of 2024, the average price for OEB per barrel was US$64.29, US$95.36, US$82.06 and US$83.24, respectively.

The price of OEB is also impacted by the actions of OPEC+. In December 2020, following the significantly negative impact on oil demand resulting from the COVID-19 pandemic, OPEC+ agreed to relax output curbs by 500,000 bbl/d from 1 January 2021 to 7.2 mmbbl/d. In August 2021, OPEC+ increased overall production by 400,000 bbl/d. In August 2022, OPEC+ increased production of oil by a further 100,000 bbl/d. However, in November 2022, OPEC+ reduced production by 2 mmbbl/d from the August production levels. During the first half of 2023, OPEC+ unexpectedly announced a further reduction in production of 1.15 mmbbl/d, as a means to support and increase oil prices. The announcement resulted in an immediate increase in Brent oil prices from US$79 per bbl to more than US$86 per bbl, although they subsequently decreased. In June 2023, the Saudi government announced a voluntary cut of an additional one million barrels per day, as part of its commitment

[24] Source: US Energy Information Administration.

to maintaining oil prices at current levels, and these cuts were subsequently extended through 31 December 2023. Following the extension of Saudi Arabia's production cuts in September 2023, Brent oil prices increased to over US$90 a barrel before decreasing in the fourth quarter. Following Angola's announcement in December 2023 that it was leaving OPEC, Brent oil prices decreased to US$77.86. During the first six months of 2024, the price of Brent oil increased to US$86.41 due to the extension of OPEC+ cuts in production. Further changes in OPEC or OPEC+ membership and additional cuts to production at either the OPEC+ level or by individual countries may also impact the price of oil.

Gas

Sales of gas accounted for 12.8 per cent., 14.4 per cent., 11.3 per cent. and 18.9 per cent. of the Company's revenue for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

Prior to 1 January 2023, the Government gas aggregator and purchaser was MEM and, since 1 January 2023, IGC has performed this role. As a result, IGC is currently responsible for procuring all gas available for sale from the Company and other gas producers in Oman, transporting it through the gas network operated by OQGN, and then selling it to its customers. In the year ended 31 December 2022, for example, these customers comprised LNG exporters (representing 33 per cent. of international and domestic gas demand), industrial projects (27 per cent.), oil field and other uses (24 per cent.) and power and desalination (15 per cent.).

For each of the Company's contract areas that produces gas, a long-term, U.S. dollar-denominated GSA is signed between the entitlement holders (being the joint venture partners and the Government, if applicable) and IGC, pursuant to which IGC agrees to pay for the Company's gas at a pre-agreed price that was determined with reference to, *inter alia*, the operator's cost of production, its anticipated capital and operating expenditure, and an agreed return, with take or pay features. Pursuant to each GSA, the price at which IGC agrees to purchase gas typically has an annual escalation factor of 2 per cent. for the term of the relevant GSA.

Reserves

The Company estimates its reserves and resources using standard recognised evaluation techniques applied by its in-house reserve engineering team and external reserves reviewer.

1P, 2P, and 3P reserves represent different levels of certainty in oil and gas reserves estimation. 1P reserves, or proven reserves, are quantities that are reasonably certain to be recoverable under existing economic and operational conditions and include proved developed producing (PDP), proved developed non-producing (PDNP) and proved undeveloped (PUD) categories. 2P reserves add probable reserves to the 1P total, offering a moderately certain estimate. 3P reserves combine proven, probable, and possible reserves, providing the broadest yet least certain estimate. Similarly, 1C, 2C, and 3C refer to contingent resources, which are quantities of hydrocarbons estimated to be potentially recoverable but not yet considered commercially viable. 1C represents the low estimate (high certainty), 2C is the best estimate (moderate certainty), and 3C is the high estimate (low certainty) of contingent resources, reflecting varying degrees of technical and economic feasibility.

The tables below contain a summary of the Company's estimated 1P, 2P and 3P reserves and 2C contingent resources as at 31 December 2023 and 30 June 2024. The Company's working interest in reserves is the percentage of the Company's working interest multiplied by the relevant gross reserves or resources figure for the contract area, aggregated across contract areas (without reduction for royalties or production share allocated to the Government under the applicable fiscal terms). The Company seeks to achieve a 100 per cent. reserves replacement ratio going forward.

Working interest 1P reserves	As at 31 December 2023	As at 30 June 2024
Oil and condensate (mmbbl)	262	240
Gas (bscf)	2,394	2,274
Total (bboe)	0.675	0.632

Working interest 2P reserves	As at 31 December 2023	As at 30 June 2024
Oil and condensate (mmbbl)	422	400
Gas (bscf)	3,449	3,330
Total (mmboe)	1.016	0.974

Working interest 3P reserves	As at 31 December 2023	As at 30 June 2024
Oil and condensate (mmbbl)	578	556
Gas (bscf)	4,411	4,291
Total (bboe)	1.338	1.296

Working interest 2C contingent resources	As at 31 December 2023	As at 30 June 2024
Oil and condensate (mmbbl)	323	323
Gas (bscf)	2,882	2,882
Total (mmboe)	820	820

Reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices. The estimated future date when an asset will reach the end of its economic life is based on the Company's forecasted economic scenarios, including costs and oil price. This date estimates when production will end and affects the amount of estimated reserves. Therefore, as prices, cost levels, technical assessments of recoverable resources and the development of as yet undeveloped discoveries change from year to year, the estimate of reserves also changes. Reserves estimates are one of the key factors when assessing oil and gas assets for impairment in addition to inflation rates, oil and gas prices and the discount rate used. The Company's results for the year ended 31 December 2021 reflect a reversal of impairment previously recorded for Block 60 on account of an increase in reserve estimates for the contract area.

Future commodity price assumptions tend to be stable because the Company does not consider short-term increases or decreases in prices as being indicative of long-term levels, but they are nonetheless subject to change. The gas prices are set out in the relevant GSAs. See "—*Market Supply, Demand and Price of Oil and Gas—Gas*" above.

Access to additional resources may become increasingly difficult and/or expensive, and decreases in commodity prices can make projects uneconomic or unattractive, and therefore decrease the Company's economically viable reserves. In addition, the level of 2P reserves is affected by such factors as the rate at which exploration activity leads to successful discoveries and the speed at which successful exploration and development move to production, the speed at which the Company depletes the reserves through the production of oil and gas, and the expiry and extension of the terms of the concessions. As such, the timing and level at which the Company adds to its reserve base may, or may not, allow it to replace its production over subsequent years.

As the economic assumptions change and additional geological information is obtained, estimates of recoverable reserves may change. These changes may, in turn, result in changes in estimated future cash flows which may impact the carrying value of the Company's property, plant and equipment. Similarly, there may be changes in depreciation, depletion and amortisation charges where such charges are determined using the unit of production method, or where the useful life of the related assets change, or it may require revisions to provisions for decommissioning where changes to reserves estimates affect expectations about when such activities will occur and the associated cost of these activities.

Production

Production Volumes

The Company's production volumes are the primary driver of the Company's revenue and, therefore, have a significant impact on its results of operations. The Company's production levels also affect reserves and depletion charges and other costs, as discussed below under "—*Cost of sales*".

Historically, the Company's oil and condensate production volumes from Block 60 have had the most significant impact on its results of operations, and the Company expects this to continue to be the case in the near to medium term. For the year ended 31 December 2022, the 8.6 mmbbl increase in working interest oil production in Block 60 accounted for 85.2 per cent. of the 10.1 mmbbl increase in total working interest oil production for the Company's producing assets as compared to the year ended 31 December 2021, while for the year ended 31 December 2023, the 3.0 mmbbl increase in working interest oil production in Block 60 accounted for 68.1 per cent. to the 4.4 mmbbl increase in total working interest oil production for the Company's producing assets as compared to the year ended 31 December 2022. The Company's portion of gas production as compared to total production has increased from approximately zero per cent. in 2014 to approximately 40 per cent. for the year ended 31 December 2023. The table below presents certain information on the Company's oil and gas production for the periods indicated:

	Working interest production									
	For the year ended 31 December						**For the six months ended 30 June**			
	2021		**2022**		**2023**		**2023**		**2024**	
	Oil and condensate (mmbbl)	*Gas (bscf)*	*Oil and condensate (mmbbl)*	*Gas (bscf)*	*Oil and condensate (mmbbl)*	*Gas (bscf)*	*Oil and condensate (mmbbl)*	*Gas (bscf)*	*Oil and condensate (mmbbl)*	*Gas (bscf)*
Total Producing Operated Assets.........	10.0	13.7	18.6	11.1	21.7	11.3	11.2	6.0	6.5	3.5
Average Daily Production, Operated Assets[(1)]	27.3	0.04	51.0	0.03	59.5	0.03	61.7	0.03	35.5	0.02
Total Producing Non-Operated Assets	30.0	162.4	31.5	182.6	32.8	199.7	16.3	96.6	16.5	110.9

Average Daily Production, Non-Operated Assets[(1)]	82.3	0.4	86.4	0.5	89.8	0.5	90.1	0.5	90.9	0.6
Total Producing Assets	40.0	176.1	50.2	193.7	54.5	211.0	27.5	102.5	23.0	114.4
Average Daily Production, Total Producing Assets[(1)]	109.7	0.5	137.4	0.5	149.4	0.6	151.8	0.6	126.4	0.6

Note:

(1) Working interest production divided by the number of days for the relevant period. Shown as kbbl/d in the case of oil and condensate and mmscf/d in the case of gas.

Cost of sales

In the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024, the Company's cost of sales were OMR 584.5 million, OMR 715.0 million, OMR 725.6 million, OMR 325.3 million and OMR 257.4 million.

The Company's cost of sales affects its results of operations. Cost of sales comprises (i) operating costs and (ii) depreciation, depletion and amortisation. Operating costs include certain staff costs, electricity and fuel, processing fees, oil transportation fees, consumptions (comprising spare parts, chemicals and other materials used in production and plant maintenance), machinery repairs and maintenance, subcontracted work, insurance and other production and operations costs. Depreciation, depletion and amortisation almost entirely relates to the depreciation and depletion of the Company's oil and gas assets.

The Company's oil and gas assets are depreciated on a unit of production basis over the 2P reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. For the purposes of calculating depreciation, the value of oil and gas properties includes both historical capital expenditure and estimated future capital expenditure related to the development of undeveloped 2P reserves, which is divided by the Company's sales entitlements to oil, gas and condensate from the applicable blocks. Thus, the Company's depreciation expense may change across periods based on its assumptions regarding the future development costs necessary to access its 2P reserves. In addition, the Company's depreciation expense can be adversely affected if it is required to take an impairment charge with respect to a particular contract area. The factors the Company considers when making such a determination include oil prices, reserves, inflation, its working interest and operating expenditure. The Company's capital expenditures relating to additions of oil and gas assets are capitalised on the balance sheet and are ultimately expensed on the income statement as depreciation, depletion and amortisation in cost of sales.

Joint Venture Arrangements, Government Participation Rights and Changes in Working Interests

The relationship between the Company and its joint venture partners in respect of its contract areas is governed by the terms of EPSAs/JOAs, a concession agreement, a service agreement, a tariff agreement or a long-term sale and purchase agreement.

The Company has a portfolio of working interests in nine onshore oil and gas exploration and production assets in Oman, of which two are operated by the Company and seven are non-operated. See "*Chapter XII—Description of the Company and Business Overview—Operations*" for further information regarding the Company's ownership interests in its contract areas. In addition, the Company has three service agreements, a tariff agreement and a long-term sale and purchase agreement.

The Company has sought, and in the future may seek, to monetise value that has been created and/or to optimise its strategic portfolio and financial position by divesting all or a portion of its interest in a particular asset. In addition, the Company has benefited and may continue to benefit from the Government's exercise of participation rights in joint venture contract areas, which affects its working interest in those assets.

The Company recognises working interests in its joint venture arrangements that are governed by EPSAs and JOAs (or, in the case of Block 10, a concession agreement) using proportional consolidation, as a result of which the Company's share of assets, liabilities, revenues and expenditures of its joint ventures are combined with the equivalent line items in its financial statements. Thus, changes in the Company's working interest in these contract areas can have a material impact on its results of operations from period to period, particularly if its interest in a contract area decreases through the divestment of all (through an exit) or a portion of its working interest or increases due to acquisitions or the Company being the Government's preferred nominee through which it elects to exercise its participation rights. The Company lifts its portion of production to the extent of its working interest net of royalties or production share allocated to the Government under the applicable fiscal terms.

- *Partial divestments*: In 2023, the Company divested a 40 per cent. interest in each of Blocks 60 (its largest operated producing asset) and 48, thereby reducing its working interest in each block to 60 per cent. These changes took effect pursuant to a Royal Decree 86/2023 (Approving the Assignment of Percentage of the Rights and Obligations in the Petroleum Agreement for Concession Block 60) dated 20 November 2023, as gazetted on 26 November 2023. The Company began proportionally accounting for Blocks 60 and 48 on a 60 per cent., rather than 100 per cent., working interest basis on 12 December 2023, being the date on which the divestment was effective with its assignee. In connection with these divestments, the Company expensed transaction costs (including an assignment bonus to MEM) and derecognised the carrying value of Blocks 60 and 48. For Block 60, the Company adjusted its oil and gas assets and working capital, derecognised the carrying value of right-of-use assets and recognised a site restoration obligation and lease liability. For Block 48, the Company adjusted the carrying value of its oil and gas assets and recognised the remaining excess cash consideration as other reserve in equity in its statement of financial position. In its statement of profit or loss, the Company recognised a one-off gain on divestment of OMR 274.7 million in the year ended 31 December 2023, entirely attributable to Block 60. Based on management calculations excluding the impact of the divested 40 per cent. interest in Block 60, the Company's revenue, operating profit and profit for the period between 30 June 2023 and 30 June 2024 would have changed as follows: revenue would have decreased by 6 per cent., operating profit would have decreased by 1 per cent. and profit for the period would have increased by 6 per cent. See Note 18 in the 2023 Annual Financial Statements.

- *Acquisitions*: In 2022, upon agreement and issuance of respective Royal Decrees, the Company acquired and began recording a 20 per cent. working interest in Block 10, a producing asset, and a 10 per cent. working interest in Block 11, an exploration asset. In conjunction with Block 10, the Company entered an agreement with TotalEnergies pursuant to which the Company holds a 20 per cent. working interest in Marsa, as a result of which 6.6 per cent. of the Company's 20 per cent. interest in Block 10 is held indirectly through Marsa.

- *Participation rights*: In September 2022, the Government exercised participation rights through the Company in respect of Block 65, as a result of which the Company increased its working interest in Block 65 from 27.14 per cent. to 49 per cent.

- *Exits*: In addition, the Company, in conjunction with its joint venture partners, has notified the Government of its intention to relinquish its interest in Block 52, which it expects to be completed by the end of 2024, and has agreed in principle with its joint venture partner, Oxy, to exit Blocks 30 and 62, pending Government approval. These relinquishments will not have a notable impact on the Company's financial results, as they relate to exploration assets which are not producing and for which the Company will not receive consideration upon relinquishment of the asset to the Government. Additionally, the EPSA for Block 42 expired in December 2023 and the Company and its joint venture partners decided not to extend it, and thus the Company no longer has rights in the asset.

As a result of changes in the Company's working interests, the financial results of the Company may not be directly comparable from period to period.

Project Management, Operational Efficiency and Co-operation with Joint Venture and Other Partners

The Company is engaged in complex, long-term and capital-intensive projects requiring a high degree of project management expertise to maximise efficiency and profitability. Specific factors that can affect the performance of major projects include the Company's ability to: negotiate successfully with, among others, the Government and its suppliers and customers (i.e., OQ Trading and IGC); manage changes in operating conditions and costs, including costs of third-party equipment or services; and prevent, to the extent possible, and respond effectively to, unforeseen difficulties that could delay project start-up or cause unscheduled project downtime. An important component of the Company's competitive performance, especially given the commodity-based nature of its business, is its relatively low operating cost base. This is largely attributable to its attractive portfolio mix, operational excellence and efficiency, multi-field experience and cross-learning, attractive contracting strategy, lean processes and continuous improvement initiatives built over the years, including its ability to manage administrative and production expenses and optimise production yields on an ongoing basis.

In parallel, the Company's ability to manage its relationship with its partners is essential to its ongoing success. The Company's assets comprise its portfolio of: (i) six key producing assets (one operated and five non-operated, in each case pursuant to the terms of an EPSA/JOA or, the case of Block 10, a concession agreement/JOA); (ii) three exploration assets (one operated and two non-operated, in each case pursuant to the terms of an EPSA/JOA); (iii) five other assets (three service agreements, a tariff agreement and a long-term sale and purchase arrangement); and (iv) three assets under an exit process (all non-operated). As the Company accounts for its joint ventures (assets under an EPSA/JOA or concession agreement/JOA) under the proportional consolidation method, its results of operations are heavily affected by its ability to co-operate effectively with its partners in such ventures to achieve operational efficiency and resolve any disputes. For further information on the Company's partnerships, see "*Chapter XII—Description of the Company and Business Overview—Strengths—Partner of choice to blue-chip IOCs*".

Administrative Expenses

In the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024, the Company's administrative expenses were OMR 30.2 million, OMR 48.1 million, OMR 53.1 million, OMR 16.5 million and OMR 19.4 million.

Administrative expenses comprise employee-related expenses such as salaries and benefits, as well as communication expenses, office expenses, professional fees and other expenses. Administrative expenses are allocated to each block based on the time contribution to each block. Prior to 2023, part of the OQ Group's administrative expenses were allocated to the Company which were, in turn, allocated to each block the Company maintained an interest in. The majority of these costs are no longer allocated to the Company, but the Company still bears certain shared services costs incurred at the OQ Group level which are then charged back to the Company. These include, for example, administrative offices costs and information, digitisation and solutions costs.

Exploration Costs

The Company's exploration and appraisal activities focus on discovering hydrocarbon resources and assessing their technical feasibility and commercial viability. The results of these activities significantly influence the

Company's future development plans for specific licence areas. Successful exploration increases the value and reserves of resources, whereas unsuccessful exploration may lead to write-offs or impairment charges.

The Company adopts the successful efforts method of accounting for exploration and evaluation costs. Once the legal right to explore has been acquired, costs directly associated with exploration and evaluation are capitalised as exploration and evaluation assets. Such costs may include initial costs of licence acquisition, seismic and other studies, and drilling. Drilling costs are capitalised until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

If no potentially commercial reserves or resources are found, the exploration asset is tested for impairment. Any resulting impairment charge is passed through the profit and loss statement as exploration costs. If potentially extractable hydrocarbons are found and, subject to further appraisal activity (e.g., by drilling further wells), are likely to be developed commercially, the costs continue to be carried as oil and gas exploration and evaluation assets, while sufficient and continued progress is made in assessing the commerciality of the hydrocarbons. All such capitalised costs are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year to confirm the continued intention to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off to profit or loss under exploration costs in the profit and loss statement. When proved reserves are identified and development is sanctioned by management, the relevant expenditure is transferred to property, plant and equipment as an oil and gas asset and is assessed for impairment and any resulting impairment loss is recognised. For further information on the Company's exploration and evaluation activities, see "*Chapter XIII—Description of the Company and Business Overview—Strategy*".

Capital Expenditure

In the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024, the Company's capital expenditure was OMR 343.3 million, OMR 373.7 million, OMR 265.0 million, OMR 168.3 million and OMR 128.4 million.

Capital expenditure relates to the Company's working interest of expenses incurred for developing or upgrading the infrastructure, equipment and facilities required for oil and condensate production and operations and excludes the expenditure on abandonment assets. These expenses pertain to existing and new wells or new projects and include expenses related to reservoir management, development, infrastructure, testing, integrity, safety and environment. Capital expenditure also includes the drilling of wells and the construction and establishment of facilities. The Company's principal oil-related capital expenditure includes: (i) well-related capital expenditure, consisting of expenditure on drilling, hoist, flowline and hook-up; (ii) facility/non-well capital expenditure, consisting of the design, construction, acquisition and installation of production platforms and facilities, pipelines, export processing facilities, insurance spare parts and commissioning costs; and (iii) common non-well capital expenditure, comprising other non-well and non-facility related costs such as salaries, computing/software, environmental costs, research and development. Activities related to the Company's gas operations are similar to those for oil operations and include fracking. Minimal capital expenditure is required to operate existing wells and facilities other than to ensure integrity, and health, safety, sustainability and environment costs.

Historically, the Company has funded its capital expenditure through cash flows from operations. Going forward, the Company remains focused on maintaining a strong financial framework to generate robust cash flows that will continue to fund capital expenditures.

The Company expects its capital expenditure to increase relative to historical amounts due to ongoing capital expenditure requirements for Marsa. The Company also intends to: (i) invest in hydrocarbon exploration and production; (ii) further expand its gas business; and (iii) grow production across oil and gas through several avenues, including increased and optimised exploitation of current assets, additional intrinsic growth through new developments and acquisitions and by leveraging Government's participation rights. For further discussion on the Company's planned capital expenditure, see "*Chapter XIII—Description of the Company and Business Overview—Strategy*" and "*—Forward-Looking Guidance and Targets*".

Taxation

The Company is subject to income tax in accordance with the income tax law of the Sultanate of Oman at the enacted tax rate of 15 per cent. Revenue from EPSAs is taxed at the rate specified in the relevant EPSA but is excluded from the Company's income tax expense and paid by the Government from its share of profit oil.

The Company's oil- and gas-producing assets are not included in the deferred tax computation, as depreciation on these assets is not considered for purposes of computing taxable profit.

Oman's Value Added Tax ("**VAT**") Law was introduced on 16 April 2021, imposing a standard rate of 5 per cent. on the supply of goods and services. Recognising the critical role of the oil and gas sector in the economy, the law provides specific benefits to the oil and gas sector, one of which is the application of a zero per cent. VAT rate on primary and intermediate activities related to the supply of oil and gas. This encompasses activities conducted by the Company, such as exploration, production, transportation, storage, and related services. By applying a zero per cent. VAT rate, the law helps to alleviate the tax burden on oil and gas companies, encouraging continued investment and growth in this vital industry. Additionally, these provisions enable oil and gas companies to operate efficiently without the additional cost of VAT on their essential activities, promoting sustainability and economic stability within the sector.

Finance costs

Finance costs for future periods will reflect a different capital structure from that reflected in the Financial Statements. During the periods under review, the Company's finance costs reflected, *inter alia*, interest payable in respect of the Company's term loans, all of which were extended to Abraj (the "**Abraj Term Loans**"), and the PXF Facility (as defined below). Abraj is no longer a consolidated subsidiary of the Company and the finance costs associated with the Abraj Term Loans have been carved out in the Interim Carve-Out Financial Statements. *See* "*—Divestment of Abraj and Preparation of the Interim Carve-Out Financial Statements*". The aggregate finance costs associated with the Abraj Term Loans in the years ended 31 December 2021, 2022 and 2023 (as reflected in the Annual Financial Statements) were OMR 102.9 million, OMR 95.8 million and OMR 85.3 million, respectively. In addition, the PXF Facility was fully repaid using internally generated cashflows, the effect of which will be reflected in the Company's financial results for the year ending 31 December 2024.

As a result of the foregoing, finance costs for the periods under review are not directly comparable.

The Company's finance costs in future periods will reflect the terms of, *inter alia*, the Refinancing Facilities. See "*—Liquidity and Capital Resources—Liquidity—Borrowings and Financial Liabilities—The Refinancing Facilities*".

Hedging Activities

The Company has historically utilised interest rate swap contracts to mitigate interest rate risk associated with its borrowings. Specifically, the Company engaged in intra-group hedging transactions with OQ, employing variable-to-fixed interest rate swap arrangements to hedge interest rate exposure under PXF borrowings. This interest rate swap transaction was initiated on 15 October 2020. However, the intra-group hedge was discontinued as at 15 June 2024. Currently, the Company does not hedge against fluctuations in oil prices. For further information about hedging practices, refer to Note 31 of the 2023 Annual Financial Statements.

Divestment of Abraj and Preparation of the Interim Carve-Out Financial Statements

In 2023, the Company divested a 49 per cent. interest in its affiliated Omani oil field services company, Abraj, through the initial public offering and listing of Abraj on the MSX, thereby reducing its shareholding to 51 per cent. On 4 July 2024, the Company transferred the remainder of its stake in Abraj to OQ at book value as at 30 June 2024, for consideration of US$185.6 million. OQ paid for the 51 per cent. stake in Abraj through a reduction in the outstanding amount of the Subordinated Loan (as defined below) by US$185.6 million.

The Interim Carve-Out Financial Statements have been prepared on a carve out basis to reflect the removal of Abraj from the Company's consolidated financial results. As the Annual Financial Statements consolidated the financial results of Abraj for the relevant financial periods, they are not directly comparable to the Company's financial results in the Interim Carve-Out Financial Statements.

Forward-Looking Guidance and Targets

As part of the Company's strategy to position itself for long-term growth, it has set certain 2024, medium-term and longer-term targets. These targets are not a profit forecast and no statement or projection in this Prospectus should be interpreted to mean that financial results for any financial periods would necessarily match or exceed historical financial results or meet the targets set out below. The Company has not defined the terms "medium term" or "longer term" by reference to any specific period and, unless otherwise specified, the targets below are not to be read as indicating that the Company is targeting or expecting such metrics in respect of any particular financial year. The Company's ability to meet the 2024, medium-term and longer-term targets depends on a variety of factors, including market conditions and the accuracy of various assumptions involving factors that are beyond the Company's control, and are subject to known and unknown risks, uncertainties and other factors that may result in the Company being unable to implement the strategy and achieve such targets. See "*Forward-Looking Statements*" and "*Risk Factors – Risks Relating to the Company and its Business – The assumptions made in preparing the financial and operational targets included in this Prospectus may prove incorrect, incomplete or inaccurate, and the Company's results may differ materially from its financial and operational targets*". KPMG have not reviewed the 2024, medium-term or longer-term targets and therefore do not express an opinion thereon.

Gross Production

With respect to Blocks 60, 61, 9, 53, 65 and 10, the Company expects that in 2024, gross production will be between 660 kboe/d and 690 kboe/d, with oil and condensate production of approximately 320 kboe/d and gas production of between 2.0 bscf/d and 2.2 bscf/d. The Company expects gross field oil and condensate and gas production to increase slightly in the medium term. For 2024, the Company expects oil and condensate production to represent 48 per cent. of gross production and gas to represent 52 per cent. of gross production. The gas proportion is expected to increase slightly in the medium term.

Pricing

The Company expects the selling price of its crude oil to be at the OSP and for the selling price of its gas to be US$3.50/mmBtu (in 2024 real terms), with a targeted escalation per year of 1.75 per cent. to 2.0 per cent. (based on the volume-weighted average of the Company's current GSAs).

Costs

The Company expects gross operating expenditures to be between US$7/boe to US$9/boe for its producing assets and expects this to remain stable in nominal terms.

The Company expects gross capital expenditure for 2024 to be between US$1.5 billion and US$2.0 billion, with estimated total gross capital expenditure of US$10.0 billion in the medium term. The Company is targeting gross capital expenditure of US$4 billion for 2025 and 2026 and expects that this will decrease slightly year-on-year in the medium term. In the longer term, the Company estimates that it will have capital expenditure of between US$3/boe and US$4/boe per year.

The Company expects to fully recover costs up to a ceiling of between 65 per cent. and 70 per cent. of gross revenue (weighted on lifetime production).

Government Profit Share

For oil and condensate, the Company expects the weighted average Government profit share to be between 65 per cent. and 75 per cent. (based on lifetime production), starting at the higher end of this range in the medium term and falling to the lower end of this range beyond this period. For gas, the Company expects the weighted average Government profit share to be between 45 per cent. and 50 per cent. (based on lifetime production).

Working Interest

The Company expects its volume weighted average working interest to be 33 per cent. for 2024 and expects this to remain stable in the medium term.

Other Income

The Company receives other income from service contracts for Block 8, RSF, KSF and from the tariff agreement for MGP. The Company expects this to be approximately US$100 million for 2024 and that this will remain stable in the medium term.

Corporate General and Administrative Expenses

The Company expects a net cash cost of approximately US$100 million per year (in 2024 real terms), which will escalate in line with the long-term global inflation rate.

Working Capital

The Company does not expect any significant movements in its working capital position.

Oil Price Sensitivity

The Company expects that its Free Cash Flow will vary by approximately 5 per cent. for every US$5/bbl change in the price of oil.

Capital Structure

In the current oil price environment, the Company intends to maintain a maximum leverage ratio of no more than 1.0 times its net debt/EBITDA. Going forward, it intends to maintain a conservative through-the-cycle leverage ratio as compared to its peers' average.

Overview of Key Profit or Loss Items

Revenue

The Company derives substantially all of its revenue from contracts with its customers (i.e., OQ Trading in respect of oil and condensate and IGC in respect of gas) for the transfer of goods and services (which are recognised point in time). The remainder is attributable to processing and services fees for MGP under the tariff agreement with the Government and from the sale of gas purchased from the Dolphin field under the GSA with IGC (which are recognised over time). In the years ended 31 December 2021, 2022 and 2023, revenue also includes revenue from oil field services undertaken by Abraj.

Cost of sales

The Company's cost of sales comprises (i) operating costs and (ii) depreciation, depletion and amortisation. Operating costs primarily relate to pipeline and processing fees, which are based on production volumes transported, well and plant maintenance expenditures, fuel consumption, other materials expense and staff costs. Depreciation, depletion and amortisation expenses are attributable almost entirely to the depreciation and depletion of the Company's oil and gas assets.

Lease income

The Company's lease income reflects monthly payments from the Government under the tariff agreement for MGP, which allows the Company to recover the cost of infrastructure development over a 20-year period from 1 January 2017.

Administrative expenses

The Company's administrative expenses consist primarily of employee-related expenses such as salaries and benefits, as well as communication expenses, office expenses, professional fees and other expenses.

Reversal of impairment of oil and gas assets and other property, plant and equipment

The Company carries out impairment analysis for assets where indicators of impairment, or reversal of impairment, are present. Impairment reversals and charges are mainly due to changes in reserves, fluctuations in expected future commodity prices and development plans at the reporting date.

Gain on divestment

Gain on divestment reflects the sale of the Company's 40 per cent. interest in Block 60 in 2023.

Finance income

The Company's finance income consists primarily of interest income on USD call deposits.

Finance costs

The Company's finance costs principally reflect interest on bank borrowings, as well as interest on lease liabilities and the unwinding of discounts on provision for site restoration and abandonment costs.

Income tax

The Company is taxed separately on certain concession agreements and at the corporate level. Revenue from certain EPSAs is specified in the relevant EPSA and excluded from the Company's income tax expenses and paid by the Government from its share of profit. The relevant tax rate on these blocks is 55 per cent., and the relevant rate at the corporate level is 15 per cent.

Results of Operations

Statement of Profit or Loss

The following table sets forth the Company's statement of profit or loss for the periods indicated:

	Year ended 31 December			**Six months ended 30 June**	
	2021	**2022**	**2023**	**2023**	**2024**
		(consolidated)			***(carve-out)***
			(OMR '000)		
Revenue	956,635	1,389,733	1,207,628	554,884	427,892
Cost of sales	(584,514)	(714,983)	(725,603)	(325,305)	(257,414)
Gross profit	372,121	674,750	482,025	229,579	170,478
Lease income	24,214	23,400	22,512	11,256	10,772

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
		(consolidated)			*(carve-out)*
			(OMR '000)		
Other income	2,694	4,227	135	56	9,670
Exploration costs	(710)	(412)	(4)	—	—
Administrative expenses	(30,226)	(48,132)	(53,087)	(16,521)	(19,365)
Impairment reversal of oil and gas assets and other property, plant and equipment	162,460	—	757	—	—
Write off exploration assets	(2,574)	—	—	—	—
ECL reversals/(charge) on trade receivables	(90)	(192)	323	—	—
Operating profit	527,889	653,641	452,661	224,370	171,555
Gain on divestment	—	—	274,659	—	—
Finance income	1,515	6,534	8,847	4,429	8,982
Finance costs	(16,846)	(21,342)	(26,273)	(11,040)	(4,927)
Share of profit of joint venture					3,551
Profit before tax	512,557	638,833	709,894	217,759	179,161
Income tax	(5,954)	(4,984)	(82,884)	(1,093)	(3,061)
Profit for the year/period	506,603	633,849	627,010	216,666	176,100

Revenue

The following table sets forth the breakdown of the Company's revenue for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
		(consolidated)			*(carve-out)*
			(OMR '000)		
Revenue recognised point-in-time	812,137	1,226,665	1,003,225	529,657	402,112
Sale of oil and condensate	642,172	1,027,140	867,181	456,617	321,416
Sale of gas	169,964	199,525	136,044	73,040	80,696
Revenue recognised over-time	125,000	141,713	204,403	25,227	25,780
Processing and service fees(1)	31,736	47,385	61,274	25,227	25,780
Oil field services(2)	93,264	94,328	143,129	—	—
Other revenue(3)	19,499	21,355	—	—	—
Total revenue	956,635	1,389,733	1,207,628	554,884	427,892

Notes:

(1) Revenue from processing and service fees includes: (a) revenue from the sale of gas purchased from the Dolphin field that has been recognised on a net basis as the Company is considered as an agent in that arrangement; (b) processing fees for MGP under a tariff agreement with the Government and Gas Processing Agreement with IGC; and (c) revenue with respect to fields operated under service agreements.

(2) Revenue from oil field services is entirely attributable to Abraj, which is included in the Annual Financial Statements but not the Interim Carve-Out Financial Statements. For further information, see "*—Key Factors Affecting the Company's Business and Results of Operations—Divestment of Abraj and Preparation of the Interim Carve-Out Financial Statements*".

(3) Other revenue comprises leased operating assets.

The following table sets forth sales volumes and pricing information for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
Oil					
Sales volumes (mmbbl)[(1)]	25.6	28.0	26.8	14.4	10.4
Average realised sales price (US$/bbl)[(2)]	65.23	95.35	83.90	82.44	79.96
Average premium (discount) to Brent crude (US$/bbl)[(3)]	1.09	0.14	1.73	1.17	(2.13)
Average Brent crude price (US$/bbl)	64.14	95.21	82.17	81.27	82.09
Gas					
Sales volumes (bscf)	127.0	143.2	110.1	52.7	58.5
Average realised sales price (US$/mmscf)	3.47	3.62	3.21	3.60	3.60

Notes:

(1) Sales volumes shown are actual volumes lifted after adjusting for an overlift or underlift.

(2) Average Realised Sales Price is calculated on sales revenues after adjustments for overlifts or underlifts divided by actual volumes lifted.

(3) Average Premium (Discount) to Brent crude as calculated for the relevant period.

The Company's revenue decreased by OMR 127.0 million, or by 22.9 per cent., to OMR 427.9 million for the six months ended 30 June 2024, compared to OMR 554.9 million for the six months ended 30 June 2023.

- Sale of oil and condensate: Revenue attributable to the sale of oil and gas condensate decreased by OMR 135.2 million, or by 29.6 per cent., to OMR 321.4 million for the six months ended 30 June 2024, compared to OMR 456.6 million for the six months ended 30 June 2023. The decrease in revenue was primarily due to lower entitlement to production in Block 60 and well as lower production in Block 9 and Block 53. The number of barrels sold decreased by 28.0 per cent. to 10.4 mmbbl in the six months ended 30 June 2024 from 14.4 mmbbl in the six months ended 30 June 2023.

- Sale of gas: Revenue attributable to the sale of gas increased by OMR 7.7 million, or by 10.5 per cent., to OMR 80.7 million for the six months ended 30 June 2024, compared to OMR 73.0 million for the six months ended 30 June 2023. The increase in revenue was primarily due to a 5.8 bscf, or 11.0 per cent., increase in gas sales volumes, primarily resulting from an 89.1 per cent. increase in production volumes in Block 10 to 17.4 bscf in 2024 compared to 9.2 bscf in 2023.

The Company's revenue decreased by OMR 182.1 million, or by 13.1 per cent., to OMR 1,207.6 million for the year ended 31 December 2023, compared to OMR 1,389.7 million for the year ended 31 December 2022.

Sale of oil and condensate:

- Revenue attributable to the sale of oil and gas condensate decreased by OMR 160.0 million, or by 15.6 per cent., to OMR 867.2 million for the year ended 31 December 2023, compared to OMR 1,027.1 million for the year ended 31 December 2022. The decrease in revenue was primarily due to a 12.0 per cent. decrease in the average realised oil price for the year 31 December 2023, to US$83.90/bbl from the average realised oil price of US$95.35/bbl for the year ended 31 December 2022. The number of barrels sold decreased by 4.1 per cent. to 26.84 mmbbl in the year ended 31 December 2023 from 27.97

mmbbl in the period ended 31 December 2022, despite an increase in production over the same period, as the Company's entitlements to production decreased on account of the Company reaching full recovery of exploration costs for Block 60, which thereby increased the Government's profit share.

Sale of gas:

- Revenue attributable to the sale of gas decreased by OMR 63.5 million, or by 31.8 per cent., to OMR 136.0 million for the year ended 31 December 2023, compared to OMR 199.5 million for the year ended 31 December 2022. The decrease in revenue was primarily due to a 33.1 bscf, or 23.1 per cent., reduction in gas sales volumes due to lower net entitlement from Block 61, which was partially offset by an increase in overall working interest production (including the commencement of gas production in Block 10).

The Company's revenue increased by OMR 433.1 million, or by 45.3 per cent., to OMR 1,389.7 million for the year ended 31 December 2022, compared to OMR 956.6 million for the year ended 31 December 2021.

Sale of oil and condensate:

- Revenue attributable to the sale of oil and gas condensate increased by OMR 385.0 million, or by 59.9 per cent., to OMR 1,027.1 million for the year ended 31 December 2022, compared to OMR 642.2 million for the year ended 31 December 2021. The increase in revenue was due to a 46.2 per cent. increase in the average realised oil price for the year ended 31 December 2022 to US$95.35/bbl from the average realised oil price of US$65.23/bbl for the year ended 31 December 2021. The number of barrels sold increased by 9.4 per cent. to 27.97 mmbbl in the period ended 31 December 2022 from 25.56 mmbbl in the period ended 31 December 2021, the production of which primarily came from Block 60.

Sale of gas:

- Revenue attributable to the sale of gas increased by OMR 29.6 million, or by 17.4 per cent., to OMR 199.5 million for the year ended 31 December 2022, compared to OMR 170.0 million for the year ended 31 December 2021. The increase in revenue was primarily due to a 16.2 bscf, or 12.7 per cent., increase in gas sales volumes, primarily resulting from a 15.2 per cent. increase in production volumes in Block 61 to 163.9 bscf for the year ended 31 December 2022 compared to 142.3 bscf for the year ended 31 December 2021.

Cost of sales

The following table sets forth the breakdown of the Company's cost of sales for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	(consolidated)			***(carve-out)***	
	(OMR '000)				
Operating costs	258,835	295,897	340,745	133,259	114,489
Depreciation, depletion and amortisation	325,679	419,086	384,858	192,046	132,915
Write off exploration assets	—	—	—	—	10,010
Total cost of sales	584,514	714,983	725,603	325,305	257,414

The Company's cost of sales decreased by OMR 67.9 million, or by 20.9 per cent., to OMR 257.4 million for the six months ended 30 June 2024, compared to OMR 325.3 million for the six months ended 30 June 2023.

- Operating costs: Operating costs decreased by OMR 18.8 million, or by 14.1 per cent., to OMR 114.5 million for the six months ended 30 June 2024, compared to OMR 133.3 million for the six months ended 30 June 2023. The decrease in operating costs was primarily due to the 41.8 per cent. decrease in oil and condensate production volumes in Block 60 from 11.0 mmbbl in 2023 compared to 6.4 mmbbl in 2024.

- Depreciation, depletion and amortisation: Depreciation, depletion and amortisation decreased by OMR 59.1 million, or by 30.8 per cent., to OMR 132.9 million for the six months ended 30 June 2024, compared to OMR 192.0 million for the six months ended 30 June 2023. The decrease in depreciation, depletion and amortisation was primarily due to lower oil, gas and condensate production in Block 60, which were partially offset by higher gas production in Block 10.

The Company's cost of sales increased by OMR 10.6 million, or by 1.5 per cent., to OMR 725.6 million for the year ended 31 December 2023, compared to OMR 715.0 million for the year ended 31 December 2022.

- Operating costs: Operating costs increased by OMR 44.8 million, or by 15.2 per cent., to OMR 340.7 million for the year ended 31 December 2023, compared to OMR 295.9 million for the year ended 31 December 2022. The increase in operating costs was primarily due to the commencement of production in Block 10, where gas production increased by 23.8 bscf, while oil and condensate production volumes in Block 60 increased by 3.0 mmbbl.

- Depreciation, depletion and amortisation: Depreciation, depletion and amortisation decreased by OMR 34.2 million, or by 8.2 per cent., to OMR 384.9 million for the year ended 31 December 2023, compared to OMR 419.1 million for the year ended 31 December 2022. The decrease in depreciation, depletion and amortisation was primarily due to lower depreciation and depletion associated with its oil and gas properties, partially offset by higher amortisation associated with right of use assets used for commercial activities.

The Company's cost of sales increased by OMR 130.5 million, or by 22.3 per cent., to OMR 715.0 million for the year ended 31 December 2022, compared to OMR 584.5 million for the year ended 31 December 2021.

- Operating costs: Operating costs increased by OMR 37.1 million, or by 14.3 per cent., to OMR 295.9 million for the year ended 31 December 2022, compared to OMR 258.8 million for the year ended 31 December 2021. The increase in operating costs was primarily due to an 87.8 per cent. increase in oil and condensate production in Block 60 and an increase in operating costs incurred for certain contract areas, such as Blocks 9 and 53, which had been deferred until the price of oil increased.

- Depreciation, depletion and amortisation: Depreciation, depletion and amortisation increased by OMR 93.4 million, or by 28.7 per cent., to OMR 419.1 million for the year ended 31 December 2022, compared to OMR 325.7 million for the year ended 31 December 2021. The increase in depreciation, depletion and amortisation was primarily due to higher depreciation and depletion associated with its oil and gas properties driven by an 87.8 per cent. increase in oil and condensate production in Block 60.

Gross profit

As a result of the foregoing, gross profit decreased by OMR 59.1 million, or by 25.7 per cent., to OMR 170.5 million for the six months ended 30 June 2024, compared to OMR 229.6 million for the six months ended 30 June 2023. Revenues decreased by 22.9 per cent. primarily due to a 29.6 per cent. decline in oil and condensate revenues from lower sales volumes which were partially offset by a 10.5 per cent. increase in gas revenues from higher sales volumes, while cost of sales decreased by 20.9 per cent. Accordingly, gross profit as a percentage of revenues decreased slightly by 1.5 per cent. from 41.4 per cent. for the six months ended 30 June 2023 to 39.8 per cent in for the six months ended 30 June 2024.

The Company's gross profit for the year ended 31 December 2023 decreased by OMR 192.7 million to OMR 482.0 million, or by 28.6 per cent., compared to OMR 674.8 million for the year ended 31 December 2022, primarily due to a 15.6 per cent. decline in oil and condensate revenues from a combination of lower average realised pricing and lower sales volumes and a 31.8 per cent. decline in gas revenues from lower sales volumes. Accordingly, gross profit as a percentage of revenues declined by 8.6 per cent. from 48.6 per cent. for the year ended 31 December 2022 to 39.9 per cent. for the year ended 31 December 2023.

The Company's gross profit for the year ended 31 December 2022 increased by OMR 302.6 million to OMR 674.8 million, or by 81.3 per cent., compared to OMR 372.1 million for the year ended 31 December 2021, primarily due to a 59.9 per cent. increase in oil and condensate revenues from a combination of higher average realised pricing and higher sales volumes, which were partially offset by higher depreciation, depletion and amortisation charges. Accordingly, gross profit as a percentage of revenues increased by 9.7 per cent. from 38.9 per cent. for the year ended 31 December 2021 to 48.6 per cent. for the year ended 31 December 2022.

Lease income

Lease income decreased by OMR 0.5 million, or by 4.3 per cent., to OMR 10.8 million for the six months ended 30 June 2024, compared to OMR 11.3 million for the six months ended 30 June 2023. The decrease in lease income was primarily due to amortisation of the finance lease for MGP over its contract period.

Lease income decreased by OMR 0.9 million, or by 3.8 per cent., to OMR 22.5 million for the year ended 31 December 2023, compared to OMR 23.4 million for the year ended 31 December 2022. The decrease in lease income was primarily due to amortisation of the finance lease for MGP over its contract period.

Lease income decreased by OMR 0.8 million, or by 3.4 per cent., to OMR 23.4 million for the year ended 31 December 2022, compared to OMR 24.2 million for the year ended 31 December 2021. The decrease in lease income was primarily due to amortisation of the finance lease for MGP over its contract period.

Administrative expenses

Administrative expenses increased by OMR 2.9 million, or by 17.2 per cent., to OMR 19.4 million for the six months ended 30 June 2024, compared to OMR 16.5 million for the six months ended 30 June 2023. The increase in administrative expenses was primarily due to an increase in employee-related costs as well as professional fees resulting from business expansion.

Administrative expenses increased by OMR 5.0 million, or by 10.3 per cent., to OMR 53.1 million for the year ended 31 December 2023, compared to OMR 48.1 million for the year ended 31 December 2022. The increase in administrative expenses was primarily due to increases in administrative expenses and professional fees resulting from business expansion.

Administrative expenses increased by OMR 17.9 million, or by 59.2 per cent., to OMR 48.1 million for the year ended 31 December 2022, compared to OMR 30.2 million for the year ended 31 December 2021. The increase in administrative expenses was primarily due to the Company recognising more of its attributable costs, with less of the same being recognised by OQ, and increases in professional fees resulting from business expansion.

Impairment

In the year ended 31 December 2021, the Company reversed an impairment charge recorded in respect of Block 60. Impairment reversals and charges were mainly due to changes in reserves, fluctuations in expected future commodity prices and development plans at the reporting date.

Gain on divestment

In the year ended 31 December 2023, the Company recorded a gain on divestment of OMR 274.7 million on account of divestment of the Company's 40 per cent. interest in Block 60.

Finance income

Finance income increased by OMR 4.5 million, or by 102.3 per cent., to OMR 8.9 million for the six months ended 30 June 2024, compared to OMR 4.4 million for the six months ended 30 June 2023. The increase in finance income was primarily due to increase in bank deposits and the unwinding of deferred consideration in respect of the Company's divestment of Block 60.

Finance income increased by OMR 2.3 million, or by 35.4 per cent., to OMR 8.8 million for the year ended 31 December 2023, compared to OMR 6.5 million for the year ended 31 December 2022. The increase in finance income was predominantly due to an increase in bank deposits and higher interest rates.

Finance income increased by OMR 5.0 million, or by 333.3 per cent., to OMR 6.5 million for the year ended 31 December 2022, compared to OMR 1.5 million for the year ended 31 December 2021. The increase in finance income was predominantly due to an increase in bank deposits and higher interest rates.

Income tax

Income tax increased by OMR 2.0 million, or by 180.1 per cent., to OMR 3.1 million for the six months ended 30 June 2024, compared to OMR 1.1 million for the six months ended 30 June 2023. The increase in income tax was primarily due to lower non-deductible expenses, which resulted in higher income tax.

Income tax increased by OMR 77.9 million, or by 1,563.0 per cent., to OMR 82.9 million for the year ended 31 December 2023, compared to OMR 5.0 million for the year ended 31 December 2022. The increase in income tax was primarily due to the tax on the OMR 274.7 million gain on divestment relating primarily to Block 60, which was partially offset by an OMR 201.0 million decline in operating profit from a decline in oil and condensate revenues resulting from a combination of lower average realised pricing and lower sales volumes and a decline in gas revenues primarily caused by lower net entitlement from Block 61.

Income tax decreased by OMR 1.0 million, or by 16.3 per cent., to OMR 5.0 million for the year ended 31 December 2022, compared to OMR 6.0 million for the year ended 31 December 2021. The decrease in income tax was primarily due to an increase in administrative expenses during the period. The increase in EPSA-related profit during the period is excluded from the Company's income tax expense and paid by the Government from its share of profit oil.

Profit for the year/period

As a result of the foregoing factors, profit for six months ended 30 June 2024 decreased by OMR 40.6 million, or by 18.7 per cent., to OMR 176.1 million compared to OMR 216.7 million for the six months ended 30 June 2023.

The Company's profit for the year ended 31 December 2023 decreased by OMR 6.8 million, or by 1.1 per cent., to OMR 627.0 million compared to OMR 633.8 million for the year ended 31 December 2022, whereas profit for the year ended 31 December 2022 increased by OMR 127.2 million, or by 25.1 per cent., to OMR 633.8 million compared to OMR 506.6 million for the year ended 31 December 2021.

Liquidity and Capital Resources

Liquidity

The Company's financing strategy is to maintain sufficient funding liquidity and flexibility to support its committed capital expenditure and other business requirements via diversified financing sources which include bank loan facilities with local and international financial institutions, among other means. The Company's primary sources of liquidity are the cash flows generated from its operations, retained cash balances and third-party term loans and PXF facilities and the Subordinated Loan.

Borrowings and Financial Liabilities

As at 30 June 2024, the Company had outstanding borrowings of OMR 29.6 million all of which was due for repayment within 12 months and were denominated in U.S. Dollars. During the periods under review, the Company's borrowings comprised the PXF Facility, the Abraj Term Loans and the Subordinated Loan, as set forth in the table below:

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
		(consolidated)		*(carve-out)*
		(OMR '000)		
Current				
PXF Facility[1]	148,115	118,492	88,769	29,623
Abraj Term Loans	15,330	18,841	13,232	—
Non-current				
PXF Facility[1]	175,624	87,452	—	—
Abraj Term Loans	87,644	76,954	72,060	—
Subordinated Loan	751,088	986,089	532,774	415,838
Total	1,177,801	1,287,828	706,835	445,461

Note:

(1) PXF Facility total excludes unamortised financing costs and was repaid in full on 19 August 2024.

- *PXF Facility*

Under a facility agreement, various financial institutions provided the Company with a US$1 billion (OMR 0.38 billion) advance (the "**PXF Facility**"). The PXF Facility was structured as a forward sale of the Company's oil from certain blocks (as described in the following paragraph) to an entity controlled by the financial institution OOCEP PXF 1 B.V. (the "**Buyer**") in return for the aforementioned upfront payment of US$1 billion and future payments based on monthly oil sold to the Buyer over the life of the forward sale agreement. The Buyer in turn had borrowed the PXF Facility amount from a consortium of banks. Originally, the PXF Facility amount of US$1 billion was to be repaid in 13 equal quarterly instalments from 30 September 2019 to 13 September 2022. However, in 2019, the Company decided to extend the facility's grace term (for principal repayment) by two years. Consequently, the repayment schedule was adjusted to 13 equal instalments from 30 September 2021 to 30 September 2024. The extension of the principal repayment period resulted in an additional financing cost of USD 7.5 million (OMR 3 million) while freeing up significant additional cash for investments by the Company.

Interest and principal repayments were managed through the delivery of crude oil over the term of the arrangement. As described in the preceding paragraph, the Company had entered into a forward sales agreement and other ancillary contracts with OOCEP PXF 1 B.V. (the "**Buyer**"). This agreement obligated the Company to deliver all of its oil liquid entitlements from Blocks 60, 9, 61, and 53 to the

Buyer. The Buyer was responsible for using the revenue from the final oil sales to cover its debt service obligations and administrative costs. Any remaining funds were paid to the Company, contingent upon compliance with certain bank covenants. For further information on the PXF Facility, see Note 21 of the 2023 Annual Financial Statements.

The PXF Facility was repaid in full on 19 August 2024 with proceeds from internally generated cashflows.

- *Abraj Term Loans*

During the periods under review, Abraj was a party to seven term loans with various commercial banks. Abraj is no longer a consolidated subsidiary of the Company and, in connection with the Offering, the finance costs associated with the Abraj Term Loans have been carved out in the Interim Carve-Out Financial Statements as reflected in the table above. See "*—Key Factors Affecting the Company's Business and Results of Operations—Divestment of Abraj and Preparation of the Interim Carve-Out Financial Statements*".

- *The Subordinated Loan*

The Company is a party to non-interest-bearing loan arrangements, most recently extended to up to an aggregate principal amount of US$3,000 million from the Selling Shareholder (the "**Subordinated Loan**"), which are subordinated and repayable only at the discretion of the Company. As such, they are classified as equity in the Financial Statements. The Company repaid US$303.6 million of the Subordinated Loan in April 2024, and the balance of the Subordinated Loan is expected to be repaid prior to Admission.

- *The Refinancing Facilities*

The Company has two outstanding term financing facilities (the "**Refinancing Facilities**") as follows:

(a) the Bridge-to-Bond, a US$500 million conventional bridge facility for a term of two years entered into by the Company in 2024 with a syndicate of commercial banks, with a floating rate of interest set by reference to U.S. Dollar Term SOFR plus 85 basis points, repayable in a lump sum on maturity; and

(b) a US$500 million term Islamic financing facility for a term of seven years entered into by the Company in 2024 with a syndicate of banks, structured as a wakala bil-istithmar. The Company pays a variable return on this facility, set by reference to U.S. Dollar Term SOFR plus 125 basis points, and the facility is repaid in semi-annual instalments commencing in January 2027, with a balloon repayment due in July 2031.

Each of the Refinancing Facilities is unsecured, not guaranteed, and was used in part to refinance the outstanding balance of the Subordinated Loan.

Amounts under the Refinancing Facilities will become repayable on demand if the Government ceases to own, directly or indirectly, 35 per cent. of the Company's issued share capital. In addition, the conventional bridge facility is repayable from the proceeds of any debt capital markets issuance by the Company.

The Company intends to repay the bridge facility ahead of maturity through the proceeds raised from the issuance of publicly issued bonds.

Statement of Cash Flows

The table below presents a summary of the Company's cash flows for the six months ended 30 June 2023 and 30 June 2024 and the three years ended 31 December 2021, 2022 and 2023.

	For the year ended 31 December			For the six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
		(consolidated)			*(carve-out)*
			(OMR '000)		
Net cash generated from operating activities	668,536	1,159,555	790,164	427,072	213,788
Net cash (used in)/generated from investing activities	(333,697)	(357,366)	241,736	(163,835)	(122,429)
Net cash (used in)/generated from financing activities	(324,622)	(778,019)	(943,637)	(287,344)	(173,701)
Net (decrease)/increase in cash and cash equivalents	10,217	24,170	88,263	(24,107)	(82,342)
Cash and cash equivalents at beginning of the period	124,114	134,331	158,501	135,932	238,693
Cash and cash equivalents at end of period	134,331	158,501	246,764	111,825	156,351

Net cash generated from operating activities

Net cash generated from operating activities decreased by OMR 213.3 million, or by 49.9 per cent., to OMR 213.8 million for the six months ended 30 June 2024, compared to OMR 427.1 million for the six months ended 30 June 2023. The decrease in net cash generated from operating activities was primarily due to the OMR 38.6 million decrease in profit before tax, additional tax paid of OMR 78.5 million for the gain on divestment and changes in working capital. The decrease in profit before tax was further supplemented by lower adjustments for non-cash items primarily driven by reduced depreciation, depletion and amortisation for the six months ended 30 June 2024 relative to the six months ended 30 June 2023. A decrease in working capital of OMR 3.4 million in the six months ended 30 June 2024 compared to an increase of OMR 20.6 million in the six months ended 30 June 2023 was principally due to an increase in trade and other receivables, partially offset by an increase in the accounts payables and accrued liabilities.

Net cash generated from operating activities decreased by OMR 369.4 million, or by 31.9 per cent., to OMR 790.2 million for the year ended 31 December 2023, compared to OMR 1,159.6 million for the year ended 31 December 2022. The decrease in net cash generated from operating activities was primarily due to the decrease in revenue and an OMR 274,659 adjustment for the gain on partial divestment of working interests of Blocks 60 and 48 and changes in working capital. While profit for the year was OMR 709.9 million for the year ended 31 December 2023 compared to OMR 638.8 million for the year ended 31 December 2022, the higher profit in the year ended 31 December 2023 was offset by a decrease in working capital of OMR 48.7 million compared to an increase of OMR 99.4 million in the year ended 31 December 2022. The decrease in working capital in the year ended 31 December 2023 was principally due to a decrease in trade payables to third parties, which was partially offset by a decrease in the trade receivables from third and related parties.

Net cash generated from operating activities increased by OMR 491.0 million, or by 73.4 per cent., to OMR 1,159.6 million for the year ended 31 December 2022, compared to OMR 668.5 million for the year ended 31 December 2021. The increase in net cash generated from operating activities was primarily due to the increase in revenue and the absence of any adjustment for the reversal of the impairment that occurred in the year ended

31 December 2021 and an increase in working capital of OMR 99.7 million compared to a decrease of OMR 193.1 million. The increase in working capital for the year ended 31 December 2022 was principally due to an increase in trade payables to third parties and operators.

Net cash (used in)/generated from investing activities

Net cash (used in) investing activities decreased by OMR 41.4 million, or by 25.3 per cent., to OMR 122.4 million for the six months ended 30 June 2024, compared to OMR 163.8 million for the six months ended 30 June 2023. The decrease in net cash (used in) investing activities was primarily due to a decrease in capital expenditure and the reversal of assets related to an associated joint venture.

Net cash (used in)/generated from investing activities changed by OMR 599.1 million to an inflow of OMR 241.7 million for the year ended 31 December 2023, compared to an outflow of OMR 357.4 million for the year ended 31 December 2022. The change in net cash (used in)/generated from investing activities was primarily due to the decrease in capital expenditure resulting from the divestments of 40 per cent. of the Company's working interest in Blocks 60 and 48 and the cash received in exchange for those interests.

Net cash used in investing activities increased by OMR 23.7 million, or by 7.1 per cent., to OMR 357.4 million for the year ended 31 December 2022, compared to OMR 333.7 million for the year ended 31 December 2021. The increase in net cash used in investing activities was primarily due to increased investment in exploration and evaluation assets, which was partially offset by lower expenditures on property, plant and equipment and other intangible assets.

Net cash (used in)/generated from financing activities

Net cash used in financing activities decreased by OMR 113.6 million, or by 39.5 per cent., to OMR 173.7 million for the six months ended 30 June 2024, compared to OMR 287.3 million for the six months ended 30 June 2023. The decrease in net cash used in financing activities was primarily due to a reduced repayment of the Subordinated Loan.

Net cash used in financing activities increased by OMR 165.6 million, or by 21.3 per cent., to OMR 943.6 million for the year ended 31 December 2023, compared to OMR 778.0 million for the year ended 31 December 2022. The increase in net cash used in financing activities was primarily due to the higher repayments of the Abraj Term Loans and the Subordinated Loan, which were partially offset by lower dividend payments during the year.

Net cash used in financing activities increased by OMR 453.4 million, or by 139.7 per cent., to OMR 778.0 million for the year ended 31 December 2022, compared to OMR 324.6 million for the year ended 31 December 2021. The increase in net cash used in financing activities was primarily due to the payment of an OMR 439.0 million dividend in the year ended 31 December 2022 compared to nil dividends paid in the year ended 31 December 2021.

Off-Balance Sheet Arrangements

As at 30 June 2024, the Company had no off-balance sheet arrangements.

Commitments and Contingencies

The Company has various contractual obligations and commercial commitments to make future payments. As at 30 June 2024, the Company had commitments of OMR 385.8 million.

The following table sets out contractual maturities for the Company's financial liabilities with agreed repayment periods as at 31 December 2023.

	6 months or less	6 to 12 months	1 to 2 years	More than 2 years
		(OMR '000)		
Interest-bearing loans (excluding interest and excluding unamortised finance cost)	70,809	38,893	78,498	5,872
Accounts payables and accrued liabilities	328,478	—	—	—
Total	399,287	38,893	78,498	5,872

Capital Expenditure

The table below shows our capital expenditure for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024.

	For the year ended 31 December			For the six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
		(consolidated)			*(carve-out)*
			(OMR '000)		
Addition of property, plant and equipment and other intangible assets	66,186	3,769	15,009	—	—
Addition of oil and gas assets and exploration assets	277,140	369,919	250,002	168,264	128,400
Total	343,326	373,688	265,011	168,264	128,400

Capital expenditure during the periods under review principally comprised the addition of oil and gas and exploration assets. The addition of property, plant and equipment and other intangible assets in 2021, 2022 and 2023 was entirely attributable to Abraj. See "*—Key Factors Affecting the Company's Business and Results of Operations—Divestment of Abraj and Preparation of the Interim Carve-Out Financial Statements*".

Capital expenditure decreased by OMR 39.9 million, or by 24.7 per cent., to OMR 128.4 million for the six months ended 30 June 2024, compared to OMR 168.3 million for the six months ended 30 June 2023. The decrease was primarily due to the Company recording 60 per cent. of the capital expenditure of Block 60 in 2024 rather than 100 per cent in 2023.

Capital expenditure decreased by OMR 108.7 million, or by 29.1 per cent., to OMR 265.0 million for the year ended 31 December 2023, compared to OMR 373.7 million for the year ended 31 December 2022. The decrease was primarily due to lower funding requirements owing to the divestments of the Company's 40 per cent. working interest in Blocks 60 and 48.

Capital expenditure increased by OMR 30.4 million, or by 8.8 per cent., to OMR 373.7 million for the year ended 31 December 2022, compared to OMR 343.3 million for the year ended 31 December 2021. The increase was primarily due to increased investment in exploration and evaluation assets, which was partially offset by lower expenditures on property, plant and equipment and other intangible assets.

For further information on capital expenditure guidance, see also "*—Forward-Looking Guidance and Targets*".

Quantitative and Qualitative Disclosures about Market Risk

The principal categories of financial risk to which the Company are exposed are credit risk, liquidity risk, interest rate risk and foreign currency risk and market risk. For a description of the Company's management of these risks, see Note 28 of the 2023 Annual Financial Statements.

Critical Accounting Judgments, Estimates and Sources of Uncertainty

The Financial Statements have been prepared in accordance with IFRS. For a discussion of the critical accounting policies applied by the Company, see Note 4 to the 2023 Annual Financial Statements.

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates pertain to assessment of the contractual arrangements, taxes and impairment of assets. Set out below are the critical judgments and estimations that Management has made in the process of applying the Company's accounting policies and have the most significant effect on the amounts recognised in the Financial Statements. For further information, see Note 4 the 2023 Annual Financial Statements.

Classification as a joint arrangement

Judgment is required to determine when the Company has joint control over an arrangement and the classification of joint arrangements. In making this judgment, the Company considers the rights and obligations arising from the arrangements, its influence on operating and capital decisions of the arrangement, including the approval of the annual capital and operating work programme and budget, and the approval of key contractors for any major capital expenditure. The indications of joint control are similar to those used to determine control over subsidiaries, as set out in Note 3.1 of the 2023 Annual Financial Statements.

Arrangements resulting in financial liabilities

Significant judgment has to be exercised when classifying arrangements giving rise to financial and non-financial liabilities. An agreement to deliver non-financial assets at a specified price in the future is a non-financial liability, whereas agreements that can be settled in cash will be a financial liability. The Company has entered into a forward sales agreement and other ancillary contracts with OOCEP PXF 1 B.V. as buyer, an arrangement which is described further in Note 24 of the 2023 Financial Statements. The forward sales agreement requires the Company to deliver all of the oil liquids from designated blocks to the buyer in return for an advance payment and variable future cash payments that are dependent on oil price and certain covenants regarding the Company's future oil production levels. Under limited circumstances, the Company may make cash payments in lieu of oil delivery. The Company has reviewed the circumstances under which cash settlement can be made, along with the underlying substance of the arrangement, and has concluded that the arrangement results in a financial liability.

Carrying value of intangible exploration and evaluation assets

The amounts for intangible and exploration assets represent active exploration projects, the outcome of which is inherently uncertain. These amounts will be written off to the statement of profit and loss and other comprehensive income as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment in accordance with the Company's accounting policy. The process of determining whether there is an indicator for impairment and the related assessment requires critical judgment. The key areas in which management has applied judgment are as follows:

the Company’s intention to proceed with a future work programme for a prospect or licence; the likelihood of licence renewal or extension; and the success of a well result or geological or geophysical survey. Further information is available in Note 13 of the 2023 Annual Financial Statements.

Carrying value of oil & gas properties and other property, plant and equipment

Management conducts impairment reviews on the Company’s oil and gas properties and other property, plant, and equipment assets annually, referencing the indicators specified in IAS 36 Impairment of Assets. When indicators suggest the necessity for an impairment test, estimating the recoverable amount involves calculating future cash flows using complex impairment models. The key assumptions and estimates in these models include commodity prices and subsequent long-term corporate economic assumptions, discount rates adjusted to reflect risks specific to individual assets, oil and gas reserves, and associated cost profiles. These assumptions consider all oil and gas reserves that a market participant would deem relevant when valuing the asset. Additionally, judgment is required in appropriately grouping assets into cash-generating units.

Reserves estimates used in the calculation of depreciation, depletion and amortisation and impairment of oil and gas properties and other property, plant and equipment

The determination of the Company’s oil and gas reserves involves significant judgment and estimation, which are consistently reviewed and updated. Proven and probable reserves represent estimates of the volume of oil and gas that can be economically extracted from the Company’s assets. The Company calculates its reserves using standardised, recognised evaluation techniques conducted by an in-house reserve engineer and external reserves reviewer. Additionally, these reserve estimates are assessed by external reserve engineers every three years. The calculation of proven and probable reserves involves estimating the oil and gas in place, recovery factors, and future commodity prices, which influence the total recoverable reserves and the share of gross reserves attributable to the Government under the terms of EPSAs. Future development costs are estimated by considering the level of development necessary to produce the reserves, with reference to operators and internal engineers where relevant.

Estimates of oil and gas reserves are critical for calculating depreciation, depletion, and amortisation charges for oil and gas properties. Changes in oil and gas reserves are addressed prospectively. These reserves also directly affect the assessment of the recoverability of asset carrying values. Should the oil and gas reserves be revised downwards, earnings could be impacted either through altered depreciation expenses or through immediate write-downs of asset carrying values.

Chapter XV
Dividend Policy

As per the Articles, the Offer Shares rank equally with all other Shares for any rights to dividends that may be declared and paid in respect of the financial year of the Company ending 2024 on a *pari passu* basis, and any subsequent years. Following completion of the IPO, the Shareholders' register of the Company maintained by the MCDC will be amended to reflect public ownership of the Offer Shares and new Shareholders will have *pari passu* rights to receive dividends or other distributions declared by the Company.

Dividend Policy

The Company intends to maintain a robust dividend policy designed to return to Shareholders substantially all of its distributable free cash flow[25] after providing for growth opportunities and investments. The Company's ability to pay dividends is dependent on several factors, including the availability of distributable reserves, its capital expenditure plans and other cash requirements in future periods, and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be. See "*Chapter IV—Risk Factors—Risks Relating to the Offer and to the Shares—The Company may not pay dividends or declare dividends in the future*". Any level or payment of dividends will depend on, among other things, the future profits and the business plan of the Company at the discretion of the Board and will be subject to the approval of the OGM.

Furthermore, the Company's dividend policy is subject to restrictions contained in the CCL and covenants of facility agreements. These are summarised as follows:

- In accordance with Article 132 of the CCL, the Board must deduct 10 per cent. from the net profits of each financial year, after the deduction of taxes, to form a legal reserve until the legal reserve reaches at least one-third of the Company's capital. Such reserve may be used to cover the Company's losses and to increase its capital by issuing shares. Such reserve, however, may not be distributed as dividends to shareholders except where the Company reduces its capital, provided the legal reserve shall not be less than one-third of the capital after the capital reduction.
- Distribution of dividends may be made only from net profits after the deduction of all the necessary costs and setting aside required depreciation and amortisations, allocations and reserves including allocations made by the Company from the profits to increase its capital, pursuant to Article 131 of the CCL.
- The remaining profit thereafter may be distributed as an additional dividend to Shareholders or be carried forward to the following year on the Board's recommendation and the approval of the Shareholders through an OGM.

Subject to the foregoing, following the Offer, the Company intends to adopt a quarterly dividend distribution policy to pay dividends in cash in March, June, September and December of each year (subject to Board and EGM approval). The Company expects to pay a first dividend distribution of OMR 57.7 million (approximately US$150 million) for the three months ended 30 September 2024 in or around December 2024 and expects to pay a second dividend distribution of OMR 57.7 million (approximately US$150 million) for the three months ending 31 December 2024 in or around March 2025. This would indicatively equate to an annualised dividend payment of OMR 230.7 million (approximately US$600 million). In September 2024, the Company paid a pre-

[25] For the purposes of the dividend calculations, "free cash flow" means cash flow from operations minus capital expenditure (including any potential investments in new assets and exercising Government participation rights plus net proceeds from any potential asset disposals).

IPO dividend in respect of first half 2024 financial results of US$300 million (approximately OMR 115.5 million).

For the fiscal years ending 31 December 2025 and 31 December 2026, the Company currently expects to pay quarterly dividends for each financial year, comprising:

- a base dividend equivalent to OMR 230.7 million (approximately US$600 million) per year; and
- a performance-linked dividend equal to 90 per cent. of expected free cash flow[26], plus net proceeds from any potential asset disposals, minus the base dividend.

The Company expects to pay the performance-linked dividend equally over the next two subsequent quarters, beginning in respect of the first half results for 2025. For example, the Company expects to pay OMR 57.7 million (approximately US$150 million) for the three months ending 31 March 2025 in or around June 2025. For the three-month periods ending 30 June 2025 and 30 September 2025, the base dividend of OMR 57.7 million (approximately US$150 million) will be payable in or around September 2025 and December 2025, respectively. In addition, a performance-linked element related to the first half results for 2025 will be split equally between these two dividend payments.

Similarly, for the three-month periods ending 31 December 2025 and 31 March 2026, the base dividend of OMR 57.7 million (approximately US$150 million) will be payable in or around March 2026 and June 2026, respectively. In addition, a performance-linked element related to the second half results for 2025 will be split equally between these two dividend payments.

Overall, the Company aims to maintain a total dividend that is no less than the base dividend. This dividend policy is designed to reflect the Company's expectation of strong cash flow and expected long- term earnings potential while allowing the Company to retain sufficient capital to fund ongoing operating requirements and continued investment for long-term growth. This dividend policy is subject to the consideration of the Board in relation to the cash management requirements of the Company's business for operating expenses, financing expenses and anticipated capital expenditures. In addition, the Company expects that the Board will also consider market conditions, the current operating environment in the Company's market and the Board's outlook for the Company's business.

During the years ended 31 December 2021, 2022 and 2023, the Company distributed US$1,897 million (approximately OMR 730.5 million), US$2,250 million (approximately OMR 866.5 million) and US$800 million (approximately OMR 308.1 million) in dividends, respectively.

[26] For the purposes of the dividend calculations, "free cash flow" means net cash flow from operations minus capital expenditure. "Capital expenditure" includes any potential investments in oil and gas and the exercising of Government participation rights.

Chapter XVI
Related Party Transactions and Material Contracts

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise the Selling Shareholder and members of the OQ Group, members of the board, management and business entities that have the ability to control or exercise significant influence over financial and operating decisions of the Company. The Company maintains balances with these related parties which arise in the ordinary course of business from commercial transactions at mutually agreed terms comparable to those with other entities that are not related to the Government and/or Government controlled entities. Outstanding balances at year end are unsecured and settlement occurs in cash.

The Company has applied the exemptions in IAS 24 related to transactions with the Government and other entities controlled, jointly controlled or significantly influenced by the Government. In this respect, the Company has disclosed certain information in the Financial Statements to meet the disclosure requirements of IAS 24.

During the periods covered by the Financial Statements, the Company entered, and continues to enter, into transactions with Government- and/or OQ Group-related entities. These transactions include:

- sales and purchases of goods;
- rendering and receiving services;
- use of public utilities;
- revenue from oil interests;
- the transportation of oil through the Main Oil Line;
- the transportation of gas by OQGN;
- the Company providing services to OQ in relation to Dunga, a small upstream asset in Kazakhstan;
- the purchase of oil and condensate by OQ Trading;
- royalties;
- advances and supply of oil barrels related to the PXF Facility;
- the Subordinated Loan; and
- ordinary course transactions with key management personnel, including compensation and benefits.

For details on the impact of related party transactions on the Company's financial position and financial results, please refer to Note 30 of the 2023 Annual Financial Statements, Note 29 of the 2022 Annual Financial Statements and Note 29 of the Interim Financial Statements, in each case included elsewhere in this Prospectus.

Material Contracts with Related Parties

The Company has entered into material contracts with related parties, which are discussed in detail among other material contracts in "*Chapter XII—Description of the Company and Business Overview—Material Contracts—Service Level Agreements*".

Chapter XVII
Corporate Governance

Certain sections of this Chapter summarise the issues relating to the corporate governance of the Company based on the Articles, the CCL and the rules and regulations issued by the FSA, in particular, the Code and the SAOG Executive Regulations. The description provided in this Chapter is only a summary and does not purport to give a complete overview of the Articles, of the relevant provisions of the CCL, the Code, SAOG Executive Regulations or the FSA rules and regulations.

Overview

This section details the composition of the Board, various Board committees and Management. It also highlights the corporate governance practices that the Company has or will have in place prior to listing.

Board

Current Board Composition

The current Board was elected by the Selling Shareholder at the constitutive general meeting (CGM) held on 9 July 2024 and its members' term of office will remain in force for a period of three years and until the third AGM, which follows this date. In the event that the date on which the third AGM is held is more than three years following the date on which the current Board was elected, then the term of the Board shall be extended up to the date of the relevant AGM.

The current composition of the Board, in accordance with Articles is as follows:

S/N	Name	Position	Independent[(1)]/ Non-Independent
1	Ashraf Al Mamari	Chairman	Non-Independent
2	Abdulwahhab Al Hinai	Deputy Chairman	Non-Independent
3	Dr. Sulaiman Al-Toubi	Member	Independent
4	Aflah Al Lawati	Member	Non-Independent
5	Al Waleed Rashid Al Shukaili	Member	Independent

Note:

(1) A director is deemed independent pursuant to FSA Code. The Board of Directors structure will be updated (if needed) in accordance with the SAOG Regulations at the Company's first general meeting following the transformation of the Company.

Biographical Information of the Members of the Board

Ashraf Al Mamari (Chairman)

Ashraf Al Mamari is the Group Chief Executive Officer at OQ, bringing nearly 20 years of experience in various organisational leadership roles. He has held multiple leadership positions in the energy sector both in Oman and abroad. Ashraf joined OQ in 2012 as a Learning and Development Manager in one of the company's legacy entities, Takatuf Oman. He has also worked with the Company and OQ Chemicals in Germany, before more recently leading the People, Technology and Culture function of OQ. Ashraf currently serves as a board member for Abraj Energy Services and OQ Trading. He has also been a board member for Marafiq, OPAL, InstOG, and TRANSOM Catering.

He holds a Bachelor of Science (BSc) degree in General Management from Sultan Qaboos University (Oman) and is currently enrolled in the DBA programme at Coventry University (UK).

Abdulwahhab Al Hinai (Deputy Chairman)

Abdulwahhab Al Hinai joined OQ in 2021 and since April 2022 has served as the General Counsel. From 2021 until April 2022, he served in the role of Lead Regulatory Employment & Litigation.

Prior to joining OQ, he held the position of Director General of Licensing and Legal Affairs at the Authority for Public Services Regulation from 2014 to 2021.

With over 20 years of experience in legal and regulatory practice, Abdulwahhab has played a key role in significant projects within the utility sectors and the development of new legislation, while also providing internal legal advice to various organisations. His extensive experience includes leadership roles in the legal departments of regulatory bodies.

He holds a Master of Laws (LLM) degree from King's College London and a Master of Business Administration (MBA) from the University of Strathclyde (UK).

Dr. Sulaiman Al-Toubi (Member)

Sulaiman Al-Toubi has over 44 years of experience, including 39 years in the oil and gas sector in Oman and with Shell Nigeria. His roles have included technical positions in small, medium, and large-scale oil and gas projects, covering maintenance/utilities, commissioning, production operations, asset management, planning and economics. He has also served in leadership roles within PDO and Shell Nigeria, including as Engineering & Operations Director and South Director at PDO, with a focus on safe and cost-effective oil and gas development and production.

Sulaiman is known for driving technical excellence, managing diverse teams, and ensuring adherence to laws and regulations. He has led various significant business projects and is academically engaged as an Honorary Visiting Industrial and Academia Relations Fellow and part-time lecturer at Muscat University. Currently, he serves as a senior adviser to EJAAD and MEM/SLPG (OQ).

He holds a Higher National Diploma in Engineering from Oldham College of Technology (UK), a Bachelor of Engineering (BEng) degree from North Staffordshire Polytechnic (UK), a Master of Business Administration (MBA) in Project Management from the University of Hull (UK) and a Doctor of Business Administration (DBA) from Liverpool John Moores University (UK).

Aflah Al Lawati (Member)

Aflah Al Lawati joined the Oman Oil group in December 2013 and has been serving as the Vice President of Group Treasury since April 2021. He has 17 years of experience in financial advisory, corporate financing, implementing fiscal solutions and raising capital. His main responsibilities involve managing the Company's financial risks (including insurance) and cashflows from investments, as well as planning and preparing for OQ's future funding needs. He also supports the group in its capital-raising activities and advises group companies on financing and bankability matters.

He holds a Bachelor of Science (BSc) degree in Commerce with a major in Finance from the University of Northern British Columbia (Canada) and an Executive Diploma in Strategic Management and Leadership from the Chartered Management Institute (CMI) (UK).

Alwaleed Rashid Awadh Al-Shukaili (Member)

Al Waleed Al Shukaily has 21 years of professional experience in notable energy and petroleum companies in Oman, such as OQ and PDO. He currently serves as the Senior Manager (Economic Diversification and Investment) at Oman Investment Authority (OIA), overseeing OIA's national portfolio in the energy and mining sectors, including assets like OQ, Oman Liquefied Natural Gas (OLNG) and Minerals Development Oman (MDO).

Al Waleed has held various technical and leadership roles. In addition, he has supported the Ministry of Energy and Minerals on energy transition policy development as a subject matter expert. Additionally, he has contributed to the Society of Petroleum Engineers and chaired sessions at oil and gas forums.

He holds a Bachelor of Engineering (BEng) degree in Chemical Engineering from Manchester University (UK) and a Master of Engineering (MEng) degree in Petroleum Engineering from Heriot-Watt University (UK).

Compliance with Applicable Laws

The Company was incorporated as an LLC, converted to an SAOC, and is under transformation into an SAOG. It has appointed a Board that complies with all applicable FSA and CCL requirements, including the requirement for Independent Directors, who represent the interests of all Shareholders. Two out of five of the Company's directors are Independent Directors in accordance with the description of "Independent Directors" contained in principle 8 of the Code.

Appointment of the Board

The Board will be elected by the relevant OGM by direct secret ballot. Each Shareholder shall have a number of votes equal to that of the Shares held by it. A Shareholder shall have the right to use the entirety of its votes in support of one nominee or divide its Shares among other nominees of its choice through the voting card. Accordingly, the total number of votes given to the nominees by one Shareholder must not exceed the total number of Shares owned by it. The proposed directors who receive the most votes in the ballot shall be declared elected.

Subject to the CCL and the Code and without prejudice to the Articles, Article 115 of the SAOG Executive Regulations provides that nominees to the membership of the Board must:

- be a natural person;
- be of good conduct and sound reputation;
- be at least 25 years old;
- have a registered shareholder number with MCDC;
- not be unable to settle his indebtedness to the company;
- not be convicted of a felony or dishonourable crime or be adjudicated as bankrupt or insolvent unless rehabilitated;
- not have caused bankruptcy of a company by his sole act or as joint liability of directors;

- present, if nominating himself as an Independent Director, a declaration to that effect and that he will lose his membership if he loses his independence capacity;
- not be a member or a representative of a juristic person in more than four (4) SAOG companies based in Oman;
- not be chairman of more than two (2) SAOG companies with their principal place of business in Oman; and
- not be an employee or a member of the board of directors of a public or closed joint stock company which is carrying out similar objectives to that of the company which he intends to nominate himself to the membership of its board.

Without any prejudice to the regulations of the CCL mentioned above, the following conditions will be fulfilled while forming the Board:

- the Board will comprise all non-executive directors; and
- a minimum of one-third of the total Board (subject to a minimum of two) will be composed of Independent Directors in accordance with the rules and conditions issued by the FSA as have been set out in the Code and the SAOG Executive Regulations.

In accordance with Article 188 of the CCL, if a Board member is no longer qualified to remain on the board of a joint stock company, then his/her membership will cease to be valid by virtue of law. The concerned Board member, upon becoming aware of his/her status of being disqualified, must promptly inform the Board of the loss of his qualification and any resolutions in which such Board member may have participated in voting on after ceasing to be qualified to remain on the Board will be invalid unless such resolutions were passed by a percentage of votes required for their validity excluding the vote of any member who lost his/her right to remain on the Board.

The vacant seat arising after disqualification of the relevant director of the Company may be filled by the remaining Board members in accordance with Article 7 of the Articles whereby if the office of the director of the Company becomes vacant in the period between two OGMs, the Board may appoint an interim director who satisfies the requirements of membership to assume the vacant office until the next OGM. If the number of vacant positions or the members to be appointed by the Board amounts to more than half the number of elected Board members, the Board must then convene an OGM within sixty (60) days from the date on which the last vacancy on the Board arose to elect the new members to fill the vacant positions. However, in all cases the interim director(s) of the Company shall assume this (these) position(s) for the remaining term of the outgoing Board members.

The Board will elect a Chairman and a deputy chairman from amongst its members. The deputy chairman will officiate as Chairman when the Chairman is absent. The Chairman must implement the resolutions of the Board and the regular business of the Company shall be conducted under the supervision of the Board in accordance with the authority specified in the Articles and internal regulations of the Company.

Role of the Board

The primary role of the Board is to supervise and monitor the management of the Company within a framework of prudent and effective controls that enables risk to be properly assessed and managed and to fulfil its statutory and regulatory obligations under applicable law and regulations.

Powers of the Board

The Board has full authority to perform all acts required to manage the Company in accordance with its objectives and with the primary objective of creating value for the Shareholders. This authority is not limited or restricted except as provided by applicable law, the Articles or a resolution of the Shareholders. The day-to-day management of the Company is performed by the Management, as described in subsequent paragraphs contained in this Chapter.

Article 122 of the SAOG Executive Regulations provides that the Board shall be responsible for:

(i) appointing the chief executive officer or the like and the staff which report to any of them pursuant to the organisational structure of the Company and to specify their rights and duties;

(ii) constituting subcommittees to carry out certain tasks and for the constitution decision to contain the names of members, their duties, rights and obligations;

(iii) appraising the performance of the employees mentioned in clause (i) above, and to assess the work carried out by the subcommittees;

(iv) including in the annual report presented to the AGM the reasons to justify the ability of the company to pursue its specified activities and the achievement of its objectives;

(v) appointing a secretary to the Board in its first meeting;

(vi) including in the governance report a full statement on all amounts which a director might have received during the course of the year;

(vii) ensuring that any decision taken satisfies the legal requirements before being disclosed to the public; and

(viii) specifying the fees for obtaining a true copy of the Articles at not more than OMR 20.

In accordance with Article 185 of the CCL, the Board must not perform the following acts unless expressly authorised to do so by the Articles or by a resolution of the Shareholders at a general meeting:

- make donations, except donations required by the business wherever they are small and customary amounts;
- pledge or mortgage the assets of the Company, except to secure debts of the Company incurred in the ordinary course of the Company’s business; and
- guarantee debts of third parties, except guarantees made in the ordinary course of business for the sake of achieving the Company’s objectives.

In accordance with Article 176 of the CCL, the EGM shall have the following functions:

(i) amending the articles of association of the company.

The amendment to the articles of association shall not be effective, unless it is approved by the concerned body in accordance with the procedure specified by the CCL Executive Regulations, and the company must file a copy of the amended articles of association with the MOCIIP within fifteen (15) days of the date of approval thereof by the concerned body.

(ii) disposal of the fixed assets of the company or a part thereof, the value of which amounts to twenty five percent (25%) or more of the net value of the assets of the company.

(iii) conversion, merger, dissolution or liquidation of the company.

The Company will be bound by all acts performed by its Board, its Chairman and the Management, as long as they act in the name of the Company and within the scope of their powers.

In accordance with Article 193 of the CCL, the Board may, in the circumstances and subject to the rules specified by the SAOG Executive Regulations, adopt any of its resolutions through circular resolutions. In such case, the secretary of the Board shall record the resolutions that have been adopted by circulation, in the minutes of the meeting of the Board following the adoption thereof.

Pursuant to Article 202 of the CCL, any member of the Board or executive management shall not take advantage of his/her post for obtaining benefits to himself/herself or to any other person, and anyone who violates this obligation shall be liable to the company, the shareholders and third parties for the damages resulting from taking advantage of his/her post and he/she shall be obliged to return to the company the benefits obtained by him/her as a consequence of such violation, even if the company has not sustained any damage. Article 203 of the CCL provides that a member of the board of directors of a company shall not participate in the management of any other company which carries out similar business. The Article further provides that members of the board of directors and the executive management of a company shall not perform for their benefit or for the benefit of third parties any business similar to the company's business or to use assets or funds of the company for their benefit or for the benefit of third parties without the prior approval of the ordinary general meeting and whoever violates the provisions of this Article shall be liable to the company for any damage sustained by it.

The CML Executive Regulations also contain regulations relating to "Insider Trading", which:

- define who an insider is (as any person who is in a position to have access to undisclosed material information and includes directors of a company, its executive management and any person who may have obtained such information as a consequence of his employment or family relationships or otherwise); and
- impose reporting obligations on issuers with respect to the list of directors, executive management and their spouses and relatives of the first degree and any amendments in such list.

Insider trading is punishable by fines and imprisonment under the CCL and the CML Executive Regulations. A member of the Board or senior management or other related party of the Company must not have any direct or indirect interest in the transactions or contracts concluded by the Company for its account, except those concluded in accordance with the rules and regulations of the FSA.

The members of the Board will be liable to the Company, the Shareholders and third parties for damages caused by their acts in violation of applicable law and their acts which fall beyond the scope of their powers, or by any fraud or negligence in the performance of their duties or by their failure to act prudently under the given circumstances.

As per Article 18 of the CCL, the shareholders of a company may institute legal proceedings against its board members, auditors or liquidators of the company, or against heirs or successors of any of the above, on account of their acts during the exercise of their duties, within five years commencing from the latest among the following dates:

- date of registration of the company;
- date of act or omission, which is the basis of the action; or
- date of approval of partners or of the general meeting of the company on which the board of directors presented an account of the company's operations for the period covering the act or omission, which is the cause of the action against the managers or board of directors or any of its members.

Remuneration of the Board

The OGM will determine the annual remuneration and sitting fees of the Chairman and the members of the Board in accordance with the regulations on such matters issued by the FSA in accordance with Article 197 of the CCL. The specific rules are set out in Section II Third of the SAOG Regulations which provide that the remuneration of a company's board of directors shall be separated into "*Remuneration*" and "*Sitting Fees*". Sitting fees are paid to members of the Board based on the number of Board and committee meetings they attend during the Financial Year, with Article 129 of the SAOG Executive Regulations providing that these will not amount to more than OMR 10,000 per director of the Company per year.

Articles 130 to 133 of the SAOG Executive Regulations set out the rules for the calculation of remuneration and provide that the directors of the Company's remunerations shall be from the net profits after deduction of taxes, legal and optional reserves and the funds allocated from the profits for capitalisation and dividends.

The general meeting of a company shall determine its directors' remuneration which shall not:

1. exceed OMR 300,000 for an SAOG that realised net profits equal to or exceeding the profits realised in the previous financial year and does not have accumulated losses or losses in its capital; or
2. exceed OMR 150,000 for an SAOG that realised net profits less than the profits realised in the previous financial year and does not have losses in the capital.

The remuneration will be distributed amongst the members of the Board in such proportions and manner as they, by agreement, may determine, failing which the remuneration will be divided equally among the Board members. A member of the Board will be eligible for compensation for his/her services if he/she is assigned a job or travels or does something related to the Company's affairs.

Board Committees

In order to assist the Board in performing its obligations, the Board may form committees to advise it and make recommendations on certain matters. In accordance with Article 196 of the CCL, the Code and the SAOG Executive Regulations, the Board has constituted an Audit Committee and Nomination and Remuneration Committee, each comprising three directors. The Board may establish other committees from time to time. Each of the said committees shall be established in accordance with the provisions of the Code.

Audit Committee

The members of Audit Committee are:

- Alwaleed Rashid Awadh Al-Shukaili (Chairman);
- Aflah Al Lawati; and
- Dr. Sulaiman Al-Toubi.

The role of the Audit Committee involves:

- considering the aspects relating to the appointment of external auditors including their fees and terms of engagement;
- reviewing the details of the audit plan of the audit firms and the results of the audit process as to whether or not the auditors have had full access to all relevant documents to perform their job;

- ensuring there are in place adequate procedures to detect and prevent any cases of financial fraud or forgery, to ensure adoption of appropriate accounting policies and principles in accordance with international accounting standards that demonstrate the real financial position of the Company;
- oversight of the internal audit function through an approved audit plan, considering the reports of the internal auditor, ensuring the internal auditor has full access to the relevant documents and reviewing the efficiency of internal audit function regularly;
- reviewing the risk management policy of the Company and the adequacy of internal control systems through the regular reports of internal and external auditors or the appointment of external consultants in this field;
- reviewing the annual and quarterly financial statements before issue, reviewing the reservations of the external auditor on the draft financial statements, if any, and ensuring compliance with international accounting standards and disclosure requirements prescribed by the FSA;
- serving as a channel of communication between the Board and the external auditor and internal auditor;
- reviewing the proposed transactions with related parties to make suitable recommendations to the Board;
- reviewing the reports of the external valuer and the internal auditor and submitting them to the Board together with their recommendations and disclosing the summary of the results of the valuation process as part of the governance report; and
- proposing wages and remunerations and financial and in-kind benefits for the employees of the internal audit unit.

In compliance with the Code, the majority members of the Audit Committee are Independent Directors. In all cases, the chairman of the Audit Committee shall be from amongst the Independent Directors. At least one of the members should have financial and accounting expertise. The Audit Committee will also be responsible for recommending the appointment and remuneration of a suitably qualified and experienced person for the position of the internal audit manager of the Company. Such person will be charged with responsibility for the following:

- developing the internal audit strategy for the Company;
- auditing operations and financial statements of the Company;
- ensuring the Company’s compliance with laws and regulations applicable to the Company; and
- preparing periodic reports to the Board with respect to the adequacy and effectiveness of the Company’s system of internal administrative, accounting and financing controls and on other issues on which the internal audit manager is requested to report by the Audit Committee of the Board.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

- Ashraf Al Mamari (Chairman);
- Abdulwahhab Al Hinai; and
- Dr. Sulaiman Al-Toubi.

The role of the Nomination and Remuneration Committee involves:

- assisting the Shareholders, while electing the Board at a general meeting in the nomination of proficient directors and the election of the most fit for the purpose;
- assisting the Board in selecting the appropriate and necessary executives for the executive management of the Company;
- assisting the Company in formulating clear, credible and accessible policies to inform shareholders about directors' and executives' remuneration and the rules of remuneration and sitting fees for directors of SAOGs;
- developing and deploying additional performance-based criteria to determine the bonus and remuneration of the chief executive officer and senior executive management of the Company;
- providing succession planning for the executive management;
- developing a succession policy or plan for the Board or at least the chairperson;
- preparing detailed job descriptions of the role and responsibilities for directors including the chairperson;
- identifying and nominating qualified persons to act as interim directors on the Board in the event a seat becomes vacant;
- nominating qualified persons to assume senior executive positions, as required or directed by the Board;
- preparing a bonus, allowances and incentive policy for the executive management; and
- reviewing such policies periodically, taking into account market conditions and company performance.

Senior Management Team

The current composition of the Management is as follows:

Name	Position
Ahmed Al Azkawi	Chief Executive Officer
Jaber Al Noumani	Chief Financial Officer
Anwar Al Kharusi	Chief Executive – Commercial
Mahmoud Al Hashmi	Chief Operating Officer
Said Saif Al-Hashmi	Chief Executive for People, Technology and Culture
Yaman Al Samman	General Counsel
Mohammed Al Habsi	Vice President of Joint Ventures

Biographical Information of the Members of the Senior Management Team

Ahmed Al Azkawi (Chief Executive Officer)

Ahmed Al Azkawi serves as the Chief Executive Officer for the Company. He has been employed with the Company since 2021. He has 25 years of experience in senior management roles, particularly in the upstream industry in Oman. His career in oil and gas began with PDO in 1997, where he worked in gas fields, light oil, heavy oil and EOR. He later occupied various management and executive roles in the energy and logistics sector, including as Chief Executive Officer of Oman Logistics Company SAOC (Khazaen) and as Well and

Reservoir Team Leader, Senior Value Assurance Consultant and Petroleum Engineering Cluster Manager at PDO.

Prior to his present role, Ahmed was the Vice President of procurement, contracts and inventory at OQ, and was responsible for the governance structure, policies, procedures, systems and dashboards to track the performance of procurement functions across nine OQ companies. He is currently the Deputy Chairman of Abraj Energy Services and a member of Musandam Power Company (MPC), with previous board appointments as the Chairman of OQGN and OQ Logistics, a board trustee member at the International Maritime College and a member of the Sultanate of Oman Logistics Strategy 2040.

He holds a Bachelor of Science (BSc) degree in Physics from Imperial College London (UK) and a Master of Engineering (MEng) degree in Petroleum Engineering from Heriot-Watt University (UK).

Jaber Al Noumani (Chief Financial Officer)

Jaber Al Noumani serves as the Chief Financial Officer for the Company. He has 21 years of industry experience, 15 of which are in downstream and mid-stream projects with Oman Refineries and Petrochemicals Company (ORPC), OQ Liquefied Petroleum Gas (LPG) and OQ Methanol. He has served in various management roles across the Company and has 3 years of experience in auditing and accounting, having previously worked for PricewaterhouseCoopers (PwC).

Jaber has received several awards in recognition of his performance, including the Chairman Excellence Award in 2018 for implementing Robotic Process Automation in OQ and PwC's Effective Board Member Programme under OIA Award. He has previously been a board member of OQ Logistics LLC.

He holds a Bachelor of Science (BSc) degree in Accounting from Sultan Qaboos University, College of Commerce and Economics (Oman) and a Diploma in Management and Leadership from the Chartered Management Institute (UK).

Anwar Al Kharusi (Chief Executive – Commercial)

Anwar Al Kharusi serves as a Chief Executive – Commercial for the Company. He has been employed with the Company since 2019. He is a petroleum executive with 31 years of industry experience, working both locally and internationally with oil and gas companies, and has closely interacted with governmental authorities, banks and investment boutiques. Anwar served as a board member in the international integrated oil and gas company MOL Group from 2014 to 2019. He has built up technical, business and commercial capabilities through roles at PDO, Shell, MEM, MOL Group, and the UK-based consulting firm Knowledge Reservoir UK.

Anwar's expertise includes oil and gas mergers and acquisitions, management of publicly listed corporations, new investment and divestment transactions, H2 and renewable power conceptualisation, as well as drilling operations, well and reservoir management, and field development planning, execution and investments.

He holds a Bachelor of Science (BSc) degree in Physics from the University of Bristol (UK), a Doctorate (PhD) in Petroleum Engineering from the University of London (Imperial College London, Royal School of Mines) (UK), and an Executive Master of Business Administration (MBA) in European Studies (Economic, Legal and Diplomatic Studies) from the University of Szent István, Faculty of Economics and Social Sciences (Hungary). Anwar also completed a one-year Business Leadership Programme with London Business School in 2013 (UK).

Mahmoud Al Hashmi (Chief Operating Officer)

Mahmoud Al Hashmi serves as Chief Operating Officer at the Company. He has been employed with the Company since 2021, having been at OQ group companies since 2010. He has approximately 26 years of experience in quasi-private and private companies and has worked in multidisciplinary and diverse environments, both onshore and offshore. Mahmoud has extensive experience in technical, managerial and commercial aspects.

Prior to his current role, Mahmoud held positions as Well Delivery Senior Manager at OOCEP, Deputy General Manager at MEDCO LLC, Managing Director at Musandam Oil & Gas Company LLC and Vice President (Operated Assets) at the Company.

He holds a Bachelor of Science (BSc) degree in Mechanical Engineering from Sultan Qaboos University (Oman), a Master of Science (MSc) degree in Petroleum Engineering from Heriot-Watt University (UK) and a Master of Business Administration (MBA) degree from the University of Strathclyde (UK). Additionally, he has completed the National Collaborative Leadership Programme, organised by the Diwan of Royal Court at Oxford Business School (UK) and IMD Business School (Switzerland).

Said Saif Al-Hashmi (Chief Executive for People, Technology and Culture)

Said Saif Al-Hashmi joined the Company in 2023. He is a senior human resources practitioner with more than 15 years of experience in the energy sector and in Oman's government sector. He has worked in Oman, the Middle East, Southeast Asia and Europe. He holds a Master's in E-(HR) training from University of Technology Sydney, a BSc from SQU and a diploma in education among several major qualifications. Said has led the integration of Oman's pension funds into one sustainable scheme. He has been Deputy General Director of Professional Development in the Ministry of Education and was Head of Technical Supervision in its Science and Math Department.

Yaman Al Samman (General Counsel)

Yaman Al Samman serves as the General Counsel for the Company. He has been employed with the Company since 2012. He holds a Bachelor of Arts of Law from the University of Damascus (Syria), a Diploma in Graduate Studies majoring in Private Law, a University Diploma majoring in Diplomatic and International Relations and a Master's Degree in Law from Beirut Arab University (Lebanon) and a Master Degree of Economics and Social Sciences majoring in Banking, Finance and International Trade from the University of Bordeaux IV (France).

Mohammed Al Habsi (Vice President of Joint Ventures)

Mohammed Al Habsi serves as the Vice President of Joint Ventures for the Company. He has been employed with the Company since 2013. He has 22 years of experience from working for OQ, PDO and Shell (in Oman, Canada and the Netherlands). He has developed capabilities in the development and management of operated exploration and production assets, management of joint venture investments, acquisition and divestment transactions, multidisciplinary due diligence (technical, economic, commercial, operations and legal) and commercial negotiations and has been involved in the execution and commercial negotiation of major transactions and deals valued at over US$3.5 billion.

He holds a Bachelor of Science (BSc) degree in Petroleum Engineering from Sultan Qaboos University (Oman), a Master of Science (MSc) degree in Petroleum Engineering from Heriot-Watt University (UK) and is a certified expert in mergers and acquisitions, holding two certifications from the Institute for Merger, Acquisitions and Alliances (IMAA).

Internal Regulations

In accordance with the provisions set out in Article 117 of the CCL, the Company is required to adopt internal regulations for regulating its management, business and personnel affairs through its Board. Accordingly, the Company has implemented corporate governance processes that meet the FSA's requirements for an SAOG as required by the CCL and by the FSA's regulations, which cover the following:

- organisational structure of the Company, including the responsibilities related to the various posts within the Company and the reporting structure/procedures;
- specifying the extent of expense approval authority vested in each post;

- specifying the allowance for meetings, remuneration and other privileges as prescribed in respect of the members of the Board and Board committees, and the basis for their calculation;
- policies related to procurement and other transactions concerning the Company (works and procurement manual) and service contracts;
- authorities, duties and responsibilities relevant to executive management and Board committees;
- policies related to human resources, including salaries, appointment, development, training, promotions and termination of services;
- investment policies;
- the terms of reference with respect to the Audit and Risk Committees;
- Nomination and Remuneration Committee policy and terms of reference;
- rules related to related party transactions;
- Board communication policy;
- shareholder guide policy;
- Board ethics policy;
- CSR policy;
- insider dealing policy;
- the minimum level of information required to be submitted to the Board;
- policies and measures for submission of material information in a transparent manner to the FSA and the MSX within the specified time including a definition of "material information"; and
- any other regulations that the Board may deem necessary to add for achieving an adequate level of corporate governance.

Chapter XVIII
Rights and Liabilities of Shareholders

Shareholders' liabilities

The liability of a Shareholder for the debts of the Company will be limited to payment of the value of the Shares for which the Shareholder has subscribed. The Shareholder will not be liable for the debts of the Company except to the limit of the value of the Shares subscribed.

Shareholders' rights

All the Shares enjoy equal and inherent rights in accordance with the CCL. These rights include the following:

- the right to receive dividends declared by the general meeting of the Shareholders;
- preferential rights to subscribe for any new Shares;
- the right to share in the distribution of the proceeds of the Company's surplus assets on liquidation;
- the right to transfer Shares in accordance with applicable law;
- the right to access the Company's balance sheet, profit and loss account and Shareholders' register;
- the right to be invited to attend the general meeting and vote in such meetings personally or by proxy (each Shareholder will have one vote for each Share owned);
- the right to apply for annulment of any resolution adopted by a general meeting of the Company or Board if it is in breach and violation of applicable laws or the Articles in accordance with applicable law;
- the right to institute legal proceedings on behalf of the Shareholders or the Company against the Board or the auditors of the Company in accordance with applicable law; and
- the right (of Shareholders who individually or collectively hold at least 5 per cent. of the Company's shares) to apply for annulment of any resolution made by the general meeting or the Board, if such resolution(s) are detrimental to Shareholders or favour a certain category of Shareholders or bring a special benefit to the members of the Board, otherwise contrary to applicable law, or the Articles, or the internal regulations of the Company, in accordance with Articles 174 and 207 of the CCL.

Reports and statements

The Board shall prepare unaudited quarterly financial statements for the first, second and third quarter of each Financial Year. It shall also prepare an annual report within 60 days from the end of each Financial Year, comprising the audited balance sheet, profit and loss statement, cash flow statement, changes in Shareholders' equity, report of the Board, report on the discussions held by the Board and their analysis and report on the organisation and management of the Company. These statements should be disclosed at least 15 days prior to the relevant AGM through the electronic dissemination system on the MSX website.

The unaudited quarterly financial statements of the Company shall be forwarded to the Information Centre within 30 days from the end of each quarter or any other legal period prescribed by the disclosure rules and conditions issued by the FSA though the private electronic dissemination system of the Information Centre. The said Information Centre shall also be provided with two copies duly endorsed by the Board. The Company shall also have it published within the aforementioned period.

Under Articles 279 and 280 of the CML Executive Regulations, all SAOGs are required to disclose their unaudited quarterly financials within 30 days from the end of each quarter, on the basis of such results being approved by the Board.

Ordinary General Meeting and Annual General Meeting

The Company's annual general meeting ("**AGM**") must be held within 90 days following the end of the relevant Financial Year, in accordance with Article 172 of the CCL. The AGM will be held at such venue, day and time as provided for in the notice of the meeting. OGM's may be called at any time through a given year as determined by the Board or otherwise convened in accordance with the CCL.

In accordance with Article 172 of the CCL, the AGM shall be responsible for the following corporate matters:

(i) to consider and approve the report of the Board on the activities of the Company and its financial status during the previous Financial Year;

(ii) to consider and approve the report of the Board on the organisation and management of the Company during the previous Financial Year;

(iii) to consider and approve the auditor's report on the audited financial statements of the Company during the previous financial year and approve the balance sheet and profit and loss statement of the Company;

(iv) to elect and remove members of the Board;

(v) to consider and approve the proposed distribution of dividends to the Shareholders;

(vi) to consider and approve payment of the remuneration and sitting fees to the members of the Board; and

(vii) to appoint an auditor for the new Financial Year and determine its fees.

The Board shall prepare the agenda of the AGM and OGM. If an AGM or OGM is convened by the auditors, the agenda shall be prepared by them. The Board, or the auditors, if necessary, shall include in the agenda any proposal put forward by Shareholders who represent more than 5 per cent. of the Issued Share Capital provided that such proposal is submitted for inclusion in the agenda at least 20 days before the date of the applicable meeting.

The resolutions of the AGM and OGM shall not be valid unless the meeting is attended by Shareholders or their proxies who represent at least half of the Share Capital of the Company. If such a quorum is not present, a second meeting shall be called to consider the same agenda. The proposed date for the second AGM or OGM shall be listed in the Shareholders' invitation notice for the first AGM/OGM, provided that the date for the second meeting shall be no later than a maximum of seven days following the date of the first AGM/OGM. The resolution of the second AGM/OGM shall be valid regardless of the number of shares represented at the applicable meeting, provided that such meeting is held within seven days from the date of the first meeting. The resolutions of the AGM and OGM shall be adopted by the simple majority of votes cast.

Extraordinary General Meetings

In accordance with Article 176 of the CCL, an EGM will be convened to decide on issues such as:

- disposal of the fixed assets of the Company or any part thereof valued at 25 per cent. or more of the net value of the Company's assets;
- an amendment to the Articles; or
- the transformation, merger, dissolution or liquidation of the Company.

An EGM shall also be convened to decide on all other matters which such meeting is specifically authorised to settle in accordance with the CCL or the Articles.

Resolutions passed at an EGM shall not be valid unless the meeting is attended by Shareholders or proxies representing at least 75 per cent. of the Issued Share Capital. Failing such a quorum, a second meeting shall be convened to consider the same agenda. The Shareholders' invitation notice for the first EGM shall specify a proposed date for the second EGM, provided the date for the second meeting shall be no later than a maximum of seven days from the date of the first EGM.

The resolutions of the second EGM shall be valid if the meeting is attended by Shareholders or proxies representing more than half of the Issued Share Capital, provided such meeting is held within seven days of the date of the first EGM.

The resolutions of the EGM shall be adopted by a majority of 75 per cent. of the votes cast in respect of a resolution, provided such resolution must always receive votes in favour representing more than 50 per cent. of the Issued Share Capital. Provided, however, that such resolutions shall only be valid if approved by the FSA and appropriately registered.

Recourse to the Omani Authorities in case of Shareholder Resolutions

The FSA may, upon the application of Shareholders who own at least five per cent. (5 per cent.) of the Shares, issue a decision suspending resolutions adopted at an AGM, OGM or EGM of the Company which are detrimental to such Shareholders or adopted in favour of a certain category of Shareholders, or for providing a special benefit for the members of the Board, or others, if it is convinced that the application is justified.

The request to suspend the implementation of the resolutions adopted by the general meeting shall not be accepted after the lapse of five working days from the date of adoption of such resolutions.

Any stakeholder may institute an action with the competent court to seek nullification of the aforementioned resolutions and furnish the competent authority with a copy thereof, within five working days from the date on which a court decision on the suspension of the resolutions adopted by the general meeting is issued, otherwise the suspension shall be deemed null and void.

The court shall consider any action on the nullification of the resolutions adopted by the general meeting. The court may summarily order the suspension of the competent authority's decision at the request of the litigant, until the action is adjudicated.

Additionally, any Shareholder or any interested party may refer to the Primary Commercial Court within five years from the date on which the meeting was held to decide on nullification of any decision, if that decision is taken during a general meeting in violation of the CCL, the provisions of the Articles or the Company's internal regulations, or through deceit or misuse of authority.

Lock-up Period – Exemption from the applicability of Article 127 of the CCL

Article 127 of the CCL restricts the founders of an SAOG from disposing of their shares in such company, before it has published two balance sheets for two consecutive financial years, starting from the date of its registration on the Commercial Register. This shall not apply to cases of transfer of shares owned by the state or assignment of shares among shareholders themselves, inheritance or to a public joint stock company set up through the transformation of an existing company, provided it has completed at least two years before the date of transformation. As the Company was registered on the Commercial Register in July 2024, Article 127 of the CCL does not restrict the founders from disposing off their Shares after the IPO.

General restrictions on transfer of ownership of the Shares

Shareholders and acquirers of Shares must abide by the FSA's regimes concerning: disclosure of material shareholding interests in SAOGs; and acquisition of direct and indirect significant shareholding interests in SAOGs covered in the Securities Law and Takeover Code.

The ownership of Shares shall be transferred by recordation in the register of shareholders maintained by the MCDC and the Company shall not consider a Shareholder's ownership of a Share unless such ownership is recorded in its register of shareholders.

The shareholding of each Selling Shareholder may not exceed the maximum limit prescribed and provided for in the Articles and the CCL respectively, unless the necessary approvals are secured. Article 100 of the CCL provides that founders of a public joint stock company shall subscribe for a percentage of at least 30 per cent. and not exceeding 60 per cent. of the share capital of a company save where the public joint stock company has been converted from an existing form of company, in which case, the selling shareholder(s) may retain up to 75 per cent. of the company's share capital. The selling shareholder(s) may exceed the above-specified threshold with the approval of the FSA.

Article 100 of the CCL further provides that a single founder shareholder of a public joint stock company shall not own more than 20 per cent. of the share capital whether in his/her name or in the names of his/her minor children who are less than eighteen (18) years of age, except in the case of conversion, in which case the founders may retain their contribution if such contribution exceeds the percentage prescribed for each founder. In addition, companies fully owned by the Government and holding companies are exempt from the prescribed percentages under Article 100.

No single person or related person up to the second degree may hold or purchase 25 per cent. or more of the shares of an SAOG, save in accordance with the rules issued by the FSA on the subject.

Additionally, if any one shareholder, or group of shareholders, were to sell their shares to another shareholder this may trigger the Takeover Code. A "Take Over" is defined within the Take Over Code as the acquisition of 25 per cent. or more of the issued share capital of an SAOG. Where this occurs, the purchasing entity would be required to comply with the Takeover Code, obtain the FSA's approval to the acquisition and make a mandatory takeover offer to the other shareholders of the SAOG.

Chapter XIX
Subscription Conditions and Procedures

Offer Structure

	Category I Offer (For Non-Individual Applicants)	Anchor Investors	Category II Offer (small retail) (For Individual Applicants)	Category II Offer (large retail) (For Individual Applicants)
Offer Size	800,000,000 Offer Shares	400,000,000 Offer Shares	400,000,000 Offer Shares	400,000,000 Offer Shares
Percentage of Offer Size	40%	20%	20%	20%
Basis of Allotment	Proportionate. See section "**Basis of Allotment**" for more details	Allotment confirmed by the Selling Shareholder before the commencement of the Offer Subscription. See "*Chapter XX—Subscription and Sale*" for more details.	Proportionate. See section "**Basis of Allotment**" for more details. The FSA may decide that a minimum number of Category II Offer Shares be distributed equally among Category II Applicants (small retail) and the remaining Category II Offer Shares shall be allocated on a pro-rata basis.	Proportionate. See section "**Basis of Allotment**" for more details. Category II Applicants (large retail) Offer Shares shall be allocated on a pro-rata basis.
Minimum Subscription	100,000 Offer Shares and thereafter in multiples of 100 Offer Shares	N/A	500 Offer Shares and thereafter in multiples of 100 Offer Shares	28,600 Offer Shares and thereafter in multiples of 100 Offer Shares

Maximum Subscription	No maximum subscription size	400,000,000 Offer Shares (20% of the Offer Size)	28,500 Offer Shares	No maximum subscription size
Terms of Payment	Applicant must make payment to the designated bank account of one of the Joint Global Coordinators or one of the Collection Agents and the Joint Global Coordinators and Collection Agents will transfer the subscription amount due against the Offer Shares allotted, at least one Oman business day prior to the Settlement Date to the designated bank account of the Issue Manager. For Category I Applicants placing orders through the Joint Global Coordinators, see section "**Terms of Payment for Category I Offer**" for details on terms of payment	Anchor Investors must make payment to the designated bank account of the Collection Agents and the Collection Agents will transfer the subscription amount due against the Offer Shares allotted, at least one Oman business day prior to the Settlement Date to the designated bank account of the Issue Manager.	100% of the Category II (small retail) Application Money to be paid at the time of submission of the Application	100% of the Category II Application (large retail) Money to be paid at the time of submission of the Application
Offer Subscription Period	30 September 2024 to 10 October 2024	N/A	30 September 2024 to 9 October 2024	30 September 2024 to 9 October 2024

For additional details on the circumstances under which the allocations between Category I Applicants and Category II Applicants could change, see "—*Basis of Allotment*".

The Offer

Based on the Price Range, this Offer is being offered to Category I Applicants through a bookbuild offering (as described in more detail in the "*Chapter XXI—Bookbuilding Process*"), to Omani Individuals who are Category II Applicants at the Discounted Maximum Price and to Non-Omani Individuals who are Category II Applicants at the Maximum Price. The Offer Price is the final price at which Offer Shares will be issued and allotted pursuant to the terms of this Prospectus. The Offer Price will be decided by the Selling Shareholder in consultation with the Joint Global Coordinators and the FSA on the Pricing Date.

Eligibility for the Subscription of Category I Offer Shares

The Category I Offer will be open in Oman to Category I Applicants only who have their accounts with MCDC.

Eligibility for the Subscription of Category II Offer Shares

The Category II Offer will be open in Oman to Omani Individual Applicants and Non-Omani Individual Applicants who have their accounts with MCDC.

The Applicants need to consider the Minimum Subscription and Maximum Subscription applicable to them when making an Application. No Applicant may be allotted more than 10 per cent. of the Offer (200,000,000 Offer Shares) without the approval of the FSA.

Prohibitions with Regard to the Applications for Subscription

The following persons shall not be permitted to subscribe to the Offer:

(i) Sole proprietorship establishments – The owners of sole proprietorship establishments may only submit Applications in their personal names.

(ii) Trust accounts – Applicants registered under trust accounts may only submit Applications in their personal names (except as detailed below).

(iii) Multiple Applications – An Applicant may not submit more than one Application.

(iv) Joint Applications – Applicants may not submit applications in the name of more than one individual (including on behalf of legal heirs).

(v) Selling Shareholder – The selling shareholder of the Company may not submit an Application.

(vi) Related parties – The related parties of the Company cannot participate in the Category I Offer except where such relationship is due to common shareholding or control exercised by units of the administrative apparatus of the Government or their primary activity is investment related.

Any Applications not complying with the above criteria may be rejected without contacting the relevant prospective investor, although Applications by trust accounts may be accepted in the Offer, at the discretion of the Joint Global Coordinators or the Collection Agents (as applicable), if they are satisfied that none of the underlying subscribers applying through such trust accounts have also applied using their individual names or their sole proprietorship establishments. The Joint Global Coordinators or Collection Agents (as applicable) may reject such Application if they become aware that there are multiple applications from such investors applying through trust accounts.

The acceptance by the Joint Global Coordinators or Collection Agent(s) (as applicable) of Applications made by trust accounts will require issuance of an undertaking signed by the concerned investor providing further details of the underlying investors/beneficiaries on whose behalf the Application has been made. The Joint Global Coordinators or Collection Agents (as applicable) will clearly communicate to each investor that in case of multiple Applications through a trust account and its underlying investor(s) in their own names or their sole proprietorship establishment’s name, all Applications may be rejected at the discretion of the Joint Global Coordinators or Collection Agent(s) (as applicable).

Subscription on Behalf of Minor Children (for Category II Offer)

For the purpose of this Offer, any person under 18 years of age on the date of submission of an Application will be defined as a minor.

Only a father may subscribe on behalf of his minor children.

If an Application is made on behalf of a minor by any person other than the minor's father, the person submitting the Application will be required to attach a valid Sharia (Legal) Power of Attorney issued by the competent authorities in Oman authorising him or her to deal in the funds of the minor through sale, purchase and investment.

Applicant's Number with MCDC

Any Applicant who subscribes for the Offer Shares must have an account and Investor Number with the MCDC. Any Applicant may apply to obtain an Investor Number and open an account by completing the "MCDC Application". This may be obtained from the MCDC's Head Office or its website at *www.mcd.om*, or from brokerage companies licensed by the FSA. The completed form may be submitted by an Applicant through any of the following channels:

(i) at the head office of the MCDC, at P.O. Box 952, Postal Code 112, Ruwi, Muscat, Sultanate of Oman;

(ii) at the office of any brokerage company licensed by the FSA;

(iii) by sending a facsimile to MCDC at +968 24817491; and/or

(iv) by opening an account through the MCDC website at *www.mcd.om*.

In order to open an account with the MCDC, a juristic person will be required to furnish a copy of its constitutional documents, in the form prescribed by the MCDC, along with a completed MCDC Application in order to open an account and receive an Investor Number. Foreign individuals and juristic persons may be subject to additional account opening formalities and authentication requirements determined by the MCDC.

Applicants who already hold accounts with the MCDC are advised, before the Offer, to confirm their details as noted in the Application. Applicants may update their particulars through any of the channels mentioned above.

All correspondence including allocation notices, refunds and dividend payments will be sent as per the Applicant's details recorded at MCDC. Applicants should ensure that their details as provided to the MCDC are correct and kept up to date.

Each Applicant should secure from the MCDC its Investor Number as the Investor Number will be required in order to complete the Application. Each Applicant is responsible for ensuring that the Investor Number set out in their Application is correct. Applications not bearing the correct Investor Number may be rejected without contacting the Applicant.

For more information on these procedures, Applicants should contact the MCDC:

Muscat Clearing & Depository Co. SAOC
P.O. Box 952, Postal Code 112, Ruwi, Muscat, Sultanate of Oman
Tel: +968 2482 2222
www.mcd.om

Minimum and Maximum Limit of Subscription

For Category I Applicants

The minimum subscription is 100,000 Offer Shares and there is no maximum limit on the number of Offer Shares that may be subscribed pursuant to an Application for Category I Applicants. No Applicant may be allotted more than 10 per cent. of the Offer (200,000,000 Offer Shares) except with the approval of the FSA.

For Anchor Investors

There is no minimum subscription requirement, while maximum number of Offer Shares that may be subscribed by Anchor Investors in aggregate is equivalent to 20 per cent. of the Offer, (i.e., equivalent to 400,000,000 Offer Shares). No Anchor Investor may subscribe for more than 400,000,000 Offer Shares.

For Category II Applicants

(Small Retail)
The minimum subscription is 500 Offer Shares and the maximum limit on number of Offer Shares that may be subscribed pursuant to an Application for Category II Applicants (small retail) is equivalent to no more than 28,500 Offer Shares.

(Large Retail)
The minimum subscription is 28,600 Offer Shares and there is no maximum limit on the number of Offer Shares that may be subscribed pursuant to an Application for Category II Applicants (large retail).

No Applicant may be allotted more than 10 per cent. of the Offer (200,000,000 Offer Shares) except with the approval of the FSA.

Price Range

The Price Range has been fixed at Bzs 370 to Bzs 390 per Share, with Bzs 370 being the minimum price and Bzs 390 being the maximum price.

Offer Period

The Category I Offer Period will commence on 30 September 2024 and end on 10 October 2024. The Category II Offer Period will commence on 30 September 2024 and end on 9 October 2024.

Category I Offer

40 per cent. of Offer Shares (i.e., 800,000,000 Offer Shares) shall be reserved for subscription by Category I Applicants.

Subscription and Application Process for Category I Applicants

Category I Applicants may place Applications with any of the Joint Global Coordinators, or with any of the Collection Agents during official banking hours prior to or on the Category I Offer Closing Date. Applications, once submitted, are binding and can only be modified once by submitting an Application Revision Form for a higher quantity of Shares, a higher price or both, on or before the Category I Offer Closing Date.

Applications shall contain a maximum of three price and quantity combinations (bids). Category I Application Money means the highest Bid Amount from all the bids in the Application for Category I Offer. Each Collection Agent shall be responsible for verifying if the Application complies with the instructions set out in this Prospectus.

Payment for the Offer Shares subscribed by Category I Applicants shall be made in Omani Rials. Category I Applicants will be required to make full payment for the Offer Shares allotted to them to the designated bank account of one of the Joint Global Coordinators or one of the Collection Agents, and the Joint Global Coordinators or Collection Agents will transfer the subscription proceeds, at least one Oman business day prior to the Settlement Date to the designated bank account of the Issue Manager in accordance with the provisions of "Terms of Payment for Category I Applicants".

All Applicants placing orders through the Joint Global Coordinators would be required to fund the designated bank account of one of the Joint Global Coordinators at least two Oman business days prior to the Settlement Date.

In the event of a failure to make timely payment, Category I Applicants may incur significant charges and/or enforcement action against them.

Indicative Illustration of the Bids

The following table sets out an indicative illustration of certain bids by Category I Applicants that are and are not allowed.

Investor Name	Investor A	Investor B
No. of Offer Shares at each Bid Price	10,000,000 at Bzs 390	5,000,000 at Bzs 390
	5,000,000 at Bzs 380	10,000,000 at Bzs 380
		15,000,000 at Bzs 370

In the example above, two Applications have been received in the Category I Offer. Each Investor has placed different bids. For Investor A, the bid at Bzs 380 should have been greater than 10,000,000 Offer Shares as Investor A is already willing to buy 10,000,000 Offer Shares at Bzs 390. As a result, the bid of 5,000,000 at Bzs 380 for Investor A will be rejected. Investor B has made valid bids, as the quantity of Offer Shares demanded at every lower price point is higher. Furthermore, if the cut-off price is determined as Bzs 380, then Investor B will receive an allotment based on only the bid of 10,000,000 Offer Shares at Bzs 380 and the bid of 5,000,000 Offer Shares at Bzs 390 will not be considered.

Indicative Illustration of the Bids in an Application

Bid	Bid Price (Bzs) (A)	Total Offer Shares demanded at the price (B)	Bid Amount (OMR) (C) = (A*B)/1,000	Bid Amount in Words (Rial Omani) (C) = (A*B)	Amount Payable (D) = Maximum of (C)
Bid 1	390	5,000,000	1,950,000	One million, nine hundred and fifty thousand Rial Omani	
Bid 2	380	10,000,000	3,800,000	Three million, eight hundred thousand Rial Omani	5,550,000
Bid 3	370	15,000,000	5,550,000	Five million, five hundred and fifty thousand Rial Omani	

Price Discovery and Determination of Offer Price and Allocation

After the Category I Offer Closing Date, and once all Applications have been submitted to the Issue Manager by the Joint Global Coordinators and Collection Agents, the Selling Shareholder in consultation with the Joint Global Coordinators will determine the Offer Price, which will be within the Price Range.

The allocation of Offer Shares to Category I Applicants shall be completed on a pro-rata basis relative to the Applicant's application bid amount.

If there is undersubscription in the Category II Offer (such that it comprises less than 40 per cent. of the Offer) and provided that there is oversubscription in the Category I Offer, the Selling Shareholder will make any unsubscribed Offer Shares of the Category II Offer available for allocation to the Category I Applicants.

If the Category I Applicants do not take up all of such unsubscribed Offer Shares, the Issue Manager shall complete a second round of bookbuilding within 15 days from the end of the Category I Offer period in which the Price Range must be lowered by the Company considering the amounts of bids received at the lower price, as compared to the Offer size. In case the Offer size is not subscribed fully even in the second round, the Offer will be considered as failed and the Company must withdraw the Offer and file a fresh application if it desires to pursue the Offer again.

Immediately after receiving FSA approval of the proposed allotment, (i) the Offer Price will be announced by the Company on the MSX and (ii) the Issue Manager will send the investor allocation details to the MCDC and the Joint Global Coordinators. The Joint Global Coordinators will notify Category I Applicants of their allocations.

Terms of Payment for Category I Offer

Each Collection Agent will open an escrow account entitled the "OQ E&P IPO Issue Manager" account for the collection of the Category I Application Money.

The Issue Manager will open an escrow account entitled the "OQ E&P IPO Issue Manager" account to receive the subscription proceeds from the Collection Agents at least one Oman business day prior to the Settlement Date. This account will be managed by the Issue Manager for the Category I Offer. After deduction of all applicable fees and VAT determined until that date, the Issue Manager for the Category I Offer will transfer the net proceeds in such account to the escrow account of the MCDC on the Settlement Date.

Each Category I Applicant shall be required to make full payment for the Offer Shares allotted to them to the designated bank account of one of the Joint Global Coordinators or one of the Collection Agents. However, at the time of accepting the Application, the Collection Agent may block the Category I Applicant's account maintained by the respective Collection Agent for an amount equal to the Category I Application Money.

The Collection Agents will transfer the subscription proceeds at least one Oman business day prior to the Settlement Date to the designated bank account of the Issue Manager. In the event of failure by a Category I Applicant to make timely payment, the concerned Category I Applicant may incur significant charges and/or enforcement action against it. Prospective investors can pay for their subscription by drawing a demand draft issued by a bank in Oman or by instructing an account transfer for the amount payable at the time stated above.

All Applicants placing orders through the Joint Global Coordinators would be required to fund one of the Joint Global Coordinators at least two Oman business days prior to the Settlement Date, who will then fund the escrow account entitled "OQ E&P IPO Issue Manager" of the Issue Manager no later than one Oman business day prior to the Settlement Date.

Delivery of the Offer Shares is expected to be made on the Settlement Date to the accounts of the Category I investors through the book-entry facilities operated by the MCDC.

Particulars of the Bank Account of the Category I Applicants submitting via a Collecting Bank

Each Category I Applicant is required to furnish the particulars of its bank account (registered in the name of the Applicant). The Applicant must not use the bank account number of any other person or legal entity.

If the bank account of an Applicant is registered with a bank other than one of the Collection Agents, the Applicant will be required to submit a document to confirm the details of the bank account particulars as provided in the Application. This can be done by submitting any document from the bank of the Applicant that states the account number and name of the account holder. Documents that may be accepted include account statements or a letter or any document issued by the bank confirming this information. The Applicant is responsible for ensuring that the evidence submitted is legible and contains the required information. The Applicant is not obliged to submit any evidence with regard to the accuracy of its bank account if it is subscribing through a Collection Agent where it maintains its account. In this case, the Collection Agent will be required to verify and confirm the correctness of the Applicant's account through its own system and procedures or through the evidence submitted to it by the Applicant.

The Application containing the bank account number of a person or legal entity other than the Applicant may be rejected.

Category II Offer

40 per cent. of the Offer (800,000,000 Offer Shares) will be available for subscription by and allocation to Category II Applicants, split equally between the Category II Applicants (large retail) and Category II Applicants (small retail) subcategories. Whether an applicant is considered in the Category II Applicants (large retail) or Category II Applicants (small retail) subcategory will be automatically determined by the number of Shares being subscribed. Should the subscribed Shares be up to (and including) 28,500 Offer Shares, the Category II Applicant will be considered as Category II Applicants (small retail). For any subscribed Shares of 28,600 Offer Shares or greater, the Category II Applicant will be considered to be part of Category II Applicants (large retail).

An Applicant cannot submit more than one application and will only be categorised as part of the Category II Applicants (small retail) or Category II Applicants (large retail), but not both.

Subscription Process for Category II Applicants

Mode of Application: The Category II Offer process will be conducted through the E-IPO Mechanism.

Collection Agent E-IPO Platform

Applicants will be able to submit Applications to the Collection Agents during official banking working hours on or before the Category II Offer Closing Date. Prospective investors will need to contact a Collection Agent for further guidance on the E-IPO channel provided by the respective Collection Agent.

The Applicant will be required, before completing the Application through E-IPO, to carefully read this Prospectus, including the conditions and procedures governing the E-IPO Application. Copies of this Prospectus will be available to the Applicants through the Collection Agents, on the Company's IPO microsite or can be downloaded from the websites of the FSA and MSX, as follows: *www.FSA.gov.om* and *www.msx.om*, respectively.

The Category II Application Money will be paid by the Investor as per the terms of the E-IPO Mechanism used by each Collection Agent.

MCDC E-IPO Platform

Applicants can provide their particulars in the E-IPO Platform on the MCDC website (*www.mcd.om*).

After verifying all the particulars, the Applicant will need to print the E-IPO Application. The Applicant needs to submit the E-IPO Application along with supporting documents and Category II Application Money to one of the Collection Agents. The Applicant will need to contact its respective Collection Agent for further guidance on the E-IPO channel provided by the respective Collection Agent. The Category II Application Money will be paid by the Applicant as per the terms of the E-IPO collection process utilised by each Collection Agent. The Collection Agent will, after verifying the supporting documents and confirming the receipt of the Category II Application Money, validate the E-IPO Application in the E-IPO Platform and share a copy of the acknowledgement of the E-IPO Application with each Applicant. The Applicant needs to ensure that they receive a copy of the acknowledgement from the Collection Agent as a valid proof of their Application.

Applications

The Application must be completed in full in accordance with the instructions contained in this Prospectus. Incomplete Applications may be rejected.

Each Applicant is eligible to submit only one Application. Applications once submitted cannot be cancelled by the Applicant. Submission of a second Application to either the same or to another Collection Agent will be treated as such investor having submitted multiple applications and may result in all Applications submitted by the investor being rejected at any point in time prior to the allotment of Shares in the Offer.

Documentation Required

A copy of a valid power of attorney duly endorsed by the competent legal authorities is required if the subscription is on behalf of another person (with the exception of a subscription made by a father on behalf of his minor children).

Application Money

Along with submission of the Application, all Category II Applicants must make a payment of 100 per cent. of the subscription amount.

For Omani Individuals who are Category II Applicants, this is calculated as the total number of Offer Shares applied for multiplied by the Discounted Maximum Price, which is Bzs 351 per Share; and, for Non-Omani Individuals who are Category II Applicants, this is calculated as the total number of Offer Shares applied for multiplied by the Maximum Price, which is Bzs 390 per Share (the "**Category II Application Money**").

Terms of Payment for Category II

The Collection Agents will open an escrow account for the collection of the Category II Application Money.

This account will be managed by each Collection Agent, who will within the next one Oman business day after the receipt of Category II Application Money transfer the collection proceeds to the common escrow account maintained by the MCDC.

Each Category II Applicant can pay by cash, drawing a demand draft issued by a bank in Oman or instruct an account transfer for the amount payable at the time of submission of the Application.

Refunds

Omani Individuals who are Category II Applicants will be allotted Offer Shares at the Offer Price less a discount of 10 per cent. Non-Omani Individuals who are Category II Applicants will be allocated Offer Shares at the Offer Price. The Offer Price will be determined by the outcome of the bookbuilding offering to Category I Applicants.

Any refunds due to an Omani Individual who is a Category II Applicant will be calculated based on the difference between (i) the Category II Application Money paid by such Category II Applicant and (ii) the number of Offer Shares allotted to such Category II Applicant multiplied by the Offer Price less a discount of 10 per cent.

Any refunds due to a Non-Omani Individual who is a Category II Applicant will be calculated based on the difference between (i) the Category II Application Money paid by such Category II Applicant and (ii) the number of Offer Shares allotted to such Category II Applicant multiplied by the Offer Price.

Particulars of the Bank Account of the Category II Applicants

The details of the Applicant's bank account listed in the records of the MCDC will be used for transferring any refund. However, if an Applicant takes a leverage facility for the IPO from a Collection Agent, the refund will be made into the Applicant's loan account with the respective Collection Agent.

Basis of Allotment

Applications received from Category II Applicants (large retail) and Category II Applications (small retail) will be grouped together to determine the total demand under Category II Offer. The allotment to Omani Individuals who are Category II Applicants will be at the Offer Price less a discount of 10 per cent. The allotment to Non-Omani Individuals who are Category II Applicants will be made at the Offer Price.

If the aggregate demand in the Category II Offer is less than or equal to 40 per cent. of the Category II Offer (800,000,000 Offer Shares), the full allotment will be made to the Category II Applicants up to the number of Offer Shares in their valid applications. If there is oversubscription in the Category I Offer and the aggregate demand in Category II is less than 40 per cent. of the Offer, then after full allocation to the Category II Applicants, the balance of the Offer Shares shall be made available to Category I Applicants for allocation at the Offer Price.

If the aggregate demand in Category II is greater than 40 per cent. of the Offer Shares, the FSA may decide that a minimum number of Category II Offer Shares be distributed equally among Category II Applicants (small retail), and the remainder of Category II Offer Shares shall be allocated on a pro-rata basis.

Allotment Confirmation and Refund of Money for Category II

The MCDC will send an SMS to investors who have been allotted Offer Shares to their mobile number registered with the MCDC after the end of the Category II Offer Period following receipt of the approval of the FSA on the proposed allotments. The MCDC is also expected to commence refunds of any excess money to eligible investors within three Oman business days after receiving the approval of the FSA on the proposed allotments.

Collection Agents Receiving the Applications

- Ahli Bank SAOG;
- Ahli Islamic Bank;
- Bank Dhofar SAOG;
- bank muscat SAOG;
- Bank Nizwa SAOG;
- Dhofar Islamic;
- Horizon Capital Markets SAOC;
- Jabal Asset Management LLC;
- Meethaq Islamic Banking – Bank Muscat SAOG;
- National Bank of Oman SAOG;

- Oman Arab Bank SAOG;
- Sohar International SAOG;
- Sohar Islamic;
- Ubhar Capital SAOC;
- United Securities LLC; and
- Vision Securities LLC.

Acceptance of the Applications

The Issue Manager or the Collection Agents may not accept an Application if:

- the Application does not bear the signature of the Applicant;
- the Application Money is not paid by the Applicant in accordance with the conditions set out in this Prospectus;
- the Application does not include the Applicant's Investor Number registered with the MCDC;
- the Application is submitted in joint names;
- the Applicant is a sole proprietorship or trust account;
- the Investor Number furnished in the Application is incorrect;
- the Applicant submits more than one Application in the same name, in which case all of them may be rejected;
- the supporting documents are not enclosed with the Application;
- the Application does not contain all the particulars of the bank account of the Applicant;
- the particulars of the bank account provided for in the Application are found to be incorrect or not relevant to the Applicant, with the exception of Applications submitted in the names of minor children, who are allowed to make use of the particulars of the bank accounts held by their father;
- the power of attorney is not attached to the Application in respect of an Applicant who subscribes on behalf of another person (with the exception of the fathers who subscribe on behalf of their minor children); or
- the Application does not comply with the legal requirements as provided for in this Prospectus.

If the Issue Manager or a Collection Agent receives an Application that does not comply with the procedures set out in this Prospectus, reasonable effort will be taken to contact the investor so that the mistake may be corrected. If the investor does not rectify the Application within a specified period, the Issue Manager or the respective Collection Agent will return the Application together with the Application Money to the prospective investor.

Refusal of Applications

The Issue Manager may reject any Application under any of the conditions referred to above, subject to securing the approval of the FSA and submission of a comprehensive report furnishing the details of the Applications that are rejected and the reasons behind the rejections.

Enquiries and Complaints

Investors who intend to seek clarification or file complaints with regard to issues related to the allotment of Shares or rejected Applications or refunds may contact the Collection Agent through which the subscription was made. The contact details of the Collection Agents are below:

Collection Agent	Contact Names	Postal Address	Contact Details
Ahli Bank SAOG	Mohamed Al Abri Amin Al Balushi	PO Box 545, Postal Code 116, Mina Al Fahal, Muscat, Sultanate of Oman	mohammedg.alabri@ahlibank.om; +968 2465 3180 amin.albalushi@ahlibank.om; +968 2457 7830
Ahli Islamic Bank	Mohamed Al Abri Amin Al Balushi	PO Box 545, Postal Code 116, Mina Al Fahal, Muscat, Sultanate of Oman	mohammedg.alabri@ahlibank.om; +968 2465 3180 amin.albalushi@ahlibank.om; +968 2457 7830
Bank Dhofar SAOG	Hamid Said Hashmat Parag Mathur	PO Box 1507, Postal Code 112, Ruwi, Muscat, Sultanate of Oman	InvestmentBackOffice@bankdhofar.com; +968 97027773 p.mathur@bankdhofar.com
Bank Muscat SAOG	Sarah Kalbani Al Muaiyad Al Sabti	PO Box 134, Postal Code 112, Muscat, Sultanate of Oman	BrokerageBackOffice@bankmuscat.com; +968 2476 8044 +968 2480 1065
Bank Nizwa SAOG	Ismail Al Suqri	PO Box 1423, Postal Code 133, Al Khuwair, Muscat, Sultanate of Oman	ismail.alsuqri@banknizwa.om; +968 2465 5530 +968 9329 1608
Dhofar Islamic	Hamid Said Hashmat Mohammed Qassim Al Lawati	PO Box 1507, Postal Code 112, Ruwi, Muscat, Sultanate of Oman	InvestmentBackOffice@bankdhofar.com; +968 97027773 DI-BranchOperations@dhofarislamicbank.com; +968 22653045
Horizon Capital Markets SAOC	Hamed Al Salti Lubna Al Lawati	PO Box 856, Postal Code 115, Muscat, Sultanate of Oman	hamed.mo@hcmoman.com; +968 24826053 lubna@hcmoman.com; +968 24826036

Jabal Asset Management LLC	Haneen Al Bulooshi Dawood Alali	PO Box 2209, Postal Code 133, North Alkhuwair, Bousher, Muscat, Sultanate of Oman	+968 21027811 +968 21027821 brokerag.products@jabal.om
Meethaq Islamic Banking – Bank Muscat SAOG	Maryam Abdallah Al Balushi	PO Box 134, Postal Code 112, Muscat, Sultanate of Oman	mib@bankmuscat.com ; +968 24801937
National Bank of Oman SAOG	Salim Al Musallami Wadhah Al Hooti	PO Box 751, Postal Code 112, Ruwi, Muscat, Sultanate of Oman	nbobackoffice@nbo.om; +968 2477 8075 +968 2477 8662
Oman Arab Bank SAOG	Saqar Al Harrasi Ghada Al Raisi	PO Box 2240, Postal Code 130, Al Ghubrah North, Sultanate of Oman	Saker.Al-Harasi@oman-arabbank.com; +968 2475 4526 Ghada.AlRaisi@oman-arabbank.com; +968 2475 4653
Sohar International SAOG	Hussain Al Lawati Amina Al Busaidi Mohammed Al Sharji	PO Box 44, Hai Al Mina, Postal Code 114, Muscat, Sultanate of Oman	Hussain.AlLawati@soharinternational.com; +9682473 0125 InvestmentSettlementOps@soharinternational.com; +968 2473 0372
Sohar Islamic	Hussain Al Lawati Amina Al Busaidi Mohammed Al Sharji	PO Box 44, Postal Code 114, Ruwi, Muscat, Sultanate of Oman	Hussain.AlLawati@soharinternational.com; +9682473 0125 InvestmentSettlementOps@soharinternational.com; +968 2473 0372
Ubhar Capital SAOC	Ibrahim Nasser AL-Hasani Ahmed AlAjmi	PO Box 1137, Postal Code 111, Muscat, Sultanate of Oman	i.al-hasani@u-capital.net; +968 24949004 ahmed.alajmi@u-capital.net; +968 024949006
United Securities LLC	Ayman Al Lawati Osama Shihab	PO Box 2566, Postal Code 112, Sultanate of Oman	Ayman@usoman.com; +968 2476 3337 Osama@usoman.com; +968 2476 3329
Vision Securities LLC	Mohammad Gouda Mohammed Mehrezi	PO Box 712, Postal Code 131, Muscat, Sultanate of Oman	mohd.gouda@visioncapital.om; +968 2476 0017

mohammed.m@vision
capital.om; +968 2476
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If the Collection Agent does not respond, the Applicants may contact the Issue Manager whose details are set out below:

Sohar International Bank SAOG
Mr. Al Muatasim Al Mutairi
AVP – Head of Islamic Investment Banking at Sohar International
P.O. Box 44, Postal Code 114,
Ruwi, Muscat, Sultanate of Oman
Email: almuatasim.almutairi@soharinternational.com
Phone: +968 2403 7306

Proposed Timetable

The following table shows the expected timetable for completion of the subscription procedures:

Procedure	**Date**
Category I Offer Opening Date	30 September 2024
Category II Offer Opening Date	30 September 2024
Category I Offer Closing Date	10 October 2024
Category II Offer Closing Date	9 October 2024
Due date for Collection Agent to receive subscription amounts from Category II Applicants	Immediately upon subscription
Due date for the Issue Manager to receive the subscription data and final registers from the Collection Agent	14 October 2024
Finalisation of the Offer Price and notification to the FSA of the outcome of the subscription and the proposed allotments	16 October 2024
Approval of the FSA on the proposed allotment	17 October 2024
Announcement of Offer Price on the MSX and notification of investor allotments/Pricing Date	17 October 2024
Commencement of refund for Category II Applicants	20-22 October 2024
Due date for Issue Manager to receive Category I subscription amounts from Collection Agents	23 October 2024
Settlement Date	24 October 2024
Commencement of refund for Category I Applicants and dispatch of the notices regarding allotment	27 October 2024
Listing Date	28 October 2024

Listing and Trading of the Offer Shares

The Offer Shares will be listed on the MSX in accordance with the laws and procedures in force on the date the application is made for the listing and registration. The Listing Date is an estimated date and the exact date will be published on the MSX website.

Responsibilities and Obligations

The Issue Manager, the Collection Agents and the MCDC must abide by the responsibilities and obligations set out under applicable law and by the directives and regulations issued by the FSA.

The parties concerned will be required to take remedial measures with regard to the damages arising from any negligence committed in the performance of the functions and responsibilities assigned to them. The Issue Manager and the Collection Agents will be the bodies who are responsible before the regulatory authorities for taking suitable steps and making good such damages.

Eligible Investors

Other than in Oman, no action has been taken or will be taken in any jurisdiction that would permit a public offering of the Offer Shares or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Shares, in any country or jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. See "*Selling Restrictions*".

As referenced above, the Offer Shares have not been, and will not be, registered under the Securities Act or with any security regulatory authority of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. All offers and sales of the Offer Shares will be made outside the United States in compliance with Regulation S under the Securities Act and in accordance with applicable law.

Each investor in the Offer Shares will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

(a) the investor is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;

(b) the investor acknowledges that the Offer Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;

(c) the investor and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, was located outside the United States at the time the buy order for such Offer Shares was originated and continues to be located outside the United States;

(d) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

(e) the Offer Shares have not been offered to the purchaser by means of any "directed selling efforts" as defined in Regulation S under the Securities Act;

(f) if the investor is acquiring any Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that the purchaser has sole investment discretion with respect to each such account and that the purchaser has full power to make, and does make, the foregoing acknowledgements, representations and agreements on behalf of each such account;

(g) the investor understands that any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions may not be recognised by the Company; and

(h) the investor acknowledges that the Company, the Selling Shareholder, the Joint Global Coordinators, the Issue Manager, the Collection Agents and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Chapter XX
Subscription and Sale

The Company, the Selling Shareholder, the Joint Global Coordinators and the Collection Agents have entered into an institutional settlement agreement dated 22 September 2024 with respect to the Offer Shares (the "**Institutional Settlement Agreement**"). Subject to the satisfaction of certain conditions set out in the Institutional Settlement Agreement, including the execution of the Pricing Memorandum (as defined below), each Joint Global Coordinator and Collection Agent has agreed, severally but not jointly, to procure purchasers, or failing which to purchase, the Offer Shares in the Category I Offer on terms specified in the Institutional Settlement Agreement and the Pricing Memorandum. The number of Offer Shares will be determined on the Pricing Date and set out in the Pricing Memorandum. Such number of Shares will also be communicated in a press release to be issued by the Company.

The Price Range is Bzs 370 to Bzs 390 per Share.

The Company will apply for the listing of the Shares on the MSX under the symbol "OQEP".

All commissions to the Joint Global Coordinators and the Collection Agents will be paid by the Selling Shareholder. The expenses of the Offer will be borne by the Selling Shareholder.

Institutional Settlement Agreement

In the Institutional Settlement Agreement, the Company and the Selling Shareholder have made certain representations and warranties and the Company has agreed to indemnify the several Joint Global Coordinators and the Collection Agents against certain liabilities, including liability under the Securities Act. The Joint Global Coordinators and the Collection Agents are offering the Offer Shares on behalf of the Selling Shareholder when, as and if delivered to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Offer Shares, and other conditions contained in the Institutional Settlement Agreement, such as the receipt by the Joint Global Coordinators and the Collection Agents of officers' certificates and legal opinions.

The several commitments of the Joint Global Coordinators and the Collection Agents to procure investors, or failing which to invest, the Offer Shares in the Category I Offer will be subject to certain conditions precedent, including among others, the execution of a pricing memorandum to the Institutional Settlement Agreement (the "**Pricing Memorandum**") by the Company, the Selling Shareholder and the Joint Global Coordinators setting forth the Offer Price for the Offer Shares and the final number of Offer Shares offered in the Offer. The Pricing Memorandum is expected to be executed on the Pricing Date. The Joint Global Coordinators may terminate the Institutional Settlement Agreement prior to the Settlement Date under certain specified conditions that are typical for an agreement of this nature. If any of such conditions are not satisfied or waived, or the Institutional Settlement Agreement is terminated prior to the Settlement Date, then the Offer will lapse. The Institutional Settlement Agreement shall automatically terminate if Admission does not become effective within seven calendar days of the proposed Listing Date. Should this occur, then: (i) the Offer shall automatically terminate; (ii) the Selling Shareholder shall refund all monies received from investors; and (iii) applicants who purchased Offer Shares in the Offer will be required to return the Offer Shares they have purchased to the Selling Shareholder. For further details, see "*Chapter IV—Risk Factors—Risks Relating to the Offer and to the Shares —Settlement will occur up to seven calendar days prior to listing and the application for listing of the Shares on the MSX may not be successful*".

Pricing of the Offer

Prior to the Offer, there has been no public market for the Offer Shares. No assurance can be given as to the liquidity of the trading market for the Offer Shares. The Price Range was determined by the Selling Shareholder and the Company, in consultation with the Joint Global Coordinators.

Lock-up Arrangements

Pursuant to the Institutional Settlement Agreement, the Company and the Selling Shareholder have contractually agreed, for a period of 365 calendar days after the Admission, not to: (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other shares of the Company, or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined, directly or indirectly, by reference to the price of the Offer Shares; (ii) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Shares, in each case, whether any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise; or (iii) announce publicly such an intention to effect any such transaction, in each case, without the prior written consent of the Joint Global Coordinators.

In respect of the Selling Shareholder only, the foregoing restriction will not apply to:

(i) the sale of the Offer Shares to be sold pursuant to the Offer;

(ii) any inter-company transfers of Shares by a Selling Shareholder in favour of its affiliates (“**Transferees**”), provided that: (a) prior to the making of any such transfer, the Transferee shall agree to be bound by the lock-up obligations of the Selling Shareholder; (b) any such intercompany transfers of Shares shall be performed on terms and conditions that do not conflict with the Offer; and (c) in the event that a Transferee ceases to be an affiliate of a Selling Shareholder, the Shares transferred to such Transferee shall, prior to such cessation, be transferred back to such Selling Shareholder;

(iii) accepting a general offer made to all holders of Shares then in issue (other than Shares held by the person making the offer or its affiliates) on terms which treat all holders of Shares alike, or executing and delivering an irrevocable commitment or undertaking to accept such a general offer (without any further agreement to transfer or dispose of any Shares or any interest therein);

(iv) taking up any rights granted in respect of a pre-emptive share offering by the Company in order to sell a sufficient number of its rights in order to acquire the balance of its rights;

(v) selling or otherwise disposing of Shares pursuant to any offer by the Company to purchase its own Shares which is made on identical terms to all holders of Shares in the Company;

(vi) any disposal by and/or allotment and issue of shares to a Selling Shareholder pursuant to any capital reorganisation in respect of any Shares beneficially owned, held or controlled by such Selling Shareholder, provided that any shares issued to or otherwise acquired by such Selling Shareholder pursuant to such capital reorganisation shall be subject to the lock-up restrictions; or

(vii) transferring or otherwise disposing of Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members of any class of them which is agreed to by the creditor or members and (where required) sanctioned by any applicable authority.

Anchor Investors

Each of the Anchor Investors has entered into an Anchor Investment Agreement with the Company and OQ (together, the "**Anchor Investment Agreements**" and each an "**Anchor Investment Agreement**").

The Company has received irrevocable commitments from the Anchor Investors, subject to the terms and conditions contained within the Anchor Investment Agreements, to subscribe to the Offer. The following table provides details regarding such subscriptions:

Name of Anchor Investor	Number of Offer Shares Subscribed	Subscription Amount at the Maximum Price (OMR)	% of Offer
Social Protection Fund	160,208,062	62,481,144	8.01%
Al-Hosn Investment Company SAOC	120,156,047	46,860,858	6.01%
Mars Development and Investment LLC	52,015,605	20,286,086	2.60%
Salim & Partners LLC	26,007,802	10,143,043	1.30%
Bank Dhofar SAOC	20,806,242	8,114,434	1.04%
Oman National Investments Development Company SAOC	20,806,242	8,114,434	1.04%
Total	**400,000,000**	**156,000,000**	**20%**

Note:

(1) The Social Protection Fund is an independent financial and administrative entity, established by Royal Decree No. 33/2021, with its regulations issued by Royal Decree No. 50/2023. Its mission is to implement the provisions of the Social Protection Law and related legislation.

The Social Protection Fund is considered one of the largest investment entities in Oman. The Fund actively invests in regional and international markets and is a key investor in the local market, in both stocks and bonds. Additionally, the fund is a major participant in local projects and real estate developments. The fund also invests in international assets, including alternative investments and infrastructure.

(2) Al-Hosn Investment Company SAOC (HIC) is a prominent investment firm based in Oman that focuses on private equity and venture capital. The company aims to drive sustainable economic growth by investing in various strategic sectors while generating sustainable returns to its shareholders. HIC focuses on long-term strategic investments in sectors such as infrastructure, logistics, hospitality, energy, financial services and food processing.

(3) Mars Development and Investment LLC was established in 2017 as a wholly owned government investment company registered in Oman which invests across multiple asset classes and sectors both locally and internationally. The company is dynamic in its approach with the ultimate goal of generating direct and indirect value to Oman through knowledge transfer, technological advancement and socioeconomic development.

(4) Salim & Partners LLC (S&P) is the Omani Investment arm of the OOSC group. S&P invests across all investment asset classes in Oman and has interests in local equities, fixed income, private equity and hospitality assets. S&P has recently invested in Khazaen Fruit & Vegetables Central Market SAOC.

Oman Oilfields Supply Centre (OOSC) group, a leading Omani group of companies, was founded in 1975 to cater to the needs of Oman energy and industrial sectors. The group has transformed from a family enterprise into a well-diversified conglomerate under the leadership of Salim Hassan Macki.

Today, OOSC group operates in the areas of engineering and construction, oilfield services, real estate, healthcare, hospitality and industrial coating services. Its largest operating subsidiary is Special Technical Services LLC.

(5) Bank Dhofar is a leading financial institution in Oman, offering a comprehensive range of products and services tailored to meet the needs of corporate, retail, SME and private banking customers. From personal financial facilities to working capital solutions, trade finance and transaction banking, the bank continues to focus on its customers through dedicated relationship-led banking.

With total assets of over OMR 4.8 billion as of 30 June 2024 and a network of 129 branches and over 360 ATMs, CDMs, FFMs and MFKs across Oman, Bank Dhofar is one of the fastest growing banks in Oman, with a strong presence in corporate banking, retail banking, treasury and project finance. Bank Dhofar ensures convenience and accessibility for its customers along with its commitment to best-in-class banking practices and customer service excellence has solidified its reputation as one of Oman's top banks. Additionally, Bank Dhofar is dedicated to support the growth of the national economy.

(6) Oman National Investments Development Company SAOC (TANMIA) is an investment firm, established in 1998, that focuses on driving sustainable growth through investments in both public and private markets. Dedicated to fostering positive and lasting change in Oman's economy, TANMIA aligns its efforts with the goals of Oman's 2040 Vision. Jointly owned by the Social Protection Fund (SPF) and Oman Investment Authority (OIA), TANMIA manages its proprietary portfolio alongside clients' assets and manage both public and private equity funds. The firm's Private Markets division focuses on direct investments mainly within Oman, while the Public Markets division manages mutual funds, client portfolios, and proprietary portfolios across the globe.

The Anchor Investment Agreements are subject to certain customary conditions precedent being satisfied, including execution of the Institutional Settlement Agreement by the parties thereto, approval of the Prospectus by the FSA and publication of the Prospectus by the Company. The Anchor Investment Agreements will terminate automatically if the Institutional Settlement Agreement is terminated pursuant to its terms, and the Anchor Investment Agreements may be terminated if there is a material breach of a fundamental term thereof, by mutual consent of the parties thereto or if the conditions have not been fulfilled or waived on or before 30 September 2024 or such other date as may be agreed between the Company, OQ and the Anchor Investors. The Offer Shares to be acquired by the Anchor Investors will rank *pari passu* with all other Offer Shares sold in the Offer.

Pursuant to the terms of the Anchor Investment Agreements, each Anchor Investor has agreed, *inter alia*, that it shall not for the period from the date of its Anchor Investment Agreement until the date falling 12 months following the date of Admission, offer, sell or contract to sell, transfer or otherwise dispose of, directly or indirectly, or announce an offer of any Shares it has acquired under its Anchor Investment Agreement (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing. The Offer Shares purchased in the Offer by an Anchor Investor will be held in such Anchor Investor's account with the MCDC and shall be locked and not tradeable for the duration of the 365-day lock-up period commencing from the date of Admission.

Other Relationships

In connection with the Offer, each of the Joint Global Coordinators and the Collection Agents and any affiliate may take up Offer Shares in the Offer as a principal position and in that capacity may retain, purchase or sell for its own account such Offer Shares and any related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offer. Accordingly, references in this Prospectus to the Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to the Joint Global Coordinators and the Collection Agents and any affiliate acting as an investor for its own account. In addition, certain of the Joint Global Coordinators and the Collection Agents or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for differences) with investors in connection with which the Joint Global Coordinators and the Collection Agents (or their affiliates) may from time to time acquire, hold or dispose of Shares. None of the Joint Global Coordinators and the Collection Agents intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Moreover, in the course of their business with the Company and with parties affiliated with the Company (including the Selling Shareholder), the Joint Global Coordinators and the Collection Agents and/or their respective affiliates may have from time to time been engaged, and may in the future engage, in commercial banking, lending, trading, hedging, investment banking and financial advisory and ancillary activities, for which they have received, and may in the future receive, customary compensation. In respect of the aforementioned, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures or by rules and regulations. As a result of any such transactions, any Joint Global Coordinator or Collection Agent may have interests that may not be aligned, or could potentially conflict, with the interests of holders of Offer Shares or with the interests of the Company or the Selling Shareholder.

Chapter XXI
Bookbuilding Process

Background

The Offer has been structured into two parts: a bookbuild portion, targeting Category I Applicants, and a fixed price offering, targeting Category II Applicants. The Category I Offer Period will commence on 30 September 2024 and end on 10 October 2024. The Category II Offer Period will commence on 30 September 2024 and end on 9 October 2024.

Bookbuilding is a method used to determine the share price of an offering, based on actual demand. It is an interactive mechanism by which institutional investors relay indications of demand and price preference to the bookrunners. Unlike "fixed price" offerings where there is only one price for the shares offered, it is important to note that this Offer was launched with a Price Range (i.e., a maximum and minimum price per Offer Share), which will be used to determine the Offer Price through the bookbuild process. Bookbuilding is used extensively in other international markets, and has been used within Oman for certain offerings.

The Joint Global Coordinators gathered feedback from potential Category I Applicants on their views on the positioning of the Company, its strengths and weaknesses and the valuation of the Company. The Selling Shareholder evaluated the information collected during this stage with the Joint Global Coordinators to determine the Price Range.

During the Category I Offer, the Selling Shareholder, in consultation with the Joint Global Coordinators, will use the information received from Category I Applicants to determine the Offer Price, thus balancing demand and price and taking into account market conditions and the Category I Applicants' assessment of the Company's valuation. On the closing of the Category I Offer Period, the Joint Global Coordinators and the Selling Shareholder will meet to examine the Application book, including the aggregate demand and the number of Offer Shares demanded at each price within the Price Range and agree on the Offer Price, which may be at or below the price where the aggregate demand exceeds the number of Offer Shares in the Offering.

The Category II Offer will follow the usual subscription process for a fixed price offering, except that:

- Omani Individuals who are Category II Applicants will place their Applications with the Collection Agents based on a fixed price; such fixed price will be the Discounted Maximum Price.
- Non-Omani Individuals who are Category II Applicants will place their Applications with the Collection Agents based on a fixed price; such fixed price will be the Maximum Price.
- The allocation to Category I Applicants and Non-Omani Individuals who are Category II Applicants will be at the Offer Price as discovered in the bookbuild offering (as detailed above). The allocation to Omani Individuals who are Category II Applicants will be at the Offer Price less a discount of 10 per cent.
- Any refunds due to an Omani Individual who is a Category II Applicant will be calculated based on the difference between (i) the Category II Application Money paid by such Category II Applicant, and (ii) the number of Offer Shares allotted to such Category II Applicant multiplied by the Offer Price less a discount of 10 per cent.
- Any refunds due to a Non-Omani Individual who is a Category II Applicant will be calculated based on the difference between (i) the Category II Application Money paid by such Category II Applicant and (ii) the number of Offer Shares allotted to such Category II Applicant multiplied by the Offer Price.

Allocation process

The allocation of Offer Shares to Category I Applicants shall be completed on a pro-rata basis relative to the Applicant's application bid amount.

Refer to Basis of Allotment in "*Chapter XIX—Subscription Conditions and Procedures*" for further detail on the allocation procedure for the Category II Offer.

Chapter XXII
Valuation Methodologies

Offer Price

The Company and the Selling Shareholder, in consultation with the Joint Global Coordinators, have determined that the Price Range will be Bzs 370 to Bzs 390 per Offer Share (prior to any applicable discount for certain Category II investors).

An investor education and marketing process with a select group of potential institutional investors based in Oman and internationally was undertaken by the Company in order to solicit feedback that has informed the determination of the Price Range for the Offer, along with other factors including the objectives of the Company and the Selling Shareholder. In providing this feedback, these potential institutional investors have taken into account current market conditions and a range of valuation methodologies that they believe to be appropriate in assessing the fair valuation of the Company and/or the valuation at which they would be willing to subscribe in the Offer.

Valuation Methodologies

There are various valuation methodologies that can be used by potential investors. A non-exhaustive description of potential methodologies that investors could consider are described below.

Discounted Cash Flow Analysis ("DCF")

DCF is a valuation method that estimates the current value of a company by using investors' own views on expected future cash flows and discount rate. Future estimated cash flows are discounted using this assumed discount rate to calculate the present value of the company today. Investors are responsible for estimating their own assumptions of the future cash flows of the Company and for their own discount rates in assessing the value of the Company. For periods beyond their own assessment of the forecast cash flow period, investors may opt to value this using a comparable peer multiple or terminal growth rate.

Investors may opt to use DCF because:

- It appraises an intrinsic value of the company and is capable of reflecting company specific factors;
- It is a forward-looking analysis based on cashflow and is accordingly capable of taking into account expected future growth in the Company and / or any expected changes in the Company's future performance; and
- It is less influenced by prevailing market conditions at a single point in time.

Investors should be aware of certain risks with a DCF, which include but are not limited to:

- Valuation is highly sensitive to underlying assumptions on key revenue drivers, cash flow, terminal value and discount rate;
- Valuation depends on long term projections which may not be estimated accurately or which may not be available from broker research analysts at a particular point in time. Projections are also subject to future changes in macroeconomic, technical, regulatory or company specific factors; and
- Terminal value can represent a significant portion of total DCF value, increasing the sensitivity of assumptions taken to generate the terminal value.

Comparable Companies Analysis ("CCA")

CCA is a relative valuation methodology that utilises the current trading metrics of public listed companies that are deemed to be comparable to determine the valuation of a company. This approach can be taken on, amongst others, price to earnings multiples, enterprise value to EBITDA multiples, etc. This approach can be used to benchmark both a company's historic performance and future estimated performance against such identified potential comparable companies (e.g. applying the comparable companies' 2025 multiple (based on 2025 financial estimates for the comparable companies by one or more broker research analysts) to the investors own estimate of a company's 2025 financial performance)

Investors may opt to use CCA because it:

- Is a simpler approach utilising publicly available information;
- Relies on market efficiency theory (with trading valuation expected to reflect all publicly available information on the comparable companies); and
- Takes into account prevailing market conditions.

Investors should be aware of certain risks with a CCA, which include, but are not limited to:

- It may not be possible to find an accurate list of comparable companies;
- The financial performance of any individual company will reflect, inter alia, the maturity of its assets and the fiscal terms under which it operates, which may be materially different from an existing publicly listed company;
- Current trading multiples of a company may be influenced by stock specific factors or through inaccurate current trading prices due to low liquidity, small market capitalisation, limited research coverage and 2025 estimates, etc.;
- It may not factor in future growth prospects (whether organic, inorganic or M&A) for comparable companies; and
- Investors may need to make adjustments for differences in accounting standards and / or policies, corporate tax environment, etc. across comparable companies.

Dividend yield

Dividend yield is a subset of the CCA methodology where an investor considers the available or expected dividend yield that the company will generate. This can be compared to the dividend yield available from other listed companies or compared to listed debt instruments or other interest generating investment opportunities. Dividend yield may be more typically used for companies which have an explicit dividend policy and/or are expected to pay dividends on a regular basis in the future.

Investors may opt to use dividend yield because it:

- Offers a simpler approach when a clear dividend policy is provided by the company; and
- May also allow a simpler comparison across both other listed public companies but also other return-generating instruments.

Investors should be aware of certain risks associated with dividend yield methodology, which include, but are not limited to:

- Dividend payments in the future are not guaranteed and may increase or decrease versus the expectations or guidance from the company based on prevailing market or company specific factors;

- It may not fully factor in expected growth in the company which represents incremental value on top of the dividend payout;
- Dividend yield may be impacted by external factors, including the current return available from other yielding investment opportunities; and
- Dividend policies and associated pay-out ratios are often bespoke to individual companies and hence may not be comparable.

Important Notice

Every investor is responsible for obtaining his, her or its own independent professional advice on an investment in the Offer Shares and for conducting an independent valuation of the information and assumptions contained herein using appropriate analysis. All equity investments carry market risks to varying degrees. The value of any security can fall as well as rise depending on the market conditions.

In making an investment decision, prospective investors must rely upon their own examination, analysis and enquiry of the Company, the terms of this Prospectus and the Offer, including the merits and risks involved in making an investment.

Chapter XXIII
Taxation

Prospective investors are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence, ordinary residence or domicile, of an investment in the Company and the Shares. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any changes in law that might take effect after such date.

Oman

The statements herein regarding taxation are based on the tax laws (specially the Oman Income Tax Law (promulgated by Royal Decree 28/2009) (the "**Oman Income Tax Law**") (as amended by Royal Decree 09/2017 and by Royal Decree 118/2020, the "**Tax Amendments**") and the Executive Regulation on the Oman Income Tax Law issued by the Ministerial Decision No. 30/2012 ("**Executive Tax Regulations**")) in effect in Oman as at the date of this Prospectus and are subject to any changes of law occurring after such date. The following is a summary only of the material Omani tax consequences of ownership of the Shares by potential investors who are not Oman Tax Residents (as defined below).

The following summary does not purport to be a comprehensive description of all the tax considerations and is not intended to reflect the individual tax position of any owner, which may be relevant to a decision to purchase, own or dispose of the Shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. This summary is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. Prospective purchasers of the Shares are advised to consult their own tax advisers concerning the overall tax consequences of their acquiring, holding and disposing of the Shares, including in particular the effect of any local laws.

Withholding Taxes in Oman

Pursuant to Article 52 of the Oman Income Tax, withholding tax is payable on the following categories of income earned in Oman:

(a) royalties;

(b) consideration for conducting research and development;

(c) consideration for using or the right to use computer programmes;

(d) fees in consideration for management or performance of services; and

(e) payment of dividends on shares or interest.

Royal Decree 9/2017 amended the Oman Income Tax Law to include payments to non-resident persons towards "provision for services" as part of the specified payments that are subject to withholding tax. On 1 March 2018, the tax authority clarified that withholding tax on services is applicable, irrespective of whether the services are performed in Oman or abroad.

The Tax Decision amending the Executive Regulation clarified some of the above provisions. The amended Executive Regulations define the term "realised in Oman" to mean "whenever the source of such funds is from Oman", which could possibly mean that the payer happens to be a taxpayer in Oman. Further, the Executive Regulations have excluded the following seven categories of payments from "payment in considerations of rendering services", for withholding tax purposes:

- conferences, seminars or exhibitions;

- training;
- transport and shipping of goods and insurance thereupon;
- airline tickets and cost of staying abroad;
- board meetings;
- payments for re-insurance; and
- services rendered in relation to any activity or property located outside Oman.

In view of the above exclusions, it would be implied that all other services except the above exclusions, irrespective of the place of rendition, are now subject to withholding tax in Oman.

Withholding tax shall not be levied on the gross amount of the aforementioned categories of income paid or credited to the account of any Oman-based "tax residents", as such term is defined under Article 18 (bis) of the Oman Income Tax Law as being: "*…(1) a natural person residing in Oman during a fiscal year, provided that they have been present within Oman for a period for 183 consecutive or non-consecutive days during the fiscal year, (2) a corporate person residing in Oman during the fiscal year, provided that it meets any of the following criteria: (a) that it has been established in Oman as per the laws and Royal Decrees in force therein, or (b) that its main or actual headquarters is located in Oman*" ("**Oman Tax Residents**"). However, withholding tax shall be levied on the gross amount of the aforementioned categories of income paid or credited to the account of any persons who are not Oman Tax Residents in the cases specified in Article 40, read with Article 53, of the Oman Income Tax Law if such persons do not have a permanent establishment in Oman.

Additionally, the Tax Amendments extend the requirement to deduct withholding tax payable pursuant to Article 53bis to any Ministry, authority, public institution or other public juristic person or unit of the administrative apparatus of Oman. The applicable tax rate is 10 per cent. of the gross amount paid or credited to the account of the persons specified above.

Oman-registered institutional investors are Oman Tax Residents and, therefore, will not be subject to Omani withholding tax. However, offshore institutional investors who are not Oman Tax Residents shall be subject to withholding tax, regardless of whether or not they are owned by Oman Tax Residents.

The FSA on 15 May 2019 announced that, on the basis of a Royal directive, withholding tax applicable to dividends and interest on foreign borrowings was to be suspended for a period of three years effective from 6 May 2019 (the "**2019 Tax Suspension**"). The Secretariat General for Taxation (currently, the Oman Tax Authority) subsequently issued an open letter to Ernst and Young on 11 June 2019 confirming the 2019 Tax Suspension. No copy of the aforementioned Royal directive has been available for public inspection.

The 2019 Tax Suspension was extended under the Economic Stimulus Plan ("**ESP**") approved by Oman's Council of Ministers presided by His Majesty Sultan Haitham bin Tarek on 9 March 2021. While this extension was not published by way of a Royal Decree in the Official Gazette of Oman, Omani media outlets reported on 9 March 2021 that the ESP suspension of the application of the withholding tax on dividend distributions and interest amounts had been extended for a period of five years with effect from 2020 (the "**2021 Tax Suspension**"). On 11 January 2023, His Majesty Sultan Haitham bin Tarek issued a further Royal directive under which it was announced that withholding tax would no longer apply to dividend distributions and interest amounts (the "**2023 Royal Directive**", and together with the 2019 Tax Suspension and the 2021 Tax Suspension, the "**Tax Suspensions**"). While there has been no official confirmation in the form of a Royal Decree of the 2023 Directive, details were published online by the Omani Ministry of Interior.

As a result of the Tax Suspensions, no withholding tax will be applicable to dividend payments made by the Company to holders of the Shares who are not Oman Tax Residents for as long as the withholding tax suspension under the 2023 Royal Directive is effective.

It is not clear whether fees in consideration for management or performance of services would include any arrangement fee, commitment fee or agency fee. Further, it is also not clear whether these fees would be considered as a service for the purposes of withholding tax. In a case where these fees are regarded as a management fee or fee for performance of services, the suspension of the withholding tax on interest would not apply to these fees and hence the same would be subject to withholding tax.

Corporate Income Tax

Tax in Oman is governed by the Oman Income Tax Law and various other Royal Decrees and Ministerial decisions.

Tax is charged on business establishments owned by individuals, companies incorporated in Oman and permanent establishments (registered/unregistered branches) of foreign persons.

Under the Oman Income Tax Law, the Company is subject to the normal corporate income tax rate of 15 per cent. of its income.

Every taxable entity is required to file a final return of income for every tax year together with the audited financial statements which should be prepared in accordance with the International Financial Reporting Standards.

Oman has entered into a comprehensive double taxation treaty with 35 countries (effective treaties) which include the United Kingdom, France and Spain, among others.

Capital Gains Taxes in Oman

Under the Oman Income Tax Law, gains on the sale or redemption of the Shares by shareholders who are residents or are deemed to have a permanent establishment in Oman will be subject to a tax of 15 per cent. of their annual taxable gain from such sale or redemption, if such income: (i) forms part of such shareholder’s business profits which are realised in Oman and are recorded as having been realised as such in its financial statements; and (ii) such shareholders are not otherwise exempted under the Oman Income Tax Law. Consequently, any profit or gain realised by a shareholder as a result of the sale of the Shares shall constitute part of the shareholder’s taxable income in Oman only where such proceeds are attributable to the shareholder’s permanent establishment in Oman and are recorded as such in its financial statements. A shareholder who is neither resident in nor deemed to have permanent establishment in Oman will not be liable for such tax. For the avoidance of doubt, a shareholder will not be deemed to have a permanent establishment in Oman on the sole basis of its ownership of the Shares.

Value Added Tax in Oman

On 12 October 2020, His Majesty Sultan Haitham bin Tarek Al Said issued Royal Decree 121/2020 promulgating the law on value added tax (the “VAT Law”). The VAT Law was published in the Official Gazette of Oman on 18 October 2020 and came into effect on 16 April 2021. The VAT Law imposes a value added tax at a base rate of 5 per cent. on most goods and services exported to or imported from Oman. On 4 January 2021, the Oman Tax Authority issued three decisions in relation to the VAT Law, the first of which determines the monetary thresholds for mandatory and voluntary registration, the second provides a list of food items that are zero rated and the third determines a schedule for mandatory tax registration for taxable persons. On 10 March

2021, the Oman Tax Authority issued the executive regulations to the VAT Law. Between March and April 2021, two further decisions (No. 59/2021 and No. 65/2021) were issued in relation to VAT, providing a list of further food items and medical supplies that are zero rated. On 7 July 2021, Royal Decree 50/2021 was issued to ratify the Unified Agreement for Value Added Tax for the States of the Cooperation Council for the Arab States of the Gulf, dated 27 November 2016.

Chapter XXIV
Legal Matters

Certain legal matters with respect to the Offer will be passed upon for the Company by Linklaters LLP and Al Maamary, Al Abri & Co. Certain legal matters with respect to the Offer will be passed upon for the Joint Global Coordinators and Collection Agents by Allen Overy Shearman Sterling LLP.

Chapter XXV
Independent Auditors

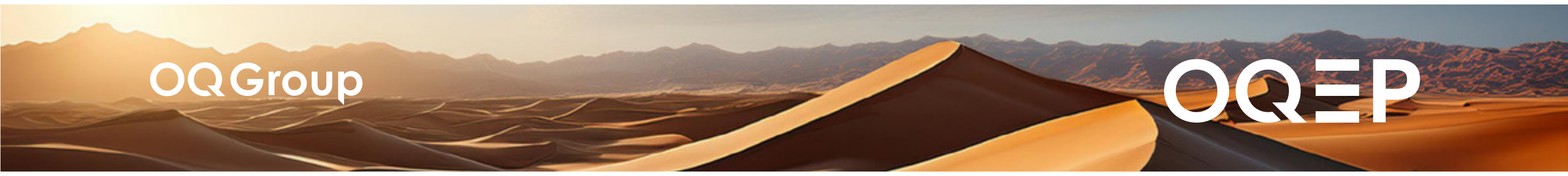
The financial statements of the Company as at and for the years ended 31 December 2023 (which include the comparative financial information as at and for the year ended 31 December 2022) and 31 December 2022 (which include the comparative financial information as at and for the year ended 31 December 2021) and the carve-out financial statements for the six months ended 30 June 2024 (which include the carve-out financial information for the six months ended 30 June 2023), included in this Prospectus, have been audited in accordance with IFRS by KPMG LLC, independent auditors, as stated in their reports appearing herein.

Chapter XXVI
Historical Financial Statements

Audited interim carve-out financial statements as at and for six months ended 30 June 2024

Audited financial statements as at and for the year ended 31 December 2023

Audited financial statements as at and for the year ended 31 December 2022



Carve out financial statements of OQ EP Group

Report and carve-out financial statements
30 June 2024

Registered office

P.O Box 200, P.C 102
Bawsher, Muscat
Sultanate of Oman

OQ EXPLORATION AND PRODUCTION SAOG (UNDER TRANSFORMATION)

Report and carve-out financial statements
For the period ended 30 June 2024

Content **Pages**

Management's report

The Management submit their report and the carve-out financial statements for the period ended 30 June 2024.

Principal activities

The principal activities of the Parent Company, together with its subsidiaries excluding Abraj Services SAOG (collectively the "Group"), are identifying, acquiring, managing, and operating interests in petroleum and other related enterprises.

Basis of preparation of accounts

The accompanying carve-out financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Results and appropriation

The results of the Group for the period ended 30 June 2024 are set out on pages 3 and 4 of the carve-out financial statements.

Carve-out financial statements

The Parent Company was holding 100% in Abraj Energy Services SAOG (Abraj), until 13 March 2023. Effective from 14 March 2023, through Initial Public Offering ("IPO") process, the Parent Company had divested its 49% holding in Abraj. The principal activities of Abraj are to provide Oilfield Services which mainly includes services such as onshore drilling, workover, flowback, well testing, well intervention, cementing, fracturing, coil tubing, integrated project management, drilling fluids services and training services. The immediate parent of Abraj is OQ EP (the "Parent Company").

The Parent Company is undergoing an Initial Public Offering ("IPO"). As part of the IPO process, there will be a corporate reorganisation whereby the Parent Company will transfer its investment in Abraj to OQ SAOC (the "Holding Company"). As of 30 June 2024, the legal formalities of the share transfer are in process. These carve-out financial statements reflect the operating results and financial position of all the subsidiaries of OQ EP other than Abraj.

Auditors

The carve-out financial statements have been audited by KPMG LLC.

On behalf of OQ Exploration and Production SAOG (Under transformation) and its subsidiaries

Authorised signatory

KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

Independent auditors' report

To the Shareholder of OQ Exploration and Production SAOG (under transformation)

Opinion

We have audited the carve-out financial statements of OQ Exploration and Production SAOG (under transformation) ("the Company") and certain of its subsidiaries ("the Group"), which comprise the carve-out statement of financial position as at 30 June 2024, the carve-out statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying carve-out financial statements present fairly, in all material respects, the carve-out financial position of the Group as at 30 June 2024, and its carve-out financial performance and its carve-out cash flows for the six month period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), including the requirements of IAS 34, 'Interim Financial Reporting'.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Carve-out Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants *(including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the carve-out financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 2 to the carve-out financial statements, which describes the basis of preparation including the approach to and the purpose for preparing them. The carve-out financial statements were prepared for inclusion in the prospectus for the proposed listing on the Muscat Stock Exchange through Initial Public offering. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the carve-out financial statements of the current period. These matters were addressed in the context of our audit of the carve-out financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Continued on page 2b

KPMG

Continued from page 2a

Key Audit Matters (continued)

Revenue recognition

See Note 5 to the carve-out financial statements.

The key audit matter	How the matter was addressed in our audit
The Group has recognised OMR 427 million revenue during the period of which sale of oil and gas constitutes a substantial portion i.e. 94%. The Group's revenue from sale of petroleum products (i.e. oil and gas) under IFRS 15 is primarily generated from the upstream activities. Revenue from sale of oil and gas is based on the terms specified in the contract with customers and is recognised when the performance obligation is satisfied for the transaction. There is a risk of material misstatement in recognition of revenue, hence, we have identified the recognition of revenue from sale of oil and gas as a key audit matter, because of the voluminous transactions with varying terms. The potential errors in the timing of revenue recognition could result in material misstatements in the carve-out financial statements of the Group when it recognises revenue.	Our audit procedures in this area included, amongst others: – Obtaining an understanding of the nature of revenue from the sale of oil and gas, systems, and the relevant controls. – Evaluating the appropriateness of the Group's accounting policy for revenue recognition against the requirements of IFRS 15 and our understanding of the business. – Assessing the design and implementation of the controls over revenue recognition from the sale of oil and gas. – On a sample basis obtained contracts with customers to understand the key delivery terms in those contracts to determine the different points of revenue recognition and assessed whether the revenue is recognised based on the satisfaction of the performance obligations and the Group's revenue recognition policy. – On a sample basis performing revenue cut-off procedures and selected a sample of invoices before and after period end to test whether sales are recorded in the appropriate period. – Assessing the adequacy of the revenue disclosures made in accordance with the applicable financial reporting framework in the carve out financial statements of the Group.

Continued on page 2c

KPMG

Continued from page 2b

Other Information

Management is responsible for the other information. The other information comprises the Managment's report.

Our opinion on the carve-out 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 carve-out financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the carve-out 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 Those Charged with Governance for the Carve-out Financial Statements

Management is responsible for the preparation and fair presentation of the carve-out financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Carve-out Financial Statements

Our objectives are to obtain reasonable assurance about whether the carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 carve-out financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the carve-out 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 Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Continued on page 2d

Continued from page 2c

Auditors' Responsibilities for the Audit of the Carve-out Financial Statements (continued)

— 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the carve-out 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the carve-out financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the carve-out financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

17 September 2024

KPMG

KPMG LLC

KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

OQ Exploration and Production SAOG (under transformation)

Carve-out statement of profit or loss and other comprehensive income

		Six-month period ended	
		30 June 2024 Audited	30 June 2023 Audited
	Notes	**RO'000**	RO'000
Revenue	*5*	**427,892**	554,884
Cost of sales	*6*	**(257,414)**	(325,305)
Gross profit		**170,478**	229,579
Lease income	*16*	**10,772**	11,256
Other income	*7.3*	**9,670**	56
Administrative expenses	*7.1*	**(19,365)**	(16,521)
Operating profit		**171,555**	224,370
Finance income	*7.2*	**8,982**	4,429
Finance costs	*8*	**(4,927)**	(11,040)
Share of profit of joint venture	*36*	**3,551**	-
Profit before tax		**179,161**	217,759
Income tax	*10*	**(3,061)**	(1,093)
Profit for the period		**176,100**	216,666
Other comprehensive loss:			
Items not to be reclassified to profit or loss in subsequent periods			
Defined benefit obligation actuarial loss	*24*	**(318)**	(191)
Items that may be reclassified subsequently to profit or loss			
Effective portion of changes in fair value of cash flow hedges – net of tax for period	*30*	**-**	(1,545)
Other comprehensive loss for the period		**(318)**	(1,736)
Total comprehensive income for the period		**175,782**	214,930
Profit for the period attributable to:			
- Equity holders of the Parent Company		**176,100**	216,666
Total comprehensive income attributable to:			
- Equity holders of the Parent Company		**175,782**	214,930
Earnings per share			
Basic and diluted earnings per share (Baizas)	*31*	**22.01**	27.08

The accompanying notes on pages 7-69 form an integral part of these carve-out financial statements. The independent auditors' report is set forth on pages 2(a) – 2(d).

OQ Exploration and Production SAOG (under transformation) 4

Carve-out statement of financial position

	Notes	As at 30 June 2024 (Audited) RO'000	As at 31 December 2023 (Audited) RO'000
Assets			
Non-current assets			
Oil and gas properties	*12*	**903,751**	930,568
Exploration and evaluation (E&E) assets	*13*	**4,410**	6,675
Other property, plant, and equipment	*14*	-	-
Right-of-use assets	*15*	**27,730**	35,249
Lease receivable	*16*	**211,529**	223,702
Deferred consideration	*19*	**37,524**	36,214
Interest in joint venture	*36*	**6,581**	-
Deferred tax asset	*10*	**149**	-
Other non-current assets		-	61
Total non-current assets		**1,191,674**	1,232,469
Current assets			
Inventories	*17*	**63,671**	75,301
Trade and other receivables	*18*	**338,536**	186,325
Advances and prepayments	*20*	**1,108**	12,714
Deferred consideration	*19*	**7,702**	7,702
Lease receivable	*16*	**12,173**	5,822
Derivatives	*30*	-	1,554
Cash and cash equivalents	*21*	**156,351**	238,693
Restricted cash	*21.1*	**9,857**	10,083
Total current assets		**589,398**	538,194
Total assets		**1,781,072**	1,770,663
Equity and liabilities			
Equity			
Share capital	*22.1*	**500**	250
Statutory reserves	*22.2*	**84**	84
Hedging reserves	*30*	-	1,554
Other reserve		**3,475**	3,475
Capital reserves	*22.3*	**103,041**	103,041
Subordinated loans	*22.4*	**415,838**	532,774
Shareholder contribution		**17,896**	9,666
Retained earnings		**783,605**	607,823
Total equity		**1,324,439**	1,258,667
Non-current liabilities			
Employees' end of service benefits	*24*	**1,047**	918
Provision for site restoration and abandonment costs	*25*	**53,089**	39,606
Lease liabilities	*15*	**12,359**	15,086
Other non-current liabilities		-	1,540
Deferred tax liabilities	*10*	-	47
Deferred income	*34*	**8,312**	7,218
Total non-current liabilities		**74,807**	64,415
Current liabilities			
Borrowings	*23*	**29,623**	88,770
Lease liabilities	*15*	**8,241**	8,540
Accounts payables and accrued liabilities	*26*	**334,717**	265,756
Income tax payable	*10*	**9,245**	84,515
Total current liabilities		**381,826**	447,581
Total liabilities		**456,633**	511,996
Total equity and liabilities		**1,781,072**	1,770,663

Chief Financial Officer **Board Member** **Chairman**

The carve-out financial statements were approved by the shareholders and authorised for issue on 17/09/2024
The accompanying notes on pages 7-69 form an integral part of these carve-out financial statements.

The independent auditors' report is set forth on pages 2(a) – 2(d).

OQ Exploration and Production SAOG (under transformation)

Carve-out statement of changes in equity's

	Share capital RO'000	Statutory reserve RO'000	Hedging reserves RO'000	Capital reserves RO'000	Other reserve* RO'000	Subordinated loans RO'000	Shareholder contribution** RO'000	Retained earnings RO'000	Total RO'000
At 1 January 2023 (audited)	250	84	4,828	103,041	-	986,089	(75,092)	255,859	1,275,059
Total comprehensive income for the period									
Net profit for the period	-	-	-	-	-	-	-	216,666	216,666
Other comprehensive income									
Changes in fair value on cashflow hedges	-	-	(1,545)	-	-	-	-	-	(1,545)
Defined benefit obligation actuarial loss	-	-		-	-	-	-	(191)	(191)
Transactions with owners:									
Repayment of subordinated loan (note 22.4)	-	-	-	-	-	(294,240)	-	-	(294,240)
Abraj carve-out adjustments (note 2)	-	-	-	-	-	-	84,758	-	84,758
At 30 June 2023 (Audited)	250	84	3,283	103,041	-	691,849	9,666	472,334	1,280,507
1st January 2024-Audited	**250**	**84**	**1,554**	**103,041**	**3,475**	**532,774**	**9,666**	**607,823**	**1,258,667**
Total comprehensive income for the period									
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**176,100**	**176,100**
Other comprehensive loss									
Reclassification of fair value on cashflow hedges to profit & loss-net of tax	**-**	**-**	**(1,554)**	**-**	**-**	**-**	**-**	**-**	**(1,554)**
Defined benefit obligation actuarial loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(318)**	**(318)**
Transaction with owners									
Repayment of subordinated loan (note 22.4)	**-**	**-**	**-**	**-**	**-**	**(116,936)**	**-**	**-**	**(116,936)**
Increase in share capital	**250**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**250**
Abraj carve-out adjustments (note 2)	**-**	**-**	**-**	**-**	**-**	**-**	**8,230**	**-**	**8,230**
At 30 June 2024	**500**	**84**	**-**	**103,041**	**3,475**	**415,838**	**17,896**	**783,605**	**1,324,439**

* Other reserve amounting to RO 3.475 million pertains to the divestment of block 48 during the year 2023.

** The shareholder contribution reflect the Abraj carve out adjustments. Also, refer note 2 "Basis of Preparation" to the carve-out financial statements.

The accompanying notes on pages 7-69 form an integral part of these carve-out financial statements. The independent auditors' report is set forth on pages 2(a) – 2(c). The independent auditors' report is set forth on page 2(a) – 2(d).

OQ Exploration and Production SAOG (under transformation)

Carve-out statement of cash flows

	Notes	*Six-month period ended* **30 June 2024 Audited RO'000**	30 June 2023 Audited RO'000
Cash flows from operating activities			
Profit for the period		**176,100**	216,666
Adjustments:			
Depreciation, depletion, and amortisation	*9*	**132,915**	192,046
Provision for obsolescence of inventories	*17*	**666**	64
Liabilities no longer payable	*7.3*	**(8,859)**	-
Exploration and evaluation assets written off block 42	*6*	**2,832**	-
Provision for impairment on exploration and evaluation assets of block 52	*6*	**6,512**	-
Employees' end of service benefits charge for the period	*24*	**88**	33
Deferred income	*34*	**1,094**	1,544
Interest on borrowings	*8*	**2,408**	6,676
Unwinding of discount on provision site restoration and abandonment costs	*8*	**1,879**	1,736
Interest on lease liabilities	*8*	**640**	2,523
Finance income	*7.2*	**(8,982)**	(4,429)
Share of profit of joint venture	*36*	**(3,551)**	-
Income tax	*10*	**3,061**	1,093
Lease income	*16*	**(10,772)**	(11,256)
Operating cash flows before working capital adjustments		**296,031**	406,696
Changes in:			
Trade and other receivables including advances and prepayments	*18,20*	**(140,605)**	76,360
Inventories	*17*	**10,964**	4,937
Accounts payables and accrued liabilities	*26*	**109,610**	(77,290)
Lease receivable -gross		**16,594**	16,594
Cash flows from operating activities		**292,594**	427,297
End of service benefit paid	*24*	**(277)**	(225)
Income tax paid		**(78,528)**	-
Net cash generated from operating activities		**213,789**	427,072
Cash flows from investing activities			
Expenditures on oil and gas properties and exploration and evaluation assets	*12,13*	**(128,401)**	(168,264)
Interest income on bank deposits	*7.2*	**5,971**	4,429
Net cash used in investing activities		**(122,430)**	(163,835)
Cash flows from financing activities			
Repayment of PXF loan	*35*	**(59,147)**	(58,883)
Repayment of subordinated loan	*35*	**(116,936)**	(294,240)
Contribution from shareholder		**8,230**	84,758
Repayment of lease liabilities- principal portion	*35*	**(3,026)**	(11,150)
Interest paid-including interest on lease liability	*35*	**(3,048)**	(9,198)
Restricted cash		**226**	1,369
Net cash used in financing activities		**(173,701)**	(287,344)
Net decrease in cash and cash equivalents		**(82,342)**	(24,107)
Cash and cash equivalents at beginning of the period		**238,693**	135,932
Cash and cash equivalents at end of the period	*21*	**156,351**	111,825

The accompanying notes on pages 7-69 form an integral part of these carve-out financial statements. The independent auditors' report is set forth on page 2(a) – 2(d).

Notes to the carve-out financial statements for the period ended 30 June 2024

1 Corporate and general information

Legal status and principal activities

OQ Exploration and Production SAOG (under transformation) (the "Parent Company" or "OQEP) is public joint stock company currently being transformed from a closed joint stock company registered in the Sultanate of Oman. The Parent Company was incorporated on 20 May 2009. The Parent Company was a limited liability Company till 31 December 2023. On 30 July 2024, the Parent Company transferred from a limited private company to a closed joint stock company. Subsequently, the Parent Company has initiated the transformation from a closed joint company to a public joint stock company. The registered address of the Parent Company is P O Box 200, Muscat Governorate, Bawshar, Postal Code 102, Muscat, Sultanate of Oman). The immediate parent of the Group is OQ SAOC (the "Holding Company"), a closed joint stock company registered in the Sultanate of Oman which is wholly owned by the Oman Investment Authority ("OIA" or the shareholder) which is ultimately owned and controlled by the Government of the Sultanate of Oman.

The Parent Company, together with its subsidiaries excluding Abraj (collectively the "Group"), is engaged in identifying, acquiring, managing, and operating interests in petroleum and other related enterprises. The list of subsidiaries of the Group are shown under Related Parties (refer note 29).

Significant agreements

The Group has following significant agreements:

- Block 9 Exploration and Production Sharing Agreement (EPSA) was entered in 23 Jan 2017 between Occidental Oman BV (participating interest 55%), and OQ EP (participating interest 45%).
- Block 53 EPSA was entered on 21 June 2005 between Occidental Oman BV (47%), OQ EP (participating interest 20%), Liwa Energy Limited (participating interest 15%), IOCL Exploration and Production Oman Limited (participating interest 17%) and Partex Oman Corporation (participating interest 1%).
- Block 60 EPSA was entered on 19 March 2011 with 100% participating interest. During the year 2023 the OQ EP sold 40% participating right to Medco Energi Oman (20%) and Medco Daya Oman (20%). At period end the OQ EP has 60% participating right in the block 60.
- Block 47 EPSA was entered on 14 January 2019 between ENI Oman BV (90%), and OQ EP (10%).
- Block 52 EPSA was entered between ENI Oman BV (55%), OQ EP (15%) and Others (30%) on 14 November 2017.
- Block 65 (EPSA) was entered between Occidental Oman BV (participating interest 51%) and OQ EP (participating interest 49%) on 16 December 2018.
- Block 48 (EPSA) was entered on 31st January 2017 by OQ EP holds 100% of participative interest at that time but during the year 2023, the Parent Company has divested its 40% participative interest to Medco Energi Oman (20%) and Medco Daya Oman (20%) leaving 60% behind.
- Block 62 (EPSA) was entered in 22nd Nov 2008 between OQ EP (participating interest 20%) and Occidental Oman Gas Company LLC (participating interest 80%).
- Block 61 EPSA was signed on 20 February 2014 with BP (60% participating interest) and Makarim Gas Development LLC (100% owned by OQ EP LLC) had 40% interest. During the year 2018, Makarim Gas Development LLC had divested 10% interest to PC Oman Ventures Limited.
- Musandam Gas Plant entered into Supplemental Tariff Agreement on June 2012 between Government of Sultanate of Oman and Musandam Gas Plant LLC. Further there is a processing fee agreement between the OQ EP, Government of Sultanate of Oman and Musandam oil and gas.
- Block 10 Concession Agreement was entered on 21 Dec 2021 between Almajd Gas Development (OQA, 13.36%), Shell Integrated Gas Oman (Shell, 53.45%), Marsa Liquified Natural Gas LLC (Marsa LNG, 33.19%) and Shell Development Oman LLC (SDO, Operator). During the period, this has been converted from Joint Operation to Joint Venture.
- Block 11 (EPSA) was entered on 15 Sep 2022 between Shell Integrated Gas Oman BV (participating interest 67.5%), and Alizz Gas Development LLC (participating interest 10%) and Total Energies EP Oman (participating interest 22.5%).
- The Parent Company also has gas purchase and sale contracts relating to the Dolphin field with Dolphin Energy Limited.

Notes to the carve-out financial statements for the period ended 30 June 2024

1. Corporate and general information *(continued)*

Activities of the Group

The Group has the following material interests, all of which are located within the Sultanate of Oman.

Name	Participating Interest 30 June 2024	30 June 2023	Operator	Activity
Block 60	60%	100%	OQ EP	Exploration and production
Block 48	60%	100%	OQ EP	Exploration
Block 9	45%	45%	Occidental	Exploration and production
Block 61	30%	30%	BP	Exploration and production
Block 62	20%	20%	Occidental	Exploration and production
Block 65	49%	49%	Occidental	Exploration
Karim small fields - Block 6	25%	25%	Medco	Production service agreement
Rima small fields – Block 6	25%	25%	Petrogas	Production service agreement
Block 53	20%	20%	Occidental	Exploration and production
Block 52	15%	15%	ENI	Exploration
Block 47	10%	10%	ENI	Exploration
Block 10	20%	20%	SDO	Exploration
Block 11	10%	10%	SDO	Exploration

All interests of less than 100% are Joint Operations.

2 Basis of preparation

Statement of compliance

These carve-out financial statements have been prepared in in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

These carve-out financial statements have been prepared from the consolidated financial statements of OQ EP prepared under IFRS Accounting Standards, excluding Abraj Energy Services SAOG (Abraj).

The Parent Company was holding 100% in Abraj, until 13 March 2023. Effective from 14 March 2023, through Initial Public Offering ("IPO") process, the Parent Company had divested its 49% holding in Abraj. The principal activities of Abraj are to provide Oilfield Services which mainly includes services such as onshore drilling, workover, flowback, well testing, well intervention, cementing, fracturing, coil tubing, integrated project management, drilling fluids services and training services. The immediate parent of Abraj is OQ EP (the "Parent Company").

The Parent Company is undergoing an Initial Public Offering ("IPO"). As part of the IPO process, there will be a corporate reorganisation whereby the Parent Company will transfer its investment in Abraj to OQ SAOC (the "Holding Company"). As of 30 June 2024, the legal formalities of the share transfer are in process. These carve-out financial statements reflect the operating results and financial position of all the subsidiaries of OQ EP other than Abraj.

Basis of measurement

These carve-out financial statements are prepared under the historical cost convention except derivatives financial instruments which are measured at fair value. These carve-out financial statements are prepared under the going concern assumption.

Functional and presentation currency

The functional currency of the Parent Company is US Dollar ("US$") which is the currency in which the majority of transactions are denominated, while the presentation currency is Omani Rial ("RO") which is used to meet the requirement of the Financial Service Authority. The exchange rate used for conversion is US$ 1 = RO 0.3851. RO is effectively pegged to US$. All financial information presented in RO has been rounded to the nearest thousands, unless otherwise indicated.

2 Basis of preparation *(continued)*

Basis of consolidation

These carve-out financial statements comprise the financial statements of the Parent Company and its subsidiaries (excluding Abraj). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill, if any) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interests if any
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2 Basis of preparation *(continued)*

Basis of consolidation *(continued)*

Interest in joint operations

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of that arrangement.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues, and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues, and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's carve-out financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Transactions with related parties

The Group has applied the partial exemption under IAS 24 paragraphs 25 and 26 for disclosing the related party transactions and outstanding balances, including commitments related to:

(a) a government that has control or joint control of, or significant influence over, the reporting entity; and
(b) another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

In applying the exemption, the Group has disclosed the following related to the transactions and related outstanding balances:

(a) the name of the government and the nature of its relationship with the reporting entity (i.e. control, joint control or significant influence) ;
(b) the following information in sufficient detail to enable users of the carve-out financial statements to understand the effect of related party transactions on its financial statements:
    (i) the nature and amount of each individually significant transaction; and
    (ii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

Notes to the carve-out financial statements for the period ended 30 June 2024

2 Basis of preparation *(continued)*

2.1 Application of new and revised International Financial Reporting Standards (IFRS)

New and amended standards adopted by the Group

Those, which are relevant to the Group, are set out below. Following are the standards that are effective from 01 January 2024.

- Amendment to IAS 7 and IFRS 7, Supplier Finance Arrangements.
- Amendments to IFRS 16, Lease liability in a sale and leaseback.

The Group has adopted Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1, as issued in 2020 and 2022. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024.

They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period.

Despite the change in policy, there is no current period or retrospective impact on the comparative statement of financial position as of 31 December 2023 and for the six months period ended 30 June 2024. The change in accounting policy will also be reflected in the Group's financial statements as at and for the year ending 31 December 2024.

Impact of new standards (issued but not yet adopted by the Group)

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these carve-out financial statements.

The Group is currently assessing the impact of the below not yet effective amendments on these carve-out financial statements:

New standards or amendments	Effective date
• Lack of Exchangeability – Amendments to IAS 21	01 January 2025
• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IRS 10 and lAS 28)	Available for optiona adoption/effective dat deferred indefinitely

3 Summary of material accounting policies

Investment in associates and joint ventures

An associate is an entity over which the Group 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. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are accounted for using the equity method. The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date is regarded as its fair value on initial recognition in accordance with IFRS 9.

The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. Gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the associate / joint venture. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Notes to the carve-out financial statements for the period ended 30 June 2024

3 Summary of material accounting policies*(continued)*

Investment in joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group recognises its interest in joint operations using proportional consolidation – the Group's share of assets, liabilities, income, and expense of joint operations are consolidated within the equivalent line items on a line-by-line basis.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss and presented within finance cost.

Oil and gas properties and exploration and evaluation (E&E) assets

Cost related to exploration and evaluation of oil and gas reserves are accounted for using the successful efforts method of accounting.

Pre-licence costs

Pre-license costs are expensed in the period in which they are incurred.

Licence acquisition costs

Exploration licence acquisition costs are capitalised as intangible assets and are presented within E&E assets. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and are presented within E&E assets. Licence acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. Upon estimation of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.

Notes to the carve-out financial statements
for the period ended 30 June 2024

3 Summary of material accounting policies *(continued)*

Oil and gas properties and exploration and evaluation (E&E) assets *(continued)*

Exploration and evaluation costs

Exploration and evaluation (E&E) activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Costs directly associated with exploration wells are capitalised as E&E intangible assets until the drilling of the well is complete and the results have been evaluated. Costs include directly attributable to employee remuneration, materials and fuel used, rig costs and payments made to contractors. Geological and geophysical costs are expensed as incurred.

If no potentially commercial hydrocarbons are discovered, the E&E asset is written off. If potentially commercial hydrocarbons are found the costs continue to be carried as an intangible asset while the discovery is appraised. Costs directly associated with appraisal activity are initially capitalised as an intangible asset.

All capitalised E&E costs are subject to technical, commercial and management review, as well as a review for indicators of impairment at least once a year. Where it is determined that a discovery is not potentially commercial the costs are written off as an exploration expense. On commencement of development capitalised E&E expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to Oil & Gas properties. Amortisation of the E&E assets commence once the oil field is ready to commence operations

Farm-outs - in the exploration and evaluation phase

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest.

Farm-outs - other than in the exploration and evaluation phase.

In accounting for a farm-out arrangement other than in the exploration and evaluation phase, the Group:

- Derecognises the proportion of the asset that it has sold to the farmee.
- Recognises the consideration received or receivable from the farmee, which represents the cash received and/or the farmee's obligation to fund the capital expenditure in relation to the interest retained by the farmor.
- Recognises a gain or loss on the transaction for the difference between the net disposal proceeds and the carrying amount of the asset disposed of. A gain is recognised only when the value of the consideration can be determined reliably. If not, then the Group accounts for the consideration received as a reduction in the carrying amount of the underlying assets.
- Tests the retained interests for impairment if the terms of the arrangement indicate that the retained interest may be impaired.

Notes to the carve-out financial statements for the period ended 30 June 2024

3 Summary of material accounting policies *(continued)*

Oil and gas properties and exploration and evaluation (E&E) assets *(continued)*

Development costs

Expenditure on the construction, installation, or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells or delineation wells, is capitalised within oil and gas properties.

Oil and gas properties and other properties, plant, and equipment

Initial recognition

Oil and gas properties and other property, plant and equipment are stated at cost, less accumulated depreciation, and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The depreciation on right of use assets that is being used for developing an asset also included within property, plant, and equipment.

When a development project moves into the production stage, the capitalisation of development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to asset additions, improvements, or new developments. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant, and equipment.

Major maintenance, inspection, and repairs

Expenditure on major maintenance, refits, inspections, or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised.

Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with definite lives are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Indefinite lived intangibles are not amortised, instead they are tested for impairment annually. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

3 Summary of material accounting policies *(continued)*

3.6 Depreciation, depletion, and amortisation

The net book value of producing assets is depreciated on a unit-of-production basis over the total proven and probable reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. The total proven and probable reserves of the field are reviewed at least annually. The unit-of-production rate calculation considers expenditures incurred to date, together with sanctioned and projected future development expenditure.

Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives, and major inspection costs are amortised over three to five years, which represents the estimated period before the next planned major inspection. Property, plant, and equipment held under finance/capital leases are depreciated over the shorter of lease term and estimated useful life. Items of property, plant and equipment are measured at cost less accumulated depreciation / depletion and impairment losses.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period and adjusted prospectively, if appropriate. Intangible assets, other than those relating to oil and natural gas exploration, are amortised on a straight-line basis over expected useful life.

	Years
Oil and gas assets	Remaining life cycle
Other property, plant, and equipment	5 - 20

3.7 Capital work-in-progress

Capital work-in-progress is stated at cost less any impairment losses. When commissioned, capital work-in-progress is transferred to the appropriate plant and equipment category and depreciated in accordance with depreciation policies of the Group.

3.8 Disposal of intangible and tangible assets

The consideration receivable on disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value by the Group. Gains or losses are recognised in income when the asset is derecognised.

However, if payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue. Any part of the consideration that is receivable in the form of cash is treated as financial asset and is accounted for at amortised cost if it meets the criteria of SPPI test.

3 Summary of material accounting policies *(continued)*

3.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset (or CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.10 Financial instruments

In the normal course of business, the Group uses financial instruments, trade and other receivables, cash and cash equivalents, restricted cash, lease receivables, derivative asset, advances and prepayments, other non-current liabilities, loans and borrowings, accounts payables and other liabilities and derivatives.

Classification

Financial assets

The Group classifies its financial assets as follows:
- Financial assets at amortised cost
- Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)
- Financial assets at Fair Value Through Profit or Loss (FVTPL)

3 Summary of material accounting policies *(continued)*

3.10 Financial instruments *(continued)*

Classification *(continued)*

Financial assets *(continued)*

To determine their classification and measurement category, all financial assets, except equity instruments and derivatives, is assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Contractual cash flow characteristics test

The Group assesses whether the financial instruments' cash flows represent Solely for Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Group reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Financial liabilities

All financial liabilities are classified as "amortised cost" other than fair value of derivatives and defined benefit obligation which are carried at "fair value through profit or loss and other comprehensive income".

Recognition / derecognition

A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (in whole or in part) is derecognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Notes to the carve-out financial statements for the period ended 30 June 2024

3 Summary of material accounting policies *(continued)*

3.10 Financial instruments *(continued)*

Recognition / derecognition *(continued)*

All regular way purchase and sale of financial assets are recognised using settlement date accounting. Changes in fair value between the trade date and settlement date are recognised in the statement of profit or loss or in the statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the marketplace.

Measurement

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets at amortised cost

A financial asset is measured at amortised cost using the effective interest method and is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and profit on the principal amount outstanding. Cash and cash equivalents, trade and receivables and lease receivables are classified as financial assets at amortised cost.

Financial assets at FVOCI

A debt instrument is measured at FVOCI if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows and to sell. These assets are subsequently measured at fair value, with change in fair value recognised in OCI. Interest income calculated using effective interest method, foreign exchange gains/losses and impairment are recognised in the statement of profit or loss. On de-recognition, gains and losses accumulated in the OCI are reclassified to statement of comprehensive income.

For an equity instrument; upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis. Gains and losses on these equity instruments are never recycled to statement of profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses may be reclassified from fair value reserve to retained earnings in the statement of changes in equity.

Financial asset at FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. This also includes equity instruments held-for-trading and are recorded and measured in the statement of financial position at fair value.

Changes in fair values and dividend income are recorded in the statement of profit or loss according to the terms of the contract, or when the right to receive has been established.

3 Summary of material accounting policies *(continued)*

3.10 Financial instruments *(continued)*

Measurement *(continued)*

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial guarantees

Financial guarantees are initially recognised at fair value and are subsequently measured at the higher of the amount initially recognised less any cumulative amortisation and the best estimate of the present value of the amount required to settle any financial obligation arising as a result of the guarantee.

Impairment

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs by using simplified approach. However, the loss allowance for lease receivable, due from related parties and other receivables is measured by using general approach.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3 Summary of material accounting policies *(continued)*

3.10 Financial instruments *(continued)*

Impairment *(continued)*

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the cave-out statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.11 Derivative financial instruments and hedging activities

The Group enters into a derivative financial instrument to manage its exposure to interest rate. Further details of derivative financial instruments are disclosed in Note 30.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset.

3 Summary of material accounting policies *(continued)*

3.11 Derivative financial instruments and hedging activities *(continued)*

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

The Group has adopted the Phase 2 amendments and will apply them retrospectively. The Group will implement the below policies when it replaces the benchmark interest rate in any of the hedged item or hedging instrument with a new alternative benchmark rate.

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform (as defined in Note 30. For this purpose, the Group amends the hedge designation only to make one or more of the following changes:

– designating an alternative benchmark rate as the hedged risk;
– updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
– updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

– it makes a change required by IBOR reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
– the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item, or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by IBOR reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Hedge accounting

The Group designates derivatives as hedging instruments in respect of interest rate risk in cash flow hedges.

3 Summary of material accounting policies *(continued)*

3.11 Derivative financial instruments and hedging activities *(continued)*

Hedge accounting *(continued)*

At the inception of the hedge relationship, the Group entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Note 30 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are detailed in Note 30.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of Cumulative changes in fair values, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated, or exercised. The discontinuation is accounted for prospectively.

Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Notes to the carve-out financial statements
for the period ended 30 June 2024

3 Summary of material accounting policies *(continued)*

3.11 Derivative financial instruments and hedging activities *(continued)*

Hedge accounting *(continued)*

Cost of hedging reserve

The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in OCI and accounted for similarly to gains or losses in the hedging reserve.

3.12 Finance income and expenses

Finance income comprises of interest income. Interest income is recognised as the interest accrues using the effective interest rate method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset at the reporting date. Borrowing costs other than those capitalised on qualifying assets are recognised as an expense in profit or loss using the effective interest rate method.

3.13 Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods. Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
- The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the carve-out financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

3 Summary of material accounting policies *(continued)*

3.13 Fair values *(continued)*

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the Valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

3.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average principle and includes all costs incurred in acquiring the inventories and bringing them to their existing location and condition except for petroleum product inventories. The cost of petroleum products is based on average production costs. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution or the estimated replacement cost of the inventories, as the case may be.

3.15 Leases

Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.
Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments in an optional renewal period, if the Group is reasonably certain to exercise an extension option; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.
  The lease liability is presented as a separate line item in the carve-out statement of financial position.

3 Summary of material accounting policies *(continued)*

3.15 Leases *(continued)*

Group as lessee *(continued)*

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- Upon implementation of LIBOR transition, remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group did not make any such adjustments during the periods presented. The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the carve-out statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Impairment of non-financial assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Administrative expenses' in the carve-out statement of profit or loss. As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

Short-term leases and leases of low-value assets

At the time of initial recognition, the Group does not recognise right-of-use assets and liabilities for leases where,

- the lease term is less than or equal to 12 months i.e. short-term leases; and
- value of the underlying asset is considered as a low value lease i.e. if the value of the asset when new is less than RO 1,926.

Notes to the carve-out financial statements
for the period ended 30 June 2024

3 Summary of material accounting policies *(continued)*

3.15 Leases *(continued)*

Short-term leases and leases of low-value assets *(continued)*

The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

3.16 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of this discounting is recognised as finance cost.

Amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Notes to the carve-out financial statements for the period ended 30 June 2024

3 Summary of material accounting policies *(continued)*

3.16 Provisions *(continued)*

The Group records a provision for site restoration cost mainly relating to oil wells and fuel stations. Site restoration costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a rate that reflects the risks specific to the site restoration liability. The unwinding of the discount is expensed as incurred and recognised in the carve-out statement of profit or loss as a finance cost. The estimated future costs and discount rates of site restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to, or deducted from the cost of the asset.

3.17 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in carve-out other comprehensive income or equity is recognised in carve-out other comprehensive income or equity and not in carve-out profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
  - is not a business combination; and
  - at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates, and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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 realised, such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the carve-out financial statements for the period ended 30 June 2024

3 Summary of material accounting policies *(continued)*

3.18 Employees' end-of-service benefits

The Group's obligation for contributions to defined contribution pension plans are recognised as an expense when due. The Group's obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

Group makes payment to the Omani Government Social Security scheme under Royal Decree 72/91 for Omani employees, calculated as a percentage of the employees' salary. The Group's obligations are limited to these contributions, which are expensed when due.

The Group also provides end-of-service benefits to its expatriate employees. End-of-service benefits are accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 and its amendments subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

The liability for end of service benefits recognised based on actuarial valuation using projected unit credit method. Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recorded in other comprehensive income. Service costs are classified as administrative expenses. Interest costs are charged to the carve-out statement of comprehensive income.

3.19 Share capital and Subordinated loans

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. Shareholder loans which are deeply subordinated and payable at the discretion of the Group are classified within equity. The accounting policies adopted are consistent with those of the previous financial year.

Notes to the carve-out financial statements
for the period ended 30 June 2024

3 Summary of material accounting policies *(continued)*

3.20 Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. All operating segment operating results are reviewed regularly by the Board of Directors (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Board of Directors (Chief Operating Decision Maker), in deciding how to allocate resources and in assessing performance.

The accounting policies of the operating segments are the same as the Group's accounting policies described in this note, except that IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the Chief Operating Decision Maker. For further information see Note 37.

3.21 Earnings per share

The Parent Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is calculated by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

3.22 Revenue recognition

IFRS 15 "Revenue from contracts with customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled for those goods and services.

Notes to the carve-out financial statements for the period ended 30 June 2024

3 Summary of material accounting policies *(continued)*

3.22 Revenue recognition*(continued)*

The process for applying the standard is separated into five steps:

Step 1 – Identify the contract with a customer

Step 2 – Identify the separate performance obligations in the contract

Step 3 – Determine the transaction price

Step 4 –Allocate the transaction price to the separate performance obligations in the contract

Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group 's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance obligation completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Group's activities.

Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably and is stated net of sales taxes if applicable (such as VAT) and discounts. If advances are received from customers for future contractual services, the revenue is deferred until the services are provided.

Where revenue contains a significant financing element, the financing element is shown as a financing item and revenues are adjusted by a corresponding amount. The Group has concluded that it is the principal in all of its revenue arrangements, since it is the primary obligor, and is also exposed to the risk of loss of inventory except in the case of Gas Purchase and Sale agreement with Dolphin Energy.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Notes to the carve-out financial statements
for the period ended 30 June 2024

3 Summary of material accounting policies *(continued)*

3.22 Revenue recognition*(continued)*

Type of product / service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies
Sale of oil and gas	Customers obtain control when the risk and control of goods are passed to the customers in accordance with agreed shipping term. Invoices are generated at that point in time. No discounts are provided for products. Invoices are usually payable within 30 - 60 days.	Revenue related to the sale of goods is recognised at a point in time when title to the goods is transferred to the customer in accordance with the performance obligations under the contract and the buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset. Gas revenue from Dolphin field has been recognised on net basis as the Group considered to be an agent in that arrangement. Revenue for under-/over lifting is recognised based on the actual amount of oil and gas sold regardless of the amount of oil and gas production entitled to the Group according to the working interest.
Service revenue	Invoices for services revenue are issued on a monthly basis or earlier in case work is done before a month. The contract does not contain any significant financing component. Invoices are usually payable within 30 days.	Revenue from services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group.

Notes to the carve-out financial statements for the period ended 30 June 2024

3 Summary of material accounting policies *(continued)*

3.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are added to the cost of the respective assets. However, there is no capitalization of the borrowing cost during the exploration and evaluation (E&E) phase as per the accounting policy choice. Interest revenue earned on deposits of borrowed funds is netted off against the cost of the borrowed funds as allowed by IAS 23.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Arrangement fees and other costs of borrowing are deducted from debt proceeds on initial recognition of the liability and are amortised to income as finance costs over the term of the debt.

3.24 Events after the reporting date

The Group carve-out financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are disclosed in the carve-out financial statements when material.

4. Critical accounting judgements and key sources of estimation uncertainty

The following are the critical judgements and key assumptions involving estimates, that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Group's carve-out financial statements. Should critical judgements and/or key assumptions involving estimates differ from those applied at the reported date, there may be a material impact on the Group's carve-out financial statements.

Critical accounting judgements

Classification as a joint arrangement

Judgment is required to determine when the Group has joint control over an arrangement and the classification of joint arrangements. The Group considers the rights and obligations arising from the arrangements, its influence on operating and capital decisions of the arrangement, including the approval of the annual capital and operating work program and budget, and the approval of key contractors for any major capital expenditure. The indications of joint control are similar to those used to determine control over subsidiaries, as set out in note 3.1.

4. Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Critical accounting judgements *(continued)*

Related parties of the Group

Significant judgement has to be exercised when determining whether a structured entity is controlled. The Group has entered into a Forward Sales Agreement and other ancillary contracts with OOCEP PXF 1 B.V. (the Buyer), an arrangement which is described further in Note 23.

Based on a review or the arrangements and relevant activities of the Buyer, the Group has concluded that it does not have control or significant influence over the Buyer. Accordingly, the Buyer is not separate in these Group accounts nor is it presented as a related party.

Judgements involved in preparation of carve-out financial statements

Significant judgment was involved when carving out transactions and balances of Abraj from the Group financial statements. This includes determining the appropriate values for removing assets, liabilities and retained earnings, as well as to determine the appropriate accounting treatment for the net adjustment posted in the Group financial statements to carve out Abraj.

Arrangements resulting in financial liabilities

Significant judgement has to be exercised when classifying arrangements giving rise to financial and non-financial liabilities. An agreement to deliver non-financial assets at a specified price in the future is a non-financial liability, whereas agreements that can be settled in cash will be a financial liability. The Group has entered into a Forward Sales Agreement and other ancillary contracts with OOCEP PXF 1 B.V. (the Buyer), an arrangement which is described further in Note 23.

The Forward Sales Agreement requires the Group to deliver oil from designated blocks to the Buyer in return for an advance payment and variable future cash payments that are dependent on oil price and certain covenants regarding the Group's future oil production levels.

The Group has reviewed the underlying substance of the arrangement and has concluded that the arrangement results in a financial liability.

Carrying value of intangible exploration & evaluation (E&E) assets (note 13)

The amounts for intangible E&E assets represent active exploration projects, the outcome of which is inherently uncertain.

These amounts will be written off to the carve-out statement of profit and loss and other comprehensive income as exploration costs unless commercial reserves are established, or the determination process is not completed and there are no indications of impairment in accordance with the Group's accounting policy.

The process of determining whether there is an indicator for impairment and the related assessment requires critical judgement. The key areas in which management has applied judgement are as follows: the Group's intention to proceed with a future work programme for a prospect or licence; the likelihood of licence renewal or extension; and the success of a well result or geological or geophysical survey.

4. Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Key Source of estimation

Impairment of oil producing assets and gas properties and other PPE

Carrying value of oil & gas properties (Notes 12)

Management performs impairment reviews on the Group's oil and gas properties assets at least annually with reference to indicators in IAS 36 *Impairment of Assets*. Where indicators are present and an impairment test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models.

Key assumptions and estimates in the impairment models relate to commodity prices and the long-term corporate economic assumptions thereafter, discount rates that are adjusted to reflect risks specific to individual assets, oil and gas reserves and the related cost profiles. Assumptions reflect all oil and gas reserves that a market participant would consider when valuing the asset. Judgment is also required in establishing the appropriate Companying of assets into cash generating units.

Reserves estimates used in the calculation of Depreciation, Depletion and Amortisation (DD&A) and impairment of oil & gas properties (Notes 12)

The determination of the Group's oil and gas reserves requires significant judgement and estimates to be applied. These are regularly reviewed and updated. Proven and probable reserves are estimates of the amount of oil and gas that can be economically extracted from the Group's oil and gas assets. The Group estimates its reserves using standard recognised evaluation techniques applied by the in-house reserve engineer.

Further, these reserve estimates are evaluated by external reserve engineers every three years. Proven and probable reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the government under the terms of the Exploration and Production Sharing Contracts.

Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

Estimates of oil and gas reserves are used to calculate depreciation, depletion and amortisation charges for oil and gas properties. The impact of changes in oil and gas reserves is dealt with prospectively. Oil and gas reserves also have a direct impact on the assessment of recoverability of asset carrying values. If oil and gas reserves are revised downwards, earnings could be affected by changes in depreciation expense or by immediate write-downs of asset carrying values.

Site restoration obligation

Provision for site restoration obligation is estimated based on the expected dismantling cost valued by the independent valuer. Further, Management used discount rate to measure the present value and considered in the inflation impact of the future dismantling costs.

Notes to the carve-out financial statements for the period ended 30 June 2024

5. Revenue

The Group derives its revenue from contracts with its customers for the transfer of goods and services. Revenue from sale of oil and condensate and gas has been recognised point- in- time whereas revenue from processing and service fees has been recognised over-time.

	Six -month period ended	
	30 June 2024	30 June 2023
	RO'000	RO'000
	Audited	Audited
Revenue recognised point-in-time		
Sale of oil and condensate	**321,416**	456,617
Sale of gas	**80,696**	73,040
	402,112	529,657
Revenue recognised over-time		
Processing and service fees	**25,780**	25,227
Total revenue	**427,892**	554,884
Primary geographical markets		
Export – United Arab Emirates	**319,076**	456,617
Local – Sultanate of Oman	**108,816**	98,267
	427,892	554,884

6. Cost of sales

	Six -month period ended	
	30 June 2024	30 June 2023
	RO'000	RO'000
	Audited	Audited
Operating costs	**114,489**	133,259
Depreciation, depletion, and amortisation (note 9)	**132,915**	192,046
Exploration and evaluation assets written off in Block 42	**2,832**	-
Provision for impairment on exploration and evaluation assets of Block 52	**6,512**	-
Provision against inventory of Block 52	**666**	-
	257,414	325,305

7. Administrative expenses, finance income and other income

7.1 Administrative expenses

	Six -month period ended	
	30 June 2024	30 June 2023
	RO'000	RO'000
	Audited	Audited
Employee related expenses (note 7.1.1)	**14,775**	12,700
Communication expenses	**219**	205
Professional fees	**1,119**	69
Consultancy fee	**448**	1,217
Audit and other services fee	**30**	25
Insurance	**680**	-
Other expenses	**2,094**	2,305
	19,365	16,521

Notes to the carve-out financial statements
for the period ended 30 June 2024

7. Administrative expenses, finance income and other income *(continued)*

7.1 Administrative expenses *(continued)*

7.1.1 Employee related expenses

	Six-month period ended	
	30 June 2024	30 June 2023
	RO'000	RO'000
	Audited	Audited
Salaries and allowances	**12,222**	11,215
Other benefits	**1,659**	636
End of service benefits (note 24)	**88**	33
Contribution for social insurance	**806**	816
	14,775	12,700

7.2 Finance income

	Six-month period ended	
	30 June 2024	30 June 2023
	RO'000	RO'000
	Audited	Audited
Interest income – bank deposits (note i)	**5,971**	4,334
Reclassification of cashflow hedge	**1,554**	-
Unwinding of deferred consideration (note 19)	**1,310**	-
Others	**147**	95
	8,982	4,429

i. Interest income pertains to call deposits denominated in Rial Omani and carry annual effective interest rate of between 1.5% to 5.55% (2023 – 1.25% to 5.80%). The Group has the flexibility to liquidate the call deposits before the scheduled maturity dates.

7.3 Other income

	Six-month period ended	
	30 June 2024	30 June 2023
	RO'000	RO'000
	Audited	Audited
Liabilities no longer payable	**8,859**	-
Others	**811**	56
	9,670	56

Notes to the carve-out financial statements
for the period ended 30 June 2024

8 Finance costs

	Six-month period ended	
	30 June 2024	30 June 2023
	RO'000	RO'000
	Audited	Audited
Interest on borrowings	**2,408**	6,676
Unwinding of discount on provision for site restoration and abandonment costs (note 25)	**1,879**	1,736
Interest on lease liabilities (note 15)	**640**	2,523
Others	**-**	105
	4,927	11,040

9. Depreciation, depletion, and amortisation

The depreciation, depletion and amortisation charged in the carve-out profit or loss account is:

	Six-month period ended	
	30 June 2024	30 June 2023
	RO'000	RO'000
	Audited	Audited
Depreciation and depletion – oil & gas properties (note 12)	**125,396**	166,598
Depreciation – other property, plant & equipment (note 14)	**-**	6
Amortisation – other intangible assets	**-**	4
Amortisation – right-of-use of assets (note 15) *	**7,519**	25,438
	132,915	192,046

*The depreciation on right of use asset has been allocated to cost of sale because as it pertains to the assets used for the commercial activity. Depreciation, depletion, and amortisation cost are allocated as follows:

Cost of sales (note 6)	**132,915**	192,046

Notes to the carve-out financial statements for the period ended 30 June 2024

10. Income tax

	As at 30 June 2024 RO'000 Audited	As at 31 December 2023 RO'000 Audited
Current liability		
Current tax	**9,245**	84,515

Carve out statement of profit or loss and other comprehensive income

	Six-month period ended	
	30 June 2024 RO'000 Audited	30 June 2023 RO'000 Audited
Current tax	**3,258**	1,100
Deferred tax – P&L	**(197)**	(7)
Deferred tax – OCI	**-**	(273)
Tax charge for the period	**3,061**	820

	As at 1st January 2024 RO'000 Audited	Movement RO'000 Audited	As at 30 June 2024 RO'000 Audited
Deferred tax asset/(liability)			
Plant and equipment	**55**	**(9)**	**46**
Provision for trade receivable	**38**	**1**	**39**
Provision for inventory	**86**	**(21)**	**64**
Derivatives	**(226)**	**226**	**-**
	(47)	**197**	**149**

Notes to the carve-out financial statements for the period ended 30 June 2024

10. Income tax *(continued)*

	As at 1st January 2023 RO'000 Audited	Movement RO'000 Audited	As at 31 December 2023 RO'000 Audited
Deferred tax asset/(liability)			
Plant and equipment	52	3	55
Provision for trade receivable	38	-	38
Provision for inventory	95	(9)	86
Derivatives	(852)	626	(226)
Brought forward losses	116	(116)	-
	(551)	504	(47)

Parent Company

The income tax assessments for the Parent Company for the years up to 2021 have been completed by the Secretariat General for Taxation (SGT). Management is of the opinion that additional taxes, if any, related to the open tax years would not be significant to the Group's carve-out financial position as at 30 June 2024.

Subsidiaries

The tax assessments of subsidiaries are at different stages of completion. Management does not expect any additional tax expense and liabilities to be incurred relating to the open tax years.

Tax rate on concession agreements

Revenue from certain Exploration Production Sharing Agreements (EPSAs) are taxed at the rate of 55% as per the Oman tax law and the same has not been recorded as revenue by the Group. The Group recorded the net 45% as revenue on which there is no further tax and are considered as tax exempt. The Group is not obliged to pay tax under EPSAs on its share of profit oil.

The Group and its subsidiaries (other than concession blocks noted above) are subject to income tax in accordance with the income tax law of the Sultanate of Oman at the enacted tax rate of 15% (2023: 15%). For the purpose of determining the tax expense for the year, the accounting result has been adjusted for tax purposes. The reconciliation of tax as per accounting profit to effective tax is set out below:

	Six-month period ended	
	30 June 2024	30 June 2023
	RO'000 Audited	RO'000 Audited
Profit before tax	**179,161**	217,759
Income tax	**26,874**	32,664
Non-deductible expenses	**1,140**	1,020
Incremental deferred tax impact on account of difference in carry forward losses	**-**	116
Tax exempt income	**(24,953)**	(32,707)
Effective tax	**3,061**	1,093

The deferred tax has been computed at the tax rate of 15% (2023: 15%).

Notes to the carve-out financial statements for the period ended 30 June 2024

11. Dividends

Subsequent to the period end, the Shareholder approved the dividend of RO 115.53 million for the period ended 30 June 2024 (30 June 2023: Nil). Also, refer note 39.

12. Oil and gas properties

	Oil and gas properties RO'000
Cost- audited	
At 1 January 2023- audited	3,520,316
Additions	166,905
Transfer from E&E assets	90,558
Change in site restoration and abandonment provision	35,396
At 30 June 2023- audited	3,813,175
Accumulated depreciation and impairment	
At 1 January 2023- audited	(2,473,770)
Charge for the period (note 9)	(166,598)
At 30 June 2023- audited	(2,640,368)
Carrying amount	
At 30 June 2023- audited	1,172,807

Notes to the carve-out financial statements for the period ended 30 June 2024

12. Oil and gas properties (continued)

	Oil and gas properties RO'000
Cost- audited	
At 1 January 2023	3,520,316
Additions	247,973
Transfer from E&E assets (note 13)	90,558
Divestment of block 60	(493,873)
Change in site restoration and abandonment provision (note 25)	20,917
At 31 December 2023- audited	3,385,891
At 1 January 2024- audited	**3,385,891**
Additions	**121,322**
Reversal of Al Almuzn assets*	**(36,839)**
Change in site restoration and abandonment provision (note 25)	**11,604**
At 30 June 2024- audited	**3,481,978**

* The reversal pertains to the AL Almuzn assets due to change in accounting treatment from joint operations to joint venture (refer Note 36).

Accumulated depreciation and impairment	
At 1 January 2023-audited	(2,473,770)
Charge for the year	(322,712)
Divestment of block 60	341,159
At 31 December 2023- audited	(2,455,323)
At 1 January 2024- audited	**(2,455,323)**
Charge for the period (note 9)	**(125,396)**
Reversal of Al Almuzn assets depreciation *	**2,492**
At 30 June 2024- audited	**(2,578,227)**
Carrying amount	
At 30 June 2024- audited	**903,751**
At 31 December 2023- audited	930,568

During the period the Group's management has carried out the impairment analysis and no impairment indicators have been identified. (2023: Nil).

13. Exploration and evaluation (E&E) assets

	RO'000
Cost-audited	
At 1 January 2023-audited	102,655
Additions	1,359
Transfer to oil & gas assets	(90,558)
At 30 June 2023- audited	13,456
At 1 January 2023	102,655
Additions	2,029
Transfer to oil & gas assets (note 12)	(90,558)
Divestment of block 48	(7,451)
At 31 December 2023- audited	6,675
At 1 January 2024-audited	**6,675**
Additions	**7,079**
Assets written off of Block 42	**(2,832)**
Provision for impairment against Block 52 assets	**(6,512)**
At 30 June 2024- audited	**4,410**

The exploration and evaluation assets (E&E) closing balance is mainly pertains to Blocks 47 and 48 which are under exploration stage and accounted as per requirements of IFRS 6.

14. Other property, plant, and equipment

	Other property, plant, and equipment RO'000
Cost	
At 1 January 2023- audited	4,554
At 31 December 2023 and at 1 January 2024- audited	4,554
At 30 June 2024- audited	4,554
Accumulated depreciation	
At 1st January 2023- audited	(4,546)
Charge for the year*	(8)
At 31 December 2023 and at 1st January 2024- audited	**(4,554)**
At 30 June 2024- audited	**(4,554)**
Carrying amount	
At 30 June 2024- audited	**-**
As at 31 December 2023- audited	-

* Depreciation charge in audited carve-out profit and loss statement for the six-month period ended 30 June 2023 was RO 6,000.

15. Right-of-use asset (ROU) and lease liabilities

The Group has entered into lease arrangements with various counter parties which include arrangements for:

- Drilling and land rigs
- Tankers and other equipment
- Office space and warehouse: rented spaces for office and warehouses
- Vehicles
- Plant and equipment

Notes to the carve-out financial statements for the period ended 30 June 2024

15. Right-of-use asset (ROU) and lease liabilities *(continued)*

	Drilling and land rigs RO'000	Equipment and tankers RO'000	Vehicles RO'000	Plant and equipment RO'000	Total RO'000
Cost					
At 1 January 2023-audited	5,622	134	1,317	5,081	12,154
Additions	-	-	-	57,505	57,505
At 30 June 2023-audited	5,662	134	1,317	62,586	69,659
Accumulated depreciation					
At 1 January 2023- audited	(5,622)	(134)	(1,317)	(5,081)	(12,154)
Depreciation for the period	-	-	-	(25,438)	(25,438)
At 30 June 2023- audited	(5,622)	(134)	(1,317)	(30,519)	(37,592)
Net book value					
At 30 June 2023- audited	-	-	-	32,067	32,067

Notes to the carve-out financial statements for the period ended 30 June 2024

15. Right-of-use asset (ROU) and lease liabilities *(continued)*

	Drilling and land rigs RO'000	Equipment and tankers RO'000	Vehicles RO'000	Plant and equipment RO'000	Total RO'000
Cost					
At 1 January 2023- audited	5,622	134	1,317	5,081	12,154
Additions	-	-	-	98,975	98,975
Divestment of block 60	-	-	-	(39,590)	(39,590)
At 31 December 2023- audited	5,622	134	1,317	64,466	71,539
At 1 January 2024-audited	**5,622**	**134**	**1,317**	**64,466**	**71,539**
At 30 June 2024-audited	**5,622**	**134**	**1,317**	**64,466**	**71,539**
Accumulated amortisation					
At 1 January 2023- audited	(5,622)	(134)	(1,317)	(5,081)	(12,154)
Amortisation for the year	-	-	-	(40,227)	(40,227)
Divestment of block 60	-	-	-	16,091	16,091
At 31 December 2023-audited	(5,622)	(134)	(1,317)	(29,217)	(36,290)
At 1 January 2024- audited	**(5,622)**	**(134)**	**(1,317)**	**(29,217)**	**(36,290)**
Amortisation for the period	**-**	**-**	**-**	**(7,519)**	**(7,519)**
At 30 June 2024- audited	**(5,622)**	**(134)**	**(1,317)**	**(36,736)**	**(43,809)**
Net book value					
At 30 June 2024- audited	**-**	**-**	**-**	**27,730**	**27,730**
At 31 December 2023-audited	-	-	-	35,249	35,249

15. Right-of-use asset (ROU) and lease liabilities *(continued)*

The total amortisation expense for the period is allocated to:

	Six-month period ended	
	30 June 2024	30 June 2023
	RO'000	RO'000
	Audited	Audited
Cost of sales (note 6)	**7,519**	25,438

Lease liabilities

	As at 30 June 2024	As at 31 December 2023	As at 30 June 2023
	RO'000	RO'000	RO'000
	Audited	Audited	Audited
Gross lease liability related to right of use assets	**22,986**	42,874	51,136
Future finance charges on finance leases	**(2,386)**	(3,470)	(4,781)
Divestment of Block 60	**-**	(15,778)	-
Present value of lease liabilities	**20,600**	23,626	46,335
As at 1 January	**23,626**	-	-
Addition during the period/year	**-**	57,545	57,505
Interest charged (note 8)	**640**	3,794	2,523
Payment of lease liability	**(3,666)**	(21,935)	(13,673)
Divestment of block 60	**-**	(15,778)	-
As at 30 June 2024 /31 December 2023	**20,600**	23,626	46,355

Presented as:

	As at 30 June 2024	As at 31 December 2023	As at 30 June 2023
	RO'000	RO'000	RO'000
	Audited	Audited	Audited
Current	**8,241**	8,540	13,772
Non-current	**12,359**	15,086	32,583
Total	**20,600**	23,626	46,355

The Group leases several assets including buildings, land, vehicles, and plant & equipment which mainly includes the fire water system, oil debottlenecking and bulk separation system. The average lease term is 3 to 5 years (2023: 3 to 5 years).

Notes to the carve-out financial statements for the period ended 30 June 2024

16. Lease receivable

The lease payments to be made to the Group from the State under the revised STA which became effective from 1 Jan 2017, and comprise of monthly payments to recover the costs of infrastructure development over a 20-year period and to cover the annual operating costs.

	Six-month period ended	
Lease income	**30 June 2024 RO'000 Audited**	30 June 2023 RO'000 Audited
Finance income on the net investment in lease	**10,772**	11,256

The net investment in the lease constitutes the cost of construction of the underlying assets.

Net investment in lease	**As at 30 June 2024 RO'000 Audited**	As at 31 December 2023 RO'000 Audited
As at 1 January	**229,524**	240,200
Repayments	**(5,822)**	(10,676)
As at 31 December	**223,702**	229,524
Presented as:		
Current asset	**12,173**	5,822
Non-current asset	**211,529**	223,702
	223,702	229,524

	As at 30 June 2024 RO'000 Audited	As at 31 December 2023 RO'000 Audited
Amount receivable under finance lease		
2024	**16,594**	33,188
2025	**33,188**	33,188
2026	**33,188**	33,188
2027	**33,188**	33,188
2028	**33,188**	33,188
Remaining	**250,871**	234,277
	400,217	400,217
Less: unearned finance income	**(176,515)**	(170,693)
Present value of minimum lease payments receivable	**223,702**	229,524

The credit risk associated with this receivable has not increased significantly, given that the Government of Oman has maintained a stable BB+ credit rating and has shown historical growth. The balances of lease receivables are not past due and hence have not been considered as credit impaired. The expected credit loss on these receivables is assessed based on a 12-month expected loss model and the impact is not material.

17. Inventories

	As at 30 June 2024 RO'000 Audited	As at 31 December 2023 RO'000 Audited
Oil, gas, and condensate	**2,462**	4,578
Materials, spares, and consumables	**62,446**	71,294
Provision for obsolescence	**(1,237)**	(571)
	63,671	75,301
Provision for obsolescence		
Opening balance	**(571)**	635
Charge for the period/year (note 6) *	**(666)**	(64)
Closing balance	**(1,237)**	(571)

* During the current period the Group has created an additional provision amounting to RO 666,000 against the stores and spares inventory of block 52.

18. Trade and other receivables

	30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited
Trade receivables – third parties	**32,073**	20,140
Trade receivables – related parties (note 29)	**64,859**	42,216
Expected credit loss (ECL)	**(258)**	(258)
	96,674	62,098
Due from related parties – non-trade (note 29)	**3**	200
Other receivables	**241,859**	124,027
	338,536	186,325

Trade receivables are non-interest bearing and are generally on 15-to-90-day terms. Other receivables include accrued revenue, receivables from employees and receivables from operators. Other receivables balance at the period end is not past due and is not considered to be credit impaired. Out of these other receivables, there are three individual corporate customers (operators) who have large exposures having credit rating of BB+.

Movements in the Expected credit loss (ECL):	30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited
Opening balance	**258**	258
Closing balance	**258**	258

The aging analysis of trade receivables that were not impaired, is as follows:

	Total RO'000	Not past due RO'000	Less than 90 days RO'000	91 – 360 days RO'000	More than 1 year RO'000
As at 30 June 2024- audited	**96,932**	**90,564**	**6,368**	**-**	**-**
As at 31 December 2023- audited	62,356	53,282	9,074	-	-

19. Deferred consideration

During the year 2023 the OQ EP sold 40% participating right of Block 60 to Medco Energi Oman (20%) and Medco Daya Oman (20%). As per the sale agreement, the buyers (Medco) will pay the Group deferred payments in time period of 6 years starting from 1st December 2024 and last payment will be received on 1st December 2029. The installment will be due annually on 1st December of each respective year. As the amount will be received beyond one year so the Group discounted the future cashflows by using 6% rate.

	Six-month period ended	
	30 June 2024 RO'000 Audited	30 June 2023 RO'000 Audited
Unwinding income on deferred consideration (note 7.2)	**1,310**	-

	30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited
Deferred consideration		
Gross deferred consideration related to block 60	**53,916**	53,916
Future finance income on deferred consideration	**(8,690)**	(10,000)
Present value of deferred consideration	**45,226**	43,916
Presented as:		
Current receivable	**7,702**	7,702
Non-current receivable	**37,524**	36,214
	45,226	43,916
As at 1 January	**43,916**	-
Addition during the year	**-**	43,916
Interest charged (note 7.2)	**1,310**	-
Closing balance	**45,226**	43,916
Deferred consideration receivable		
2024	**7,702**	7,702
2025	**7,702**	7,702
2026	**9,628**	9,628
2027	**9,628**	9,628
2028	**9,628**	9,628
2029	**9,628**	9,628
Total deferred consideration-gross	**53,916**	53,916
Less: unearned finance income	**(8,690)**	(10,000)
Present value of deferred consideration receivable	**45,226**	43,916

Medco is a well-established entity with a strong financial standing and a track record of timely payments. The Group has evaluated the creditworthiness of Medco based on recent financial information and historical performance with credit rating of BB-. Deferred consideration balance at the period end is not past due. Group has calculated the expected credit loss for this receivable based on a 12-month expected credit loss model. Given Medco's strong credit profile and historical payment behavior, the Group does not anticipate a significant increase in credit risk. The impact of the expected credit loss on the carve-out financial statements is not material.

Notes to the carve-out financial statements for the period ended 30 June 2024

20. Advances and prepayments

	30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited
Advances to employees	**189**	149
Advances to suppliers	**410**	848
Prepaid expenses	**509**	344
Others	**-**	11,373
	1,108	12,714

21. Cash and cash equivalents

	30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited
Cash on hand	**159**	8
Cash at bank	**156,192**	238,685
	156,351	238,693

Bank balances consist of call and fixed deposits denominated in Rial Omani and carry annual effective interest rate of between 1.5% to 5.55% (2023– 1.25% to 5.80%). These deposits have maturity of three months or less from date of acquisition. However, the Group has the flexibility to liquidate the deposits before the scheduled maturity dates without any penalty.

21.1 Restricted Cash

As per the PXF agreement between OOCEP PXF 1 BV and the Parent Company, OOCEP PXF 1 BV must retain the cash received from the ultimate sale of oil to fund the debt obligations.

Notes to the carve-out financial statements for the period ended 30 June 2024

22. Capital and reserves

22.1 Share capital

	30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited
Paid up share capital 500,000 (2023: 250,000) shares of RO 1 each.	**500**	250

The shareholding pattern of the Parent Company is as follows:

	30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited
OQ SAOC	**100**	100

22.2 Statutory reserve

As required under the Article 274 of the Commercial Companies Law of the Sultanate of Oman, 10% of the Group's net profit to be transferred to a non-distributable legal reserve until the amount of the legal reserve becomes equal to at least one-third of the Group's issued share capital. This having been achieved, the Group discontinued any further transfer.

22.3 Capital reserves

Capital reserve relates to fair valuation of Block 9 amounting to RO 103 million transferred to the Group by the Government as an equity contribution.

22.4 Subordinated loans

As a part of capital management to ensure the business continuity, the Group has arrangements with the Ultimate Holding Company in funding its cash requirements, either through loans and / or other current borrowings. These are non-interest-bearing loan arrangements which are subordinated and repayable only at the discretion of the Parent Company. Accordingly, these have been classified as equity in the carve-out financial statements. During the year the Group has repaid RO 116 million (2023: RO 453 million).

	30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited
Non-interest bearing		
Opening 1st January	**532,774**	986,089
Repayment during the period/year	**(116,936)**	(453,315)
Closing balance	**415,838**	532,774

23. Borrowings

	30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited
Borrowings	**29,623**	88,770

	Effective interest rate	Maturity		
PXF facility	3 Month Compounded SOFR + Margin	September 2021 – September 2024	**29,623**	88,870
Less: unamortised financing costs			**-**	(100)
Total loan outstanding-net			**29,623**	88,770
Presented as:				
Current portion			**29,623**	88,770

In December 2017, OQ EP obtained PXF loan facility from certain financial institutions of RO 38 million (the PXF Facility). As per original facility agreement, the loan amount was to be settled in 13 equal quarterly instalments starting from 30 September 2019 to 13 September 2022. During 2019, Group restructured the facility and extended the term of facility by 2 years. Accordingly, the repayment of the loan will be settled in 13 equal installments starting from 30 September 2021 to 30 September 2024. The respective modification was accounted for in accordance with IFRS 9. The facility carries interest at 3-month Compounded SOFR + applicable margin (2022: 3-month Compounded SOFR +applicable margin).

In order to obtain PXF loan facility, OQ EP entered into a Forward Sales Agreement ("FSA") and other ancillary contracts. Also, SPV was set up with the name OOCEP PXF 1 B.V. (the "SPV"). The financial institutions provided the facility proceeds to the SPV. Under the agreement, the SPV will retain cash received from the ultimate sale of oil to fund its debt service obligations and administrative expenses, with the balance being paid to OQ EP conditional on meeting certain banks covenants.

Unamortised financing costs	**30 June 2024 RO'000 Audited**	31 December 2023 RO'000 Audited
At 1 January	**100**	1,417
Incurred during the period	**-**	(719)
Amortised	**(100)**	(598)
Balance	**-**	100

Financial Covenants

The covenant imposed by the lenders against these loans are as follow:

– Debt service cover ratio to be less than 1.25:1. The Group is in compliance with this covenant.

24. Employees' end of service benefits

The Group entities operating in Oman and provide end-of-service benefits to its expatriate employees. End-of-service benefits are in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 and its amendments subject to the completion of a minimum service period. The amount of obligation is computed by actuarial valuations using the projected unit credit method as per IAS 19.

Movement in liability

	30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited
Balance at the beginning of the year	**918**	1,227
Service cost (note 7.1.1) *	**88**	70
Defined benefit obligation actuarial loss***	**318**	260
Benefits paid**	**(277)**	(639)
	1,047	918

* Service cost charge in audited carve-out profit and loss statement for the six-month period ended 30 June 2023 was RO 33,000. ** The benefit paid for the six months period ended 30th June 2023 was RO 225,000. *** Defined benefit obligation actuarial loss charge in audited carve-out profit and loss and other comprehensive statement for the six-month period ended 30 June 2023 was RO 191,000.

The amount recognised in the carve-out statement of profit and loss is as follows:

	Six-month period ended	
	30 June 2024 RO'000 Audited	30 June 2023 RO'000 Audited
Service cost (note 7.1.1)	**88**	33

The amount recognised in the carve-out statement of other comprehensive income:

	Six-month period ended	
	30 June 2024 RO'000 Audited	30 June 2023 RO'000 Audited
Actuarial loss	**318**	191

Following are the key assumptions used in the actuarial valuation:

	2024	2023
Discount rate	**6%**	6%
Future salary increases	**3%**	3%
Retirement age in years	**60**	60

Sensitivity analysis 2024

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2024		2023	
	RO'000		RO'000	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% points)	**(9.6)**	10	(6)	(5)
Projected salary (0.50% points)	**10**	(9.9)	7	(7)

25. Provision for site restoration and abandonment costs

	30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited	30 June 2023 RO'000 Audited
Movement in liability			
Balance at the beginning of the year	**39,606**	37,020	37,020
Charge during the period/ year	**11,604**	20,917	35,396
Unwinding of discount (note 8) *	**1,879**	3,502	1,736
Divestment of block 60	**-**	(21,833)	-
	53,089	39,606	74,152

The Group makes provision for the future cost of site restoration and abandonment oil and gas assets by discounting the future expected cash flows at a rate that reflect current market assessment of the time value of money and the risk specific to the liability. The site restoration and abandonment provision represent the present value of site restoration and abandonment costs relating to oil and gas assets, which are expected to be incurred when the producing oil and gas assets are expected to cease operations. These provisions have been created based on the Group's internal estimates or through the joint venture operator. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability.

These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain. The discount rate used in the calculation of the provision as at 30 June 2024 equaled 7.34% (2023: 9.38%). The outflow of resources from the settlement of provision are expected to occur between 2027 to 2035.

26. Accounts payable and accrued liabilities

	30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited
Accrued expenses	**25,634**	66,077
Trade payables - third parties	**9,201**	34,187
Trade payables - related parties (note 29)	**-**	2,368
Other payables	**299,793**	162,988
Retention	**89**	136
	334,717	265,756

Trade payables are non-interest bearing and are normally settled on 60- 90-day terms. Other payables are non-interest bearing and have an average term of six months. All accrued expenses are settled within an average term of six months. All retention payables will be settled as per the underlying contracts. Other payables to joint operations partners mainly represent joint expenses that were paid by the joint operations partner, which are non-interest bearing and are normally settled against future cash calls in normal business operation cycle.

27. Financial instruments

Fair values

The management believes that the fair values of financial assets and liabilities are not significantly different from their carrying amounts at the reporting date. Interest bearing loans carry interest at market rates. Non-interest-bearing shareholder loans are classified as equity due to their terms and conditions. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial risk management

The Group's activities expose it to a variety of financial risks including the effects of changes in market risk, (including foreign exchange risk and interest rate risk) liquidity risk and credit risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors. The Group's principal financial liabilities comprise accounts payable, borrowings, lease liabilities and intercompany borrowings. The main purpose of these financial instruments is to manage short-term cash flow and raise finance for the Group's capital expenditure programme. The Group's principal financial assets comprise finance lease receivables, trade and other receivables and cash and short-term deposits that arise directly from its operations.

Market risk

Market risk is the risk that changes in market prices, such as foreign currency rates and interest rates will affect the Group's income 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 optimising the return on risk.

Foreign currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Foreign currency risk is minimal as substantially all transactions are either denominated in RO and US Dollars. Since the Omani Rial is pegged to the US Dollar, Management believes that the currency rate fluctuations would have an insignificant impact on the post-tax profit.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group adopts a policy of ensuring that between 50% and 70% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates, and maturities and the notional or par amounts.

27. Financial instruments *(continued)*

Financial risk management *(continued)*

Interest rate risk *(continued)*

The Group's hedging relationships have been directly affected by the interest rate benchmark reform. Prior to 2023, the Group's interest rate swaps were primarily exposed to USD LIBOR. During the period 2023, all the swaps that previously referenced USD LIBOR transitioned to referencing Secured Overnight Financing Rate (SOFR) through adhering to the ISDA 2020 IBOR Fallbacks Protocol as published by the ISDA on 23 October 2020.The transition was enacted on an "economically equivalent" basis. No other changes were made to the terms of the swap contracts upon transition to SOFR. The hedge relationships were not discontinued and SOFR is now evaluated as the hedged interest rate benchmark risk. The interest rate benchmark reform did not change the risk management strategy of the Group. The Group is exposed to interest rate risk as it borrows funds at floating interest rates.

At the end of reporting period, the interest rate risk profile of the Group's interest-bearing financial instrument was:

	30 June 2024 RO' 000 Audited	31 December 2023 RO' 000 Audited
Variable rate instruments		
Term loan from commercial banks	**29,623**	88,770
Less: exposure hedged (note 30)	**-**	(57,133)
Un-hedge portion	**29,623**	31,637

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates, and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from IBOR reform, then the Group assumes for this purpose that the benchmark interest rate is not altered because of interest rate benchmark reform. The Group hedging derivative financial instrument has been matured as at 30 June 2024 therefore there is no open contract at the end of current reporting period.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis point in interest rates at the reporting date would have increased / (decreased) equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	30 June 2024 Un-hedged portion		30 June 2023 Un-hedged portion	
	100 bp Increase RO'000	100 bp Decrease RO'000	100 bp Increase RO'000	100 bp Decrease RO'000
Net profit	**296**	(296)	**316**	(316)

Notes to the carve-out financial statements for the period ended 30 June 2024

27. Financial instruments *(continued)*

Financial risk management *(continued)*

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

30 June 2024	**Carrying amount RO'000 Audited**	**Contractual cashflows RO'000 Audited**	**6 months or less RO'000 Audited**	**6 - 12 months RO'000 Audited**	**1 – 2 years RO'000 Audited**	**More than 2 years RO'000 Audited**
Interest bearing loans	**29,623**	**30,490**	**30,490**	**-**	**-**	**-**
Accounts payable and accrued liabilities	**334,717**	**334,717**	**334,717**	**-**	**-**	**-**
Lease liability	**20,600**	**21,462**	**4,753**	**8,198**	**8,511**	**-**
	384,940	**386,669**	**369,960**	**8,198**	**8,511**	**-**

31 December 2023	Carrying amount RO'000 Audited	Contractual cashflows RO'000 Audited	6 months or less RO'000 Audited	6 - 12 months RO'000 Audited	1 – 2 years RO'000 Audited	More than 2 years RO'000 Audited
Interest bearing loans	88,870	91,931	61,873	30,058	-	-
Accounts payable and accrued liabilities	265,756	265,756	265,756	-	-	-
Other non-current liabilities	1,540	1,540	1,540	-	-	-
Lease liability	23,626	25,745	4,938	4,753	8,198	7,856
	379,792	384,972	334,107	34,811	8,198	7,856

27. Financial instruments *(continued)*

Financial risk management *(continued)*

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

As at 30 June 2024, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises principally from the Group's receivables from customers, lease receivables, deferred consideration, bank balances, derivative asset and restricted cash as stated in the carve-out statement of financial position.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition,	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The carrying amount of financial assets that represents the maximum credit exposure to the Group is:

	30 June 2024	31 December 2023
	RO'000	RO'000
	Audited	Audited
Trade receivables and other receivables (net) (note 18)	**338,536**	186,325
Lease receivable (note 16)	**223,702**	229,524
Deferred consideration (note 19)	**45,226**	43,916
Bank balances (note 21)	**156,192**	238,685
Derivative (note 30)	**-**	1,554
Restricted cash (21.1)	**9,857**	10,083
	773,513	710,087

Notes to the carve-out financial statements for the period ended 30 June 2024

27. Financial instruments *(continued)*

Financial risk management *(continued)*

Credit risk *(continued)*

To measure the expected credit losses, trade receivables are assessed based on credit risk characteristics and days past due. Refer to Note 18 for an analysis of ageing of trade receivables. The Group limits its credit risk with regard to bank deposits by only dealing with reputable banks. The banks rating are as follows:

Bank Name	**Banks rating**	**30th June 2024 RO'000**	31st December 2023 RO'000
Bank Muscat	Ba1	**139,229**	204,325
Ahli Bank	A2	**9,007**	18,245
Central Bank of Oman	BB+	**7,806**	15,812
Sohar International Bank	Ba1	**150**	303
		156,192	238,685

The Group has applied the general approach in IFRS 9 to measure the loss allowance at 12 months ECL on its financial assets except for trade receivable which simplified approach is followed, the expected credit losses on these items by using a PD rating approach model where internal ratings is developed which are mapped to determination of probability of default, based on the external credit rating agencies such as Moody's. Where the external rating of a financial instrument is not available, the Group reviews the ability of the counterparty by reviewing their financial statements and other publicly available information and consider a proxy rating benchmarking sovereign external rating of the country where customers reside. The expected credit losses as at 30 June 2024 and 31st December 2023 is not accounted on lease receivable, other receivable and balance due from related parties, balance in banks as the impact is not significant.

Capital management

The Group's policy is to maintain an optimum capital base to maintain investor, creditor, and market confidence to sustain future growth of business as well as return on capital. Also, this includes interest free borrowings obtained from the Ultimate Holding Company and repayable at the discretion of the Group. The primary objective of the Group's capital management is to ensure to support its business continuity and maximise the shareholder value.

28. Contingencies and commitments

Contingent liabilities

At 30 June 2024, the Group has nil contingent liabilities and guarantees and legal claims during the current and previous period.

Capital commitments

The Group has the following capital commitments:

	30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited
Capital commitments	**385,755**	354,393

Notes to the carve-out financial statements for the period ended 30 June 2024

29 Related Party disclosures

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 Related Party Disclosures. The Group maintains balances with these related parties which arise in the normal course of business. The sales to and purchases from related parties are made on mutually agreed terms.

Outstanding balances at the year/period-end are unsecured and interest free and settlement occurs in cash and repayable in demand. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 June 2024, the Group has not recorded any impairment on receivables relating to amounts owed by related parties (2023: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The carve-out financial statements of the Group include subsidiaries:

Subsidiary	**Principle activities**	**Country of Incorporation**	**Ownership interest (%) 2024**	2023
OQEP Holding Limited *	Exploration and production	Cayman Islands	-	100
Abutubul LLC	Exploration and production	Sultanate of Oman	**100**	100
Musandam Gas Plant LLC	Oil and gas processing	Sultanate of Oman	**100**	100
Makarim Gas Development LLC	Exploration and production	Sultanate of Oman	**100**	100
Musandam Oil and Gas Company LLC	Exploration and production	Sultanate of Oman	**100**	100
Almajd Gas Development LLC	Exploration and production	Sultanate of Oman	**100**	100
Almuzn Liquified Natural Gas LLC	Exploration and production	Sultanate of Oman	**100**	100
Alizz Gas Development LLC	Exploration and production	Sultanate of Oman	**100**	100

* This was non-operational entity and with no assets and liabilities balances on the date of liquation.

Party Name		**30 June 2024**	30 June 2023
Relationship		**RO'000 Audited**	RO'000 Audited
Sale of goods and services			
Entity under common control	Sale of oil	**290,136**	524,815
Financing related			
Holding Company	Subordinated loans repaid	**116,936**	294,240

Transactions with key management:

The remuneration of key management of the group during the period was as follows:

Short term benefits	**2,360**	1,079
Employees end of service benefits	**272**	224

Notes to the carve-out financial statements for the period ended 30 June 2024

29. Related party disclosures *(continued)*

Receivables from the related parties

		30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited
OQ Trading LTD	Entity Under common control	**64,859**	42,216
OQ Methanol	Entity Under common control	**-**	19
OQ RPI	Entity Under common control	**3**	151
OQ LPG LLC	Entity Under common control	**-**	16
OQ Gas Networks SAOC	Entity Under common control	**-**	3
OOCEP Holding	Subsidiary	**-**	11
		64,862	42,416

At period end, Group has a total receivable from related parties amounting to RO 64.8 million (2023: RO 42.4 million) which has been disclosed in Note 18 to these financial statements. For the purposes of impairment assessment, amount due from related parties is not deemed to be credit impaired as the counterparty of this receivables are from OIA affiliated companies which is considered as equivalent of the Government of Oman. The credit risk associated with balances due from related parties has not increased significantly, given that the Government of Oman has maintained a stable BB+ credit rating and has shown historical growth. The balances of due from related parties are not past due. The expected credit loss on these receivables is assessed based on a 12-month expected loss model and the impact is not material.

As the Government of Sultanate of Oman (the Government), indirectly owns the Group via Oman Investment Authority (OIA) ("the ultimate Parent Company").

In accordance with IAS 24 "Related Party Disclosures", the Group has chosen to avail partial exemption under IAS 24 available to government entities, including the Oman Investment Authority (OIA) and other entities controlled, jointly controlled, or significantly influenced by the Government of Oman. All individually significant transactions and balances are disclosed in the notes above. However, the Group has opted to provide qualitative disclosures for transactions that are individually insignificant but collectively significant. These transactions and balances include the procurement of utilities such as electricity, internet, and telecommunications, as well as employee-related transactions such as contributions made to PASI.

Payables to related parties		**30 June 2024 RO'000 Audited**	31 December 2023 RO'000 Audited
OQ SAOC	Holding Company	**-**	681
Oman Oil Marketing Co. SAOG	Entity Under common control	**-**	784
OQ Methanol LLC	Entity Under common control	**-**	128
OQ RPI	Entity Under common control	**-**	755
OQ Gas Networks	Entity Under common control	**-**	20
		-	2,368

At period end, Group has a total payable to related parties amounting to Nil (2023: RO 2.3 million) that has been disclosed in Note 26 to these financial statements.

30. Derivatives

The Group entered into a hedge agreement with OQ SAOC ("Holding Company") to receive interest at SOFR from the Holding Company. The Holding Company then entered into interest rate swap agreements with commercial banks, on behalf of the Group, to receive interest at SOFR from the banks. This interest rate swap between the Group and the Holding Company is designated as effective cash flow hedge and the fair value thereof is based on market values of equivalent instruments at the reporting date and has been dealt with in equity. The hedge is matured during the current period.

The below table summarise the profile tenor of the nominal amounts of derivatives designated as hedging instruments in cashflow hedge relationship.

RO'000	Less than 6 months	6 to 12 months	More than 1 year	Total
30 June 2024- audited	**-**	**-**	**-**	**-**
31 December 2023- audited	57,133	-	-	57,133

Movement in cashflow hedge during the period/year is as follows:

	30 June 2024 RO'000 Audited	31 December 2023 RO'000 Audited
Cumulative changes in hedging reserve		
At 1 January	**1,554**	4,828
Loss arising on changes in fair value of hedging instruments during the period/year	**-**	(3,900)
Deferred tax recognised (Note 10)	**-**	626
Reclassified to profit and loss statement	**(1,554)**	-
Closing balance-net	**-**	1,554
Derivative recognised in statement of financial position		
Interest rate swaps used for cashflow hedging- gross amount		
Asset		
Non-current portion	**-**	-
Current portion	**-**	1,554
	-	1,554

The derivatives disclosed above are level 2 financial instruments. The level 2 description has been disclosed in Note 27 to these financial statements.

31. Earnings per share

Earnings per share is calculated by dividing the net profit for the period attributable to the shareholders of the Parent Company by the number of shares that will be in issue at the time of listing as follows:

	As at 30 June 2024 RO'000	As at 30 June 2023 RO'000
Profit attributable to shareholders	**176,100**	216,666
Number of shares for basic and diluted EPS **(no. in "000")**	**8,000,000**	8,000,000
Basic and diluted earnings per share-(Baizas)	**22.01**	27.08

Notes to the carve-out financial statements for the period ended 30 June 2024

32 Interests in joint operations

The Group's interests in joint operations are detailed in note 1. In accordance with these joint operating agreements, in any given year, the Group's entitlement to oil and service fee from each project as specified in each underlying contract will fluctuate depending upon factors including cumulative capital expenditure, inflation and oil prices.

The details of the Group's share of joint operations' assets and liabilities are as follows:

		Six-month period ended 30 June 2024-Audited						
Blocks Detail 2024	**% holding %**	**Total assets RO'000**	**Current assets RO'000**	**Total liabilities RO'000**	**Current liabilities RO'000**	**Net assets RO'000**	**Revenue RO'000**	**Profit for the period RO'000**
Block 53	20	**258,181**	**12,404**	**(61,985)**	**(44,676)**	**196,196**	**51,929**	**7,835**
Block 60	60	**971,759**	**351,446**	**(119,906)**	**(114,050)**	**851,853**	**114,383**	**63,491**
Block 48	60	**13,993**	**12,631**	**(522)**	**(522)**	**13,471**	**-**	
Block 9	45	**77,654**	**22,312**	**(55,604)**	**(55,604)**	**22,050**	**93,993**	**17,410**
Block 61	30	**392,477**	**164,586**	**(197,920)**	**(156,278)**	**194,557**	**113,379**	**77,986**
Others (*)	*	**67,008**	**26,019**	**(20,696)**	**(10,696)**	**46,312**	**54,208**	**9,378**
		1,781,072	**589,398**	**(456,633)**	**(381,826)**	**1,324,439**	**427,892**	**176,100**
		As at 31 December 2023-Audited					*Six-month period ended 30 June 2023-audited*	
2023								
Block 53	20	108,213	77,020	(53,814)	(37,092)	54,399	54,977	1,759
Block 60	60	902,282	266,843	(224,346)	(196,046)	677,936	259,644	83124
Block 48	60	11,644	55,634	(8,019)	(7,649)	3,625	-	-
Block 9	45	94,291	13,015	(50,726)	(45,726)	43,565	102,503	28,187
Block 61	30	615,072	120,470	(143,164)	(130,892)	471,908	106,106	56,199
Others (*)	*	39,161	5,212	(31,927)	(30,176)	7,234	31,654	47,397
		1,770,663	538,194	(511,996)	(447,581)	1,258,667	554,884	216,666

* Other includes aggregate of interest in Block 10, 42, 47, 52, Karim small field and Rima satellite field and head office expenses. Refer note 1 for Group's interest in these joint arrangements.

33 Fair value of financial assets and liabilities

The fair value of the financial assets and liabilities approximates their carrying value as stated in the statement of the financial position.

34 Deferred income

An analysis of deferred income is set out below:

	As at 30 June 2024 RO'000 Audited	As at 31 December 2023 RO'000 Audited
Balance at the beginning of the period/year	**7,218**	1,377
Over lifting of oil	**8,312**	7,218
Income received during the period/year	**(7,218)**	(1,377)
	8,312	7,218

Deferred income is accounted as per contractual term, and this represent the income pertaining to future period.

35 Reconciliation of liabilities arising from financing activities

	Subordinated loan RO'000	Term loan RO'000	Lease liabilities RO'000
At 1 January 2024-audited	**532,774**	**88,770**	**23,626**
Changes from financing cash flows			
Repayment	**(116,936)**	**(59,147)**	**(3,026)**
Interest paid	**-**	**(2,408)**	**(640)**
Total changes from financing cash flows	**(116,936)**	**(61,555)**	**(3,666)**
Other changes: Liability related			
Interest expense	**-**	**2,408**	**640**
Total liability related changes	**-**	**2,408**	**640**
Balance as at 30 June 2024-audited	**415,838**	**29,623**	**20,600**

	Subordinated loan RO'000	Term loan RO'000	Lease liabilities RO'000
At 1 January 2023-audited	986,089	205,944	-
Changes from financing cash flows			
Repayment	(294,240)	(58,883)	(11,150)
Non-cash item	-	335	-
Interest paid	-	(6,675)	(2,523)
Total changes from financing cash flows	(294,240)	(65,223)	(13,673)
Other changes: Liability related			
Interest expense	-	6,675	2,523
Addition in lease liability during the period	-	-	57,505
Total liability related changes	-	6,675	60,028
Balance as at 30 June 2023-audited	691,849	147,396	46,355

Notes to the carve-out financial statements for the period ended 30 June 2024

36. Interest in joint venture

	30th June 2024
	RO
Opening balance	-
Initial cost*	3,030
Share of profit for the period	3,551
Closing balance	6,581

Marsa Liquefied Natural Gas LLC ("Marsa") is joint venture in which group has joint control and a 20 percent ownership interest. Till last year, the Group has accounted the investment as joint operation. However, effective from 1st January 2024, the Marsa is structed as a separate vehicle and the Group has residual interest in the net assets of Marsa. Accordingly, the Group has classified its interest in Marsa as a joint venture.

The following table summarises the financial information of Marsa as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Marsa.

Percentage ownership interest in Marsa Liquefied Natural Gas LLC	20%

	30 June 2024 RO"000
Non-current assets	273,213
Current assets	28,910
Non-current liabilities	224,844
Current liabilities	44,374
Net asset (100%)	32,905
Carrying amount of interest in joint venture (20%)	6,581
Statement of profit and loss and other comprehensive income:	
Revenue	36,994
Depreciation and amortisation	(12,459)
Income tax expense	(3,105)
Profit and total comprehensive income (100%)	17,757
Profit and total comprehensive income (20%)	3,551

*Effective from 1 January 2024, the arrangement is no longer joint operation therefore as per guideline of IAS 28, the net carrying amount of RO 3.3 million assets and liabilities (operating assets, advance and other current assets of RO 43.3 million less liabilities to the other operators and suppliers of RO 40 million) previously recorded under IFRS 11 has been considered as deemed/initial cost.

Notes to the carve-out financial statements for the period ended 30 June 2024

37. Operating segment information

The Group has the following two strategic divisions i.e. blocks operated by Parent Company and blocks operated by the other entities, which are its reportable segments. These divisions are managed separately because for the blocks operated by the Parent Company the operations for those blocks are run by the Parent Company management and for the blocks operated by other entities the respective parties are responsible for running the operations. The Group operating segments are established on the basis of those components of the Group that are evaluated regularly by the Board of directors (Chief Operating Decision Maker (CODM)), in deciding how to allocate resources and in assessing performance.

There are no inter-segment transactions. CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit and loss. Information related to each reportable segment is set out below:

	Blocks Operated by OQ EP		Blocks operated by other entities		Total	
	30 June 2024 RO'000 Audited	30 June 2023 RO'000 (Audited)	**30 June 2024 RO'000 Audited**	30 June 2023 RO'000 (Audited)	**30 June 2024 RO'000 Audited**	30 June 2023 RO'000 (Audited)
Revenue						
- Export	**113,510**	416,212	**205,566**	40,405	**319,076**	456,617
- Local	**6,923**	29,107	**101,893**	69,160	**108,816**	98,267
	120,433	445,319	**307,459**	109,565	**427,892**	554,884
EBITDA	**111,374**	267,830	**196,647**	148,586	**308,021**	416,416
Finance income	**8,760**	4,342	**222**	87	**8,982**	4,429
Finance expense	**4,048**	11,040	**879**	-	**4,927**	11,040
Depreciation, depletion, and amortisation	**45,829**	97,492	**87,086**	94,554	**132,915**	192,046
Net Profit	**67,196**	162,547	**108,904**	54,119	**176,100**	216,666
Capital expenditure	**51,087**	75,269	**70,235**	91,636	**121,322**	166,905
Operating expenditure	**49,598**	57,820	**64,891**	75,439	**114,489**	133,259

37. Operating segment information

Capital expenditure consists of additions to of oil and gas properties. Capital expenditure shown above for each reportable segment is based on the amount reported to CODM.

Geographical information:

The geographical information analyses the Group's revenue and non-current assets by the Group's country of domicile. A geographical analysis of segment revenue has been based on the geographical location of the customers (refer note 5) and segment assets were based on geographical location of the assets.

All the Group's assets are located in Sultanate of Oman.

Revenues from major products and services:

The Group's revenues from its major products and services are disclosed in note 5.

Information about major customers:

Revenue from one major customer (OQ Trading International LLC) of the Group represented approximately RO 290 million (68%) (2023 524 million (95%) of the Group's total revenue. No other single customer contributed 10% or more of the Group's revenue in the period 2024 and 2023.

38. Change in classification

During the current period, the Group has changed the classification of the deferred consideration from current assets to non-current assets to reflect it more appropriately and the same has been disclosed in note 19 to these cave-out financial statements. This reclassification has no impact on the cave-out statement of profit or loss and other comprehensive income, carve-out statement of cash flows and cave-out statement of changes in equity for the period then ended 30 June 2023.

39. Subsequent events

B52 relinquishment:

During exploration stage it is concluded that block 52 is not commercially viable and accordingly associated exploration and evaluation assets of RO 6.520 million and inventory of RO 0.666 million has been provided for during current period. The write off of the same has been approved by the Board of Directors in their meeting held on 5th September 2024. However, at reporting date the formal communication from MEM to have the Royal Decree is awaited.

Share split and capital increase:

The Parent Company has split the shares to 1:100 and consequently nominal value per share has been decreased from RO 1.00 to 10 Baizas. Total number of outstanding shares has been increased to 8 billion. The share capital increase of RO 79.5 million will be done from OQEP's retained earnings. The same has been approved by the Board of Directors in their meeting held on 5th September 2024 and shareholder in the EGM held on 8th September 2024.

New term loan facility:

The Parent Company is in the process of obtaining a long-term loan facility of RO 192.4 (USD$ 500) million and bridge to bond facility of RO 192.4 (USD$ 500) million. The proceeds will be utilised primarily to repay the balance amount of subordinated shareholders loan of RO 344.3 (USD$ 894) million to OQ SAOC. The same has been approved by the Board of Directors in their meeting held on 18th August 2024 and by OQ SAOC on 9th September 2024.

Change in name:

Subsequently to the period end, the Parent Company has changed the name from OQ Exploration and Production LLC to OQ Exploration and Production SAOC and the same has been approved by the Ministry of commerce, industry and investment promotion dated 30 July 2024. As part of IPO process the Parent Company name is being changed to OQ EP SAOG (under transformation).

Transfer of Abraj:

The Parent Company is undergoing an Initial Public Offering ("IPO"). As part of the IPO process, there will be a corporate reorganisation whereby the Parent Company will transfer its investment in Abraj to OQ SAOC (the "Holding Company"). The transfer of Abraj has been approved by OQ SAOC on 5th July 2024.

Notes to the carve-out financial statements for the period ended 30 June 2024

39. Subsequent events *(continued)*

Pre-IPO-dividend:

Subsequently to the period end, the Parent Company Board of Directors has proposed a cash dividend of RO 115.4 (USD$ 300) million. This has been approved by shareholder in the OGM held on 8th September 2024.

Repayment of PXF facility-borrowings:

Subsequently to the period end on 19 August 2024, the Parent Company has paid the loan and there is no more restricted cash held by PXF.

OQ Group

OQEP

OQ EXPLORATION AND PRODUCTION LLC
AND ITS SUBSIDIARIES

Report and consolidated financial statements
for the year ended 31 December 2023

Registered office

P.O Box 200, P.C 102
Bawsher, Muscat
Sultanate of Oman

OQ EXPLORATION AND PRODUCTION LLC AND ITS SUBSIDIARIES

Report and consolidated financial statements for the year ended 31 December 2023

Content	**Pages**

Management's report

The Management submit their report and the consolidated financial statements for the year ended 31 December 2023.

Principal activities

The principal activities of the Company, together with its subsidiaries (collectively the "Group"), are identifying, acquiring, managing and operating interests in petroleum and other related enterprises and the oil field services.

Basis of preparation of accounts

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, and the relevant requirements of the Commercial Companies Law of 2019.

Results and appropriation

The results of the Group for the year ended 31 December 2023 are set out on pages 3 and 4 of the consolidated financial statements.

Auditors

The financial statements have been audited by KPMG LLC who offer themselves for reappointment.

On behalf of OQ Exploration and Production LLC and its subsidiaries

Authorised signatory

KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

Independent auditors' report

To the Shareholder of OQ Exploration and Production LLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of OQ Exploration and Production LLC ("the Company") and its subsidiaries ("the Group"), which comprise of the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants *International* Code of Ethics for Professional Accountants *(including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Continued on page 2(b)

Continued from page 2(a)

Other Information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and their preparation in compliance with the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's financial reporting process

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Continued on page 2(c)

Continued from page 2(b)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements

We report that these financial statements comply, in all material respects, with the applicable provisions of the Commercial Companies Law of 2019.

25 April 2024

KPMG LLC

KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
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CR.No: 1358131

OQ Exploration and Production LLC and its Subsidiaries

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	Notes	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Revenue	*5*	**1,207,628**	**3,135,880**	1,389,733	3,608,759
Cost of sales	*6*	**(725,603)**	**(1,884,194)**	(714,983)	(1,856,615)
Gross profit		**482,025**	**1,251,686**	674,750	1,752,144
Lease income	*17*	**22,512**	**58,457**	23,400	60,764
Other income	*7.3*	**135**	**351**	4,227	10,976
Exploration costs		**(4)**	**(10)**	(412)	(1,070)
Administrative expenses	*7.1*	**(53,087)**	**(137,848)**	(48,132)	(124,986)
Impairment reversal on other property,plant and equipment	*14*	**757**	**1,966**	-	-
ECL reversals / (charge) on trade receivables	*20*	**323**	**838**	(192)	(499)
Operating profit		**452,661**	**1,175,440**	653,641	1,697,329
Gain on divestment	*18*	**274,659**	**713,211**	-	-
Finance income	*7.2*	**8,847**	**22,975**	6,534	16,966
Finance costs	*8*	**(26,273)**	**(68,221)**	(21,342)	(55,417)
Profit before tax		**709,894**	**1,843,405**	638,833	1,658,878
Income tax	*10*	**(82,884)**	**(215,224)**	(4,984)	(12,941)
Profit for the year		**627,010**	**1,628,181**	633,849	1,645,937
Other comprehensive income:					
Items not to be reclassified to profit or loss in subsequent periods					
Defined benefit obligation actuarial loss	*25*	**(59)**	**(153)**	(461)	(1,197)
Items that may be reclassified subsequently to profit or loss					
Effective portion of changes in fair value of cash flow hedges – net of tax	*31*	**(3,274)**	**(8,502)**	3,793	9,851
Other comprehensive income for the year		**(3,333)**	**(8,655)**	3,332	8,654
Total comprehensive income for the year		**623,677**	**1,619,526**	637,181	1,654,591
Profit for the year attributable to:					
- Equity holders of the parent		**620,172**	**1,610,425**	633,849	1,645,937
- Non-Controlling interest	*36*	**6,838**	**17,756**	-	-
Profit for the year		**627,010**	**1,628,181**	633,849	1,645,937
Total comprehensive income attributable to:					
- Equity holders of the parent		**616,839**	**1,601,770**	637,181	1,654,591
- Non-Controlling interest	*36*	**6,838**	**17,756**	-	-
Total Comprehensive income for the year		**623,677**	**1,619,526**	637,181	1,654,591

The accompanying notes on pages 8-67 form an integral part of these financial statements.

The independent auditors' report is set forth on pages 2(a) – 2(c).

OQ Exploration and Production LLC and its Subsidiaries

Consolidated statement of financial position as at 31 December 2023

	Notes	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Assets					
Non-current assets					
Oil and gas properties	*12*	**930,569**	**2,416,431**	1,046,880	2,718,463
Exploration and evaluation assets	*13*	**6,675**	**17,334**	102,655	266,568
Other property, plant and equipment	*14*	**191,406**	**497,028**	195,805	508,451
Other intangible assets	*15*	**232**	**600**	196	508
Right-of-use assets	*16*	**40,751**	**105,819**	5,996	15,570
Lease receivable	*17*	**223,702**	**580,892**	229,524	596,011
Derivatives	*31*	**-**	**-**	869	2,256
Other Non-Current Assets		**4701**	**12,207**	-	-
Total non-current assets		**1,398,036**	**3,630,311**	1,581,925	4,107,827
Current assets					
Inventories	*19*	**99,087**	**257,300**	110,001	285,644
Trade and other receivables	*20*	**271,537**	**705,109**	358,371	930,593
Advances and prepayments	*21*	**13,831**	**35,917**	7,161	18,600
Lease receivable	*17*	**5,822**	**15,119**	10,676	27,723
Derivatives	*31*	**1,554**	**4,036**	4,811	12,494
Cash and cash equivalents	*22*	**246,764**	**640,780**	158,501	411,585
Restricted Cash		**10,079**	**26,183**	11,647	30,243
Total current assets		**648,674**	**1,684,444**	661,168	1,716,882
Total assets		**2,046,710**	**5,314,755**	2,243,093	5,824,709
Equity and liabilities					
Capital and reserves					
Share capital	*23.1*	**250**	**650**	250	650
Statutory reserves	*23.2*	**84**	**217**	84	217
Hedging reserves	*31*	**1,554**	**4,036**	4,828	12,538
Capital reserves	*23.3*	**103,041**	**267,569**	103,041	267,569
Other Reserve		**24,505**	**63,632**	-	-
Subordinated loans	*23.4*	**532,774**	**1,383,468**	986,089	2,560,605
Retained earnings		**637,419**	**1,655,216**	325,386	844,944
Equity attributable to equity holders of the parent		**1,299,627**	**3,374,788**	1,419,678	3,686,523
Non- Controlling interest	*35*	**71,431**	**185,487**	-	-
Total equity		**1,371,058**	**3,560,275**	1,419,678	3,686,523
Non-current liabilities					
Borrowings	*24*	**72,060**	**187,120**	165,125	428,785
Employees' end of service benefits	*25*	**3,136**	**8,143**	2,815	7,311
Provision for site restoration and abandonment costs	*26*	**39,606**	**102,844**	37,020	96,130
Lease liabilities	*16*	**18,657**	**48,444**	4,293	11,146
Other non-current liabilities		**1,539**	**4,000**	1,539	4,000
Deferred tax liabilities	*10*	**3,870**	**10,047**	4,281	11,116
Deferred income	*34*	**8,368**	**21,729**	3,114	8,087
Total non-current liabilities		**147,236**	**382,327**	218,187	566,575
Current liabilities					
Borrowings	*24*	**102,001**	**264,870**	137,333	356,616
Lease liabilities	*16*	**10,748**	**27,909**	1,913	4,968
Accounts payables and accrued liabilities	*27*	**328,478**	**852,969**	458,118	1,189,607
Income tax payable	*10*	**87,189**	**226,405**	7,864	20,420
Total current liabilities		**528,416**	**1,372,153**	605,228	1,571,611
Total liabilities		**675,652**	**1,754,480**	823,415	2,138,186
Total equity and liabilities		**2,046,710**	**5,314,755**	2,243,093	5,824,709

Authorised Signatory

The financial statements were approved by the shareholders and authorized for issue on 04/25/24.

The accompanying notes on pages 8-67 form an integral part of these financial statements.

The independent auditors' report is set forth on pages 2(a) – 2(c).

OQ Exploration and Production LLC and its Subsidiaries

Consolidated statement of changes in equity for the year ended 31 December 2023

	Share capital RO'000	Statutory reserve RO'000	Hedging reserves RO'000	Capital reserves RO'000	Other Reserve	Subordinated loans RO'000	Retained earnings RO'000	Equity attributable to equity holders of parent RO'000	Non-Controlling interest RO'000	Total RO'000
At 1 January 2022	250	84	1,035	103,041	-	751,088	558,498	1,413,996	-	1,413,996
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	-	-	633,849	633,849	-	633,849
Other comprehensive income										
Changes in fair value on cashflow hedges	-	-	3,793	-	-	-	-	3,793	-	3,793
Defined benefit obligation actuarial loss	-	-	-	-	-	-	(461)	(461)	-	(461)
Transactions with owners:										
Loans obtained*	-	-	-	-	-	427,551	-	427,551	-	427,551
Repayment of subordinated loan	-	-	-	-	-	(192,550)	-	(192,550)	-	(192,550)
Dividends paid (Note 11)	-	-	-	-	-	-	(866,500)	(866,500)	-	(866,500)
At 31 December 2022	250	84	4,828	103,041	-	986,089	325,386	1,419,678	-	1,419,678
At 1 January 2023	**250**	**84**	**4,828**	**103,041**	**-**	**986,089**	**325,386**	**1,419,678**	**-**	**1,419,678**
Total comprehensive income for the year										
NCI at the time of disposal of shares of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**72,141**	**72,141**
Net profit for the year (note 36)	**-**	**-**	**-**	**-**	**-**	**-**	**620,172**	**620,172**	**6,838**	**627,010**
Other comprehensive income										
Changes in fair value on cashflow hedges	**-**	**-**	**(3,274)**	**-**	**-**	**-**	**-**	**(3,274)**	**-**	**(3,274)**
Defined benefit obligation actuarial loss	**-**	**-**	**-**	**-**	**-**	**-**	**(59)**	**(59)**	**-**	**(59)**
Reserve on divestment**	**-**	**-**	**-**	**-**	**24,505**	**-**	**-**	**24,505**	**-**	**24,505**
Repayment of subordinated loan	**-**	**-**	**-**	**-**	**-**	**(453,315)**	**-**	**(453,315)**	**-**	**(453,315)**
Dividends paid (Note 11)	**-**	**-**	**-**	**-**	**-**	**-**	**(308,080)**	**(308,080)**	**(7,548)**	**(315,628)**
At 31 December 2023	**250**	**84**	**1,554**	**103,041**	**24,505**	**532,774**	**637,419**	**1,299,627**	**71,431**	**1,371,058**

* The Parent Company (OQEP) declared the dividend during the year 2022 out of which some of the dividend was not paid in cash and converted into subordinated loan based on agreement with the parent company i.e. OQ SAOC.

** During the year there is an divestment of block 48 and shares of the subsidiary. At year end there is an total reserve of RO 24.5 million out of which RO 3.5 million pertains to the divestment of block 48 and RO 21 million pertains to the divestment of the shares of the subsidiary. The accompanying notes on pages 8-67 form an integral part of these consolidated financial statements.

The independent auditors' report is set forth on pages 2(a) – 2(c)

OQ Exploration and Production LLC and its Subsidiaries

Consolidated statement of changes in equity for the year ended 31 December 2023

	Share capital USD'000	Statutory reserve USD'000	Hedging reserves USD'000	Capital reserves USD'000	Other Reserve	Subordinated loans USD'000	Retained earnings USD'000	Equity attributable to equity holders of parent USD'000	Non-Controlling interest USD'000	Total USD'000
At 1 January 2022	650	217	2,687	267,569	-	1,950,371	1,450,269	3,671,763	-	3,671,763
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	-	-	1,645,937	1,645,937	-	1,645,937
Other comprehensive income										
Changes in fair value on cashflow hedges	-	-	9,851	-	-	-	-	9,851	-	9,851
Defined benefit obligation actuarial loss	-	-	-	-	-	-	(1,197)	(1,197)	-	(1,197)
Transactions with owners:										
Loans obtained*	-	-	-	-	-	1,110,234	-	1,110,234	-	1,110,234
Repayment of subordinated loan	-	-	-	-	-	(500,000)	-	(500,000)	-	(500,000)
Dividends paid (Note 11)	-	-	-	-	-	-	(2,250,065)	(2,250,065)	-	(2,250,065)
At 31 December 2022	650	217	12,538	267,569	-	2,560,605	844,944	3,686,523	-	3,686,523
At 1 January 2023	**650**	**217**	**12,538**	**267,569**	**-**	**2,560,605**	**844,944**	**3,686,523**	**-**	**3,686,523**
Total comprehensive income for the year										
NCI at the time of disposal of shares of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**187,331**	**187,331**
Net profit for the year (note 36)	**-**	**-**	**-**	**-**	**-**	**-**	**1,610,425**	**1,610,425**	**17,756**	**1,628,181**
Other comprehensive income										
Changes in fair value on cashflow hedges	**-**	**-**	**(8,502)**	**-**	**-**	**-**	**-**	**(8,502)**	**-**	**(8,502)**
Defined benefit obligation actuarial loss	**-**	**-**	**-**	**-**	**-**	**-**	**(153)**	**(153)**	**-**	**(153)**
Reserve on divestment**			**-**	**-**	**63,632**	**-**	**-**	**63,632**	**-**	**63,632**
Repayment of subordinated loan	**-**	**-**	**-**	**-**	**-**	**(1,177,137)**	**-**	**(1,177,137)**	**-**	**(1,177,137)**
Dividends paid (Note 11)	**-**	**-**	**-**	**-**	**-**	**-**	**(800,000)**	**(800,000)**	**(19,600)**	**(819,600)**
At 31 December 2023	**650**	**217**	**4,036**	**267,569**	**63,632**	**1,383,468**	**1,655,216**	**3,374,788**	**185,487**	**3,560,275**

* The Parent Company (OQEP) declared the dividend during the year 2022 out of which some of the dividend was not paid in cash and converted into subordinated loan based on agreement with the parent company i.e. OQ SAOC.

** During the year there is an divestment of block 48 and shares of the subsidiary. At year end there is an total reserve of USD 63 million out of which USD 9 million pertains to the divestment of block 48 and USD 55 million pertains to the divestment of the shares of the subsidiary. The accompanying notes on pages 8-67 form an integral part of these consolidated financial statements. The independent auditors' report is set forth on pages 2(a) – 2(c).

OQ Exploration and Production LLC and its Subsidiaries

Consolidated statement of cash flows for the year ended 31 December 2023

	Notes	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Cash flows from operating activities					
Profit for the year		**709,894**	**1,843,405**	638,833	1,658,879
Adjustments:					
Depreciation, depletion and amortization	*9*	**384,858**	**999,373**	419,086	1,088,252
Reversal of impairment of on other property, plant and equipment	*14*	**(757)**	**(1,966)**	-	-
(Reversal)/charge of ECL provision	*20*	**(323)**	**(838)**	192	499
Loss / (gain) on sale of property, plant and equipment		**-**	**-**	1,431	3,716
Gain on divestment of Blocks - Farm out	*18*	**(274,659)**	**(713,211)**	-	-
Provision for obsolescence of inventories	*19*	**509**	**1,323**	44	113
End of service benefit charge for the year	*25*	**1,115**	**2,895**	1,981	5,143
Deferred income	*34*	**5,254**	**13,642**	(10,953)	(28,440)
Finance costs	*8*	**26,273**	**68,221**	21,342	55,417
Finance income	*7.2*	**(8,847)**	**(22,975)**	(6,534)	(16,966)
Operating cash flows before working capital adjustments		**843,317**	**2,189,869**	1,065,422	2,766,613
Changes in:					
Trade and other receivables	*20,21*	**69,997**	**181,764**	(103,216)	(268,025)
Inventories	*19*	**10,914**	**28,344**	(12,758)	(33,128)
Trade and other payables	*27*	**(129,640)**	**(336,638)**	215,396	559,324
Cash flows from operating activities		**794,588**	**2,063,339**	1,164,844	3,024,784
End of service benefit paid	*25*	**(853)**	**(2,216)**	(1,815)	(4,714)
Income tax paid		**(3,575)**	**(9,283)**	(3,474)	(9,021)
Net cash generated from operating activities		**790,160**	**2,051,840**	1,159,555	3,011,049
Cash flows from investing activities					
Addition of property, plant and equipment and other intangible assets	*14,15*	**(15,009)**	**(38,974)**	(3,769)	(9,788)
Addition of oil and gas assets and exploration assets	*12,13*	**(250,002)**	**(649,188)**	(369,919)	(960,580)
Cash received on farm out transaction-net of transaction cost	*18*	**400,138**	**1,039,050**	-	-
Proceed from disposal of shares of subsidiary		**87,090**	**226,127**	-	-
Finance lease movement	*17*	**10,676**	**27,723**	9,788	25,416
Finance income	*7.2*	**8,847**	**22,975**	6,534	16,966
Net cash used in investing activities		**241,740**	**627,713**	(357,366)	(927,986)
Cash flows from financing activities					
Disbursement of long term loan	*35*	**83,836**	**217,698**	36,665	95,209
Repayment of long term loan	*35*	**(213,550)**	**(554,530)**	(161,639)	(419,733)
Repayment of lease liabilities	*16*	**(24,918)**	**(64,706)**	(2,891)	(7,506)
Repayment of subordinated loan	*35*	**(453,315)**	**(1,177,137)**	(192,550)	(500,000)
Movement in restricted cash balances		**(1,568)**	**(4,060)**	(542)	(1,405)
Interest paid on interest bearing loans and borrowings	*8*	**(18,494)**	**(48,023)**	(18,113)	(47,034)
Dividend paid		**(315,628)**	**(819,600)**	(438,949)	(1,139,831)
Net cash used in financing activities		**(943,637)**	**(2,450,358)**	(778,019)	(2,020,300)
Net increase in cash and cash equivalents		**88,263**	**229,195**	24,170	62,763
Cash and cash equivalents at beginning of the year		**158,501**	**411,585**	134,331	348,822
Cash and cash equivalents at end of the year	*22*	**246,764**	**640,780**	158,501	411,585

The accompanying notes on pages 7-62 form an integral part of these consolidated financial statements.
The independent auditors' report is set forth on page 2(a) – 2(c).

Notes to the consolidated financial statements for the year ended 31 December 2023

1 Corporate and general information

1.1 Legal status and principal activities

OQ Exploration and Production LLC (the "Parent Company" or "OQEP) is registered as a limited liability company in the Sultanate of Oman. The Company was incorporated on 20 May 2009. The registered address of the Company is P O Box 200, Muscat Governorate, Bawshar, Postal Code 102, Muscat, Sultanate of Oman). The immediate parent of the Group is OQ SAOC (the "Holding Company"), a closed joint stock company registered in the Sultanate of Oman which is wholly owned by the Oman Investment Authority ("OIA" or the shareholder) which is ultimately owned and controlled by the Government of the Sultanate of Oman.

The Company, together with its subsidiaries (collectively the "Group"), is engaged in identifying, acquiring, managing and operating interests in petroleum and other related enterprises.

The list of subsidiaries of the Company are shown under Related Parties (Refer Note 30).

1.2 Significant agreements

The Company has following significant agreements:

- Block 9 Exploration and Production Sharing Agreement (EPSA) was entered in 23 Jan 2017 between OXY Oman BV (participating interest 55%), and OQEP (participating interest 45%).
- Block 53 EPSA was entered on 14 January 2019 between OXY Oman BV (47%), OQEP (participating interest 20%) and others (participating interest 13%).
- Block 60 EPSA was entered on 19 March 2011with 100% participating interest. During the year the OQ EP sold 40% participating right to Medco Energi Oman (20%) and Medco Daya Oman (20%).At year end the OQ EP has 60% participating right in the block 60.
- Block 47 EPSA was entered in 14 January 2019 between ENI Oman BV (90%), and OQEP (10%).
- Block 52 EPSA was entered between ENI Oman BV (55%), OQEP (15%) and Others (30%) on 14 November 2017.
- Block 65 (EPSA) was entered between OXY (participating interest 51%) and OQEP (participating interest 49%) on 16 December 2018.
- Block 48 (EPSA) was entered on 31st January 2017 by OQEP holds 100% of participative interest at that time but during the current year the company has divested its 40% participative interest to Medco Energi Oman (20%) and Medco Daya Oman (20%) leaving 60% behind.
- Block 62 Exploration and Production Sharing Agreement (EPSA) was entered in 22nd Nov 2008 between OQEP (participating interest 20%) and Occidental Oman Gas Company LLC (participating interest 80%).
- MGP entered into Supplemental Tariff Agreement on June 2012 between Government of Sultanate of Oman and Musandam Gas Plant LLC.
- Block 10 Concession Agreement was entered on 21 Dec 2021 between Almajd Gas Development (OQA, 13.36%), Shell Integrated Gas Oman (Shell, 53.45%), Marsa Liquified Natural Gas LLC (Marsa LNG, 33.19%) and Shell Development Oman LLC (SDO, Operator).
- Block 11 (EPSA) was entered on 15 Sep 2022 between Shell Integrated Gas Oman BV (participating interest 67.5%), and Alliz Gas Development LLC (participating interest 10%) and Total Energies EP Oman (participating interest 22.5%).
- The Group also has interests in gas purchase and sale contracts relating to the Dolphin field.

Notes to the consolidated financial statements
for the year ended 31 December 2023

1. Corporate and general information *(continued)*

1.3 Activities of the Company

The Group has the following material interests, all of which are located within the Sultanate of Oman.

Name	Participating Interest 2023	2022	Operator	Activity
Block 60	60%	100%	OQEP	Exploration and production
Block 48	60%	100%	OQEP	Exploration
Block 42	50%	50%	OQEP	Exploration
Block 9	45%	45%	Occidental	Exploration and production
Block 61	30%	30%	BP	Exploration and production
Block 62	20%	20%	Occidental	Exploration and production
Block 65	49%	49%	Occidental	Exploration
Karim small fields - Block 6	25%	25%	Medco	Production service agreement
Rima small fields – Block 6	25%	25%	Petrogas	Production service agreement
Block 53	20%	20%	Occidental	Exploration and production
Block 52	15%	15%	ENI	Exploration
Block 47	10%	10%	ENI	Exploration
Block 10	20%	20%	SDO	Exploration
Block 11	10%	10%	SDO	Exploration

All interests of less than 100% are Joint Operations.

1.4 Basis of preparation

1.4.1 Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB, and the applicable requirements of the Commercial Companies Law 2019 and Ministerial Decision 146/2021 issuing Commercial Companies' Regulations.

1.4.2 Basis of measurement

These consolidated financial statements are prepared under the historical cost convention except derivatives, which are measured at fair value. These consolidated financial statements are prepared under the going concern assumption.

1.4.3 Functional and presentation currency

The functional currency of the Group is US Dollar ("US$") which is the currency in which the majority of transactions are denominated, while the presentation currencies are US$ and Omani Rials ("RO"). Omani Rial (RO) is used as a convenience translation to serve the purpose of the management being the local currency. The exchange rate used for conversion is US$ 1 = RO 0.3851. RO is effectively pegged to US$.

1. Corporate and general information *(continued)*

1.4 Basis of preparation *(continued)*

1.4.4 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill, if any) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interests, if any
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to the consolidated financial statements for the year ended 31 December 2023

1. Corporate and general information *(continued)*

1.4 Basis of preparation *(continued)*

1.4.4 Basis of consolidation *(continued)*

Interest in joint operations
Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Transactions with related parties

The Group has applied the exemption under IAS 24 paragraphs 25 and 26, and have not disclosed the related party transactions and outstanding balances, including commitments related to:

(a) a government that has control or joint control of, or significant influence over, the reporting entity; and
(b) another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

In applying the exemption, the Group has disclosed the following related to the transactions and related outstanding balances:

(a) the name of the government and the nature of its relationship with the reporting entity (i.e. control, joint control or significant influence) ;
(b) the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements:

  (i) the nature and amount of each individually significant transaction; and
  (ii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

Notes to the consolidated financial statements for the year ended 31 December 2023

1. Corporate and general information *(continued)*

1.5. Change in accounting policy

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2023.

The policy for recognising and measuring income taxes in the period is disclosed in Note 10 and is consistent with that applied in the comparative period except for the changes outlined below.

A. Material accounting policy information

The Company also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 ‘Material accounting policies’ (2022: Significant accounting policies) in certain instances in line with the amendments.

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1. New standards or amendments for 2023 and forthcoming requirements

A number of new standards, amendments to standards and interpretations are effective for the periods beginning on or after 1 January 2023. Those, which are relevant to the Company, are set out below.

New and revised IFRS in issue and effective

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimate - Amendments to IAS 8
- Pillar two model rules - Amendments to IAS 12
- Deferred tax related to assets and liabilities arising from a single transaction

The above standards and amendments do not have any material impact on the financial statements except as a result of the amendment to IAS 1, only the material accounting policies have been disclosed.

2.2. New and revised IFRS in issue but not yet effective

New standards or amendments	Effective date
▪ Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Presentation of Financial Statements	1 January 2024

2. Application of new and revised International Financial Reporting Standards (IFRS) *(continued)*

2.2. New and revised IFRS in issue but not yet effective *(continued)*

New standards or amendments	Effective date
▪ Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
▪ Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023
▪ Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements	1 January 2023
▪ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	Available for optional adoption / effective date deferred indefinitely

There are no other standards, amendments and interpretations that are not yet effective that are expected to have a material impact in the current or future reporting periods or on foreseeable future transactions.

3 Summary of material accounting policies

3.1 Interests in joint arrangements

A joint venture is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Joint operations
A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Company recognises its interest in joint operations using proportional consolidation – the Company's share of assets, liabilities, income and expense of joint operations are combined with the equivalent line items on a line-by-line basis.

3.2 Investment in subsidiaries

Investments in subsidiaries are stated at cost less impairment, if any in the Company's separate financial statements. The financial statements of the subsidiaries are incorporated into the consolidated financial statements of OQEP and its subsidiaries.

3.3 Foreign currencies

The separate financial statements are presented in United States Dollars ("USD") which is the Company's functional currency. The Company does not have any foreign operations. Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange ruling at the reporting date. All exchange differences are taken to the statement of profit or loss and other comprehensive income.

3 Summary of material accounting policies *(continued)*

3.4 Oil and natural gas exploration, evaluation and development expenditure

Oil and natural gas exploration, evaluation and development expenditure is accounted for using the successful efforts method of accounting.

Pre-licence costs
Pre-license costs are expensed in the period in which they are incurred.

Licence and property acquisition costs
Exploration licence acquisition costs are capitalised as intangible assets. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount.

Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas assets.

Exploration and evaluation costs
Exploration and evaluation (E&E) activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Costs directly associated with exploration wells are capitalised as E&E intangible assets until the drilling of the well is complete and the results have been evaluated. Costs include directly attributable to employee remuneration, materials and fuel used, rig costs and payments made to contractors. Geological and geophysical costs are expensed as incurred.

If no potentially commercial hydrocarbons are discovered, the E&E asset is written off. If potentially commercial hydrocarbons are found the costs continue to be carried as an intangible asset while the discovery is appraised. Costs directly associated with appraisal activity are initially capitalised as an intangible asset. All capitalised E&E costs are subject to technical, commercial and management review, as well as a review for indicators of impairment at least once a year. Where it is determined that a discovery is not potentially commercial the costs are written off as an exploration expense.

On commencement of development capitalised E&E expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to Oil & Gas Production & Development assets. Other than licence costs, no amortisation is charged during the E&E phase.

Farm-outs - in the exploration and evaluation phase
The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest.

Farm-outs - other than in the exploration and evaluation phase

In accounting for a farm-out arrangement other than in the exploration and evaluation phase, the Group:

**Notes to the consolidated financial statements
for the year ended 31 December 2023**

3 Summary of material accounting policies *(continued)*

3.4 Oil and natural gas exploration, evaluation and development expenditure *(continued)*

- Derecognises the proportion of the asset that it has sold to the farmee.
- Recognises the consideration received or receivable from the farmee, which represents the cash received and/or the farmee's obligation to fund the capital expenditure in relation to the interest retained by the farmor.
- Recognises a gain or loss on the transaction for the difference between the net disposal proceeds and the carrying amount of the asset disposed of. A gain is recognised only when the
- value of the consideration can be determined reliably. If not, then the Group accounts for the consideration received as a reduction in the carrying amount of the underlying assets.
- Tests the retained interests for impairment if the terms of the arrangement indicate that the retained interest may be impaired.

Development costs
Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within fixed assets.

Initial recognition
Oil and gas assets and other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a lease is also included within property, plant and equipment.

When a development project moves into the production stage, the capitalisation of development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to asset additions, improvements or new developments.

Major maintenance, inspection and repairs
Expenditure on major maintenance, refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off.

Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with definite lives are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Indefinite lived intangibles are not amortised, instead they are tested for impairment annually. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

3 Summary of material accounting policies *(continued)*

3.6 Depreciation, depletion and amortisation

The net book value of producing assets are depreciated on a unit-of-production basis over the total proven and probable reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. The total proven and probable reserves of the field are reviewed at least annually. The unit-of-production rate calculation takes into account expenditures incurred to date, together with sanctioned and projected future development expenditure.

Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives, and major inspection costs are amortised over three to five years, which represents the estimated period before the next planned major inspection. Property, plant and equipment held under finance/capital leases are depreciated over the shorter of lease term and estimated useful life.

Items of property, plant and equipment are measured at cost less accumulated depreciation / depletion and impairment losses.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period and adjusted prospectively, if appropriate.

Intangible assets, other than those relating to oil and natural gas exploration, are amortised on a straight-line basis over expected useful life.

	Years
Oil and gas assets	Remaining life cycle
Other property, plant and equipment	5 - 20
Intangible assets	3 - 7

3.7 Capital work-in-progress

Capital work-in-progress is stated at cost less any impairment losses. When commissioned, capital work-in-progress is transferred to the appropriate plant and equipment category and depreciated in accordance with depreciation policies of the Group.

3.8 Disposal of intangible and tangible assets

The consideration receivable on disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value by the Company. Gains or losses are recognised in income when the asset is derecognised. However, if payment for the item is deferred, the consideration received is recognized initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognized as interest revenue. Any part of the consideration that is receivable in the form of cash is treated as financial asset and is accounted for at amortised cost.

3 Summary of material accounting policies *(continued)*

3.9 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset (or CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.10 Financial instruments

In the normal course of business the Company uses financial instruments, trade and other receivables, cash and cash equivalents, loans and borrowings, trade and other payables and derivatives.

Classification

Financial assets

The Company classifies its financial assets as follows:
- Financial assets at amortised cost
- Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)
- Financial assets at Fair Value Through Profit or Loss (FVTPL)

3 Summary of material accounting policies *(continued)*

3.10 Financial instruments *(continued)*

Classification *(continued)*

Financial assets *(continued)*

To determine their classification and measurement category, all financial assets, except equity instruments and derivatives, is assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Contractual cash flow characteristics test

The Company assesses whether the financial instruments' cash flows represent Solely for Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Company reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Financial liabilities

All financial liabilities are classified as "amortised cost" other than negative fair value of derivatives which are carried at "fair value through profit or loss and other comprehensive income".

Recognition / derecognition

A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (in whole or in part) is derecognized when the contractual rights to receive cash flows from the financial asset has expired or the Company has transferred substantially all risks and rewards of ownership and has not retained control. If the Company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3 Summary of material accounting policies *(continued)*

3.10 Financial instruments *(continued)*

Recognition / derecognition *(continued)*

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the statement of profit or loss or in the statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Measurement

All financial assets or financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added except for those financial instruments classified as “at fair value through profit or loss”.

Financial assets at amortised cost
A financial asset is measured at amortised cost using the effective interest method, and is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Cash and cash equivalents, trade and receivables and other assets are classified as financial assets at amortised cost.

Financial assets at FVOCI
A debt instrument is measured at FVOCI if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows and to sell. These assets are subsequently measured at fair value, with change in fair value recognized in OCI. Interest income calculated using effective interest method, foreign exchange gains/losses and impairment are recognized in the statement of profit or loss. On de-recognition, gains and losses accumulated in the OCI are reclassified to statement of of comprehensive income.

For an equity instrument; upon initial recognition, the Company may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis. Gains and losses on these equity instruments are never recycled to statement of profit or loss. Dividends are recognised in statement of profit or loss when the right to receive has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses may be reclassified from fair value reserve to retained earnings in the statement of changes in equity.

Financial asset at FVTPL
Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. This also includes equity instruments held-for-trading and are recorded and measured in the statement of financial position at fair value.

Changes in fair values and dividend income are recorded in the statement of profit or loss according to the terms of the contract, or when the right to receive has been established.

3 Summary of material accounting policies *(continued)*

3.10 Financial instruments *(continued)*

Measurement *(continued)*

Financial liabilities
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial guarantees
Financial guarantees are subsequently measured at the higher of the amount initially recognized less any cumulative amortization and the best estimate of the present value of the amount required to settle any financial obligation arising as a result of the guarantee.

Impairment

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Interest income and expense are recognised on an accrual basis using the effective interest rate method.

3.11 Derivative financial instruments and hedging activities

The Company enters into a derivative financial instrument to manage its exposure to interest rate and commodity price due to market fluctuation. Further details of derivative financial instruments are disclosed in Note 31.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Company has both legal right and intention to offset.

3 Summary of material accounting policies *(continued)*

3.11 Derivative financial instruments and hedging activities *(continued)*

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Company has adopted the Phase 2 amendments and will apply them retrospectively (see Note 2). The Company will implement the below policies when it replaces the benchmark interest rate in any of the hedged item or hedging instrument with a new alternative benchmark rate.

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Company amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform (as defined in Note 31. For this purpose, the Company amends the hedge designation only to make one or more of the following changes:

– designating an alternative benchmark rate as the hedged risk;
– updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
– updating the description of the hedging instrument.

The Company amends the description of the hedging instrument only if the following conditions are met:

– it makes a change required by IBOR reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
– the original hedging instrument is not derecognised.

The Company amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by IBOR reform described above, then the Company first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Company amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Company deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Hedge accounting

The Company designates derivatives as hedging instruments in respect of interest rate risk in cash flow hedges and commodity price due to market fluctuation.

3 Summary of material accounting policies *(continued)*

3.11 Derivative financial instruments and hedging activities *(continued)*

Hedge accounting *(continued)*

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Note 31 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are detailed in Note 31.

Cash flow hedges
The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of Cumulative changes in fair values, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

This transfer does not affect other comprehensive income. Furthermore, if the Company expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively.

Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

3 Summary of material accounting policies *(continued)*

3.11 Derivative financial instruments and hedging activities *(continued)*

Hedge accounting *(continued)*

Cost of hedging reserve
The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in OCI and accounted for similarly to gains or losses in the hedging reserve.

3.12 Finance income and expenses

Finance income comprises of interest income. Interest income is recognised as the interest accrues using the effective interest rate method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset at the reporting date.

Borrowing costs other than those capitalised on qualifying assets are recognised as an expense in profit or loss using the effective interest rate method.

3.13 Fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods. Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible to the Company.
- The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
- A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

3 Summary of material accounting policies *(continued)*

3.13 Fair values *(continued)*

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the Valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

3.14 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average principle and includes all costs incurred in acquiring the inventories and bringing them to their existing location and condition except for petroleum product inventories. The cost of petroleum products are based on average production costs. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution or the estimated replacement cost of the inventories, as the case may be.

3.15 Leases

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the statement of financial position.

3 Summary of material accounting policies *(continued)*

3.15 Leases *(continued)*

The Company as lessee *(continued)*

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the ‘Property, plant and equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ‘Administrative expenses’ in the statement of profit or loss.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

3 Summary of material accounting policies *(continued)*

3.15 Leases *(continued)*

Short-term leases and leases of low-value assets *(continued)*

At the time of initial recognition, the Company does not recognize right-of-use assets and liabilities for leases where,

- the lease term is less than or equal to 12 months i.e. short-term leases;
- value of the underlying asset is considered as a low value lease i.e. if the value of the asset when new is less than USD 5,000 (RO: 1,926); and

The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

Company as a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate consideration under the contract to each component.

3.16 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of this discounting is recognised as finance cost.

Amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3 Summary of material accounting policies *(continued)*

3.16 Provisions *(continued)*

The Company records a provision for site restoration cost mainly relating to oil wells and fuel stations. Site restoration costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a rate that reflects the risks specific to the site restoration liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs and discount rates of site restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

3.17 Taxation

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary; and
- Differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the been enacted or substantively enacted by the end of the reporting period. Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax on exploration & production sharing arrangements (EPSA)
Under some production-sharing arrangements, the share of the profit oil to which the government is entitled in any calendar year is deemed to include a portion representing the corporate income tax imposed upon and due by the Company. This amount will be paid directly by the government on behalf of the Company to the appropriate tax authorities.

3 Summary of material accounting policies *(continued)*

3.18 Employees' end-of-service benefits

The Company's obligation for contributions to defined contribution pension plans are recognised as an expense when due. The Company's obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

Company makes payment to the Omani Government Social Security scheme under Royal Decree 72/91 for Omani employees, calculated as a percentage of the employees' salary. The Company's obligations are limited to these contributions, which are expensed when due.

The Company also provides end-of-service benefits to its expatriate employees. End-of-service benefits are accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 and its amendments subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The liability for end of service benefits recognized based on actuarial valuation. Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recorded in other comprehensive income. Service costs are classified as administrative expenses. Interest costs are charged to the statement of comprehensive income.

3.19 Transferred assets

Government assistance
For assistance provided by the Government of the Sultanate of Oman, an assessment is made as to whether it is acting as a shareholder or as the Government. Assistance is accounted for as a Government Grant or deemed equity contribution accordingly.

Transferred assets
Transferred assets are assets which are acquired by the Company either through transfer from another entity, donation or for no consideration and no issue of shares. Transferred assets are valued at fair value and classified according to the nature of the asset. Transferred assets with a fair value of below a de minimums level are accounted for at nil. For assets or rights transferred to the Company primarily due to Government ownership and without consideration, credit relating to fair valuation (in line with Level 3 of fair value measurement) is maintained in a separate reserve ("other reserve").

3.20 Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. Shareholder loans which are deeply subordinated and payable at the discretion of the Company are classified within equity.

The accounting policies adopted are consistent with those of the previous financial year.

3 Summary of material accounting policies *(continued)*

3.21 Revenue recognition

IFRS 15 “Revenue from contracts with customers” outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled for those goods and services.

The process for applying the standard is separated into five steps:

Step 1 – Identify the contract with a customer

Step 2 – Identify the separate performance obligations in the contract

Step 3 – Determine the transaction price

Step 4 –Allocate the transaction price to the separate performance obligations in the contract

Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognizes revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group 's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance obligation completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Group’s activities. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably and is stated net of sales taxes if applicable (such as VAT) and discounts. If advances are received from customers for future contractual services, the revenue is deferred until the services are provided.

Where revenue contains a significant financing element, the financing element is shown as a financing item and revenues are adjusted by a corresponding amount.

The Group has concluded that it is the principal in all of its revenue arrangements, since it is the primary obligor, and is also exposed to the risk of loss of inventory except in the case of Gas Purchase and Sale agreement with Dolphin Energy.

3 Summary of material accounting policies *(continued)*

3.21 Revenue recognition *(continued)*

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product / service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies
Sale of oil and gas	Invoices are issued to customers on a monthly basis.	Revenue has been recognized at point in time when the control is passed to the customer on gross basis apart from the sale of gas purchased from Dolphin field against which the revenue has been recognized on net basis as the Group considered to be an agent in that arrangement. Revenue for under-/over lifting is recognised based on the actual amount of oil and gas sold regardless of the amount of oil and gas production entitled to the Company according to the working interest. Under-/over lifting balances are accounted for by non- financial receivables/(liabilities), respectively and corresponding adjustment of production/operating costs.
Service revenue	Revenue from services are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company.	Revenue from services are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company.

3.22 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are added to the cost of the respective assets. Interest revenue earned on deposits of borrowed funds is netted off against the cost of the borrowed funds added to the cost of the respective assets.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Arrangement fees and other costs of borrowing are deducted from debt proceeds on initial recognition of the liability and are amortised to income as finance costs over the term of the debt.

Notes to the consolidated financial statements
for the year ended 31 December 2023

3 Summary of material accounting policies *(continued)*

3.23 Events after the reporting date

The Group consolidated financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are disclosed in the consolidated financial statements when material.

4. Critical accounting judgements and key sources of estimation uncertainty

The following are the critical judgements and key assumptions involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the separate financial statements. Should critical judgements and/or key assumptions involving estimates differ from those applied at the reported date, there may be a material impact on the separate financial statements.

Critical accounting judgements

Classification as a joint arrangement
Judgment is required to determine when the Company has joint control over an arrangement and the classification of joint arrangements. The Company considers the rights and obligations arising from the arrangements, its influence on operating and capital decisions of the arrangement, including the approval of the annual capital and operating work program and budget, and the approval of key contractors for any major capital expenditure. The indications of joint control are similar to those used to determine control over subsidiaries, as set out in note 3.1.

Related parties of the Company
Significant judgement has to be exercised when determining whether a structured entity is controlled. The Company has entered into a Forward Sales Agreement and other ancillary contracts with OOCEP PXF 1 B.V. (the Buyer), an arrangement which is described further in note 24. Based on a review or the arrangements and relevant activities of the Buyer, the Company has concluded that it does not have control or significant influence over the Buyer. Accordingly, the Buyer is not separate in these Company accounts nor is it presented as a related party.

Arrangements resulting in financial liabilities
Significant judgement has to be exercised when classifying arrangements giving rise to financial and non-financial liabilities. An agreement to deliver non-financial assets at a specified price in the future is a non-financial liability, whereas agreements that can be settled in cash will be a financial liability. The Company has entered into a Forward Sales Agreement and other ancillary contracts with OOCEP PXF 1 B.V. (the Buyer), an arrangement which is described further in note 24. The Forward Sales Agreement requires the Company to deliver all of the oil liquids from designated blocks to the Buyer in return for an advance payment and variable future cash payments that are dependent on oil price and certain covenants regarding the Company's future oil production levels. Under limited circumstances the Company may make cash payments in lieu of oil delivery. The Company has reviewed the circumstances under which cash settlement can be made, along with the underlying substance of the arrangement, and has concluded that the arrangement results in a financial liability.

Carrying value of intangible exploration & evaluation (E&E) assets (note 13)
The amounts for intangible E&E assets represent active exploration projects, the outcome of which is inherently uncertain. These amounts will be written off to the statement of profit and loss and other comprehensive income as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment in accordance with the Company's accounting policy.

4. Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Critical accounting judgements *(continued)*

Carrying value of intangible exploration & evaluation (E&E) assets (note 13) (continued)

The process of determining whether there is an indicator for impairment and the related assessment requires critical judgement. The key areas in which management has applied judgement are as follows: the Company's intention to proceed with a future work programme for a prospect or licence; the likelihood of licence renewal or extension; and the success of a well result or geological or geophysical survey.

Key source of estimation

Impairment of oil producing assets and gas properties and other PPE

Carrying value of oil & gas properties and other property, plant and equipment (notes 12, 14)

Management performs impairment reviews on the Company's oil and gas properties and other property, plant and equipment assets at least annually with reference to indicators in IAS 36 *Impairment of Assets*. Where indicators are present and an impairment test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models. Key assumptions and estimates in the impairment models relate to: commodity prices and the long-term corporate economic assumptions thereafter, discount rates that are adjusted to reflect risks specific to individual assets, oil and gas reserves and the related cost profiles. Assumptions reflect all oil and gas reserves that a market participant would consider when valuing the asset. Judgment is also required in establishing the appropriate Companying of assets into cash generating units.

Reserves estimates used in the calculation of Depreciation, Depletion and Amortisation (DD&A) and impairment of oil & gas properties and other property, plant and equipment (notes 12, 14)

The determination of the Company's oil and gas reserves requires significant judgement and estimates to be applied. These are regularly reviewed and updated. Proven and probable reserves are estimates of the amount of oil and gas that can be economically extracted from the Company's oil and gas assets. The Company estimates its reserves using standard recognised evaluation techniques applied by the in-house reserve engineer. Further, these reserve estimates are evaluated by external reserve engineers every three years. Proven and probable reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the government under the terms of the Exploration and Production Sharing Contracts. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

Estimates of oil and gas reserves are used to calculate depreciation, depletion and amortisation charges for oil and gas properties. The impact of changes in oil and gas reserves is dealt with prospectively. Oil and gas reserves also have a direct impact on the assessment of recoverability of asset carrying values. If oil and gas reserves are revised downwards, earnings could be affected by changes in depreciation expense or by immediate write-downs of asset carrying values.

5. Revenue

The Group derives its revenue from contracts with its customers for the transfer of goods and services overtime and point in time from the following major revenue streams of operation. The Group's revenue is generated in Oman.

Notes to the consolidated financial statements for the year ended 31 December 2023

5. Revenue *(continued)*

	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Revenue recognized point-in-time				
Sale of oil and condensate	**867,181**	**2,251,834**	1,027,140	2,667,204
Sale of gas	**136,044**	**353,268**	199,525	518,111
	1,003,225	**2,605,102**	1,226,665	3,185,315
Revenue recognized over-time				
Processing and service fees (i)	**61,274**	**159,112**	47,385	123,046
Oil field services(ii)	**143,129**	371,666	94,328	244,945
	204,403	530,778	141,713	367,991
Other revenue				
Leased operating assets	**-**	**-**	21,355	55,453
Total revenue	**1,207,628**	**3,135,880**	1,389,733	3,608,759

(i) Processing and service fees includes:
   a. Revenue from the sale of gas purchased from Dolphin field has been recognized on net basis as the Group is considered as an agent in that arrangement.
   b. Processing fees for the Musandam Gas processing plant under a Supplementary Tariff Agreement with the Government and Gas processing agreement with the Operator.
   c. Revenue with respect to fields operated under service agreements.

(ii) Oil field services are revenue recognized by Abraj service contracts for drilling and related services.

(iii) All revenue is generated within the Sultanate of Oman.

6. Cost of sales

	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Operating costs	**340,745**	**884,821**	295,897	768,363
Depreciation, depletion and amortisation (note 9)	**384,858**	**999,373**	419,086	1,088,252
	725,603	**1,884,194**	714,983	1,856,615

7. Administrative expenses, finance income and other income

7.1 Administrative expenses

	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Employee related expenses (note 7.1.1)	**34,626**	**89,912**	40,752	105,821
Communication expenses	**407**	**1,057**	-	-
Office expenses	**1,088**	**2,825**	79	206
Professional fees	**2,772**	**7,197**	854	2,217
Sitting fees	**42**	**109**	-	-
Director's remuneration	**150**	**389**	-	-
Provision for old and obsolete inventories (note 19)	**509**	**1,323**	44	113
Business Travel Expense	**550**	**1,427**	-	-
Cost allocation (note 7.1.2)	**-**	**-**	3,779	9,814
Other expenses	**12,943**	**33,609**	2,624	6,815
	53,087	**137,848**	48,132	124,986

Notes to the consolidated financial statements for the year ended 31 December 2023

7. Administrative expenses, finance income and other income *(continued)*

7.1 Administrative expenses *(continued)*
7.1.1 Employee related expenses

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Salaries and allowances	**25,786**	**66,958**	27,260	70,786
Other benefits	**6,149**	**15,966**	9,139	23,732
End of service benefits (note 25)	**1,115**	**2,895**	1,981	5,143
Contribution to the Public Authority for Social Insurance	**1,576**	**4,093**	2,372	6,160
	34,626	**89,912**	40,752	105,821

7.1.2 Cost allocation

Cost allocation represents cost for services provided by the Group companies and recharged based on mechanism adopted by the Parent Company. The expenses recharged by the group companies are recognised under administrative expenses and expenses charged to the group companies with margin is recognised in other income. The following amounts were recognised in respect of Group Shared share services:

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Group shared services – expenses (note 7.1)	**-**	**-**	(3,779)	(9,814)
Group shared services – income (note 7.3)	**-**	**-**	5,284	13,722
	-	**-**	1,505	3,908

Cost allocation process is suspended for the for the year 2023 with the restructuring of the group.

7.2 Finance income

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Interest income – bank deposits *(i)*	**8,725**	**22,657**	6,470	16,800
Others	**122**	**318**	64	166
	8,847	**22,975**	6,534	16,966

i. Interest income pertains to call deposits denominated in Rial Omani and carry annual effective interest rate of between 1.25% to 5.80% (2022 – 0.03% to 4.4%). The company has the flexibility to liquidate the call deposits before the scheduled maturity dates.

7.3 Other income

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Cost allocation income (note 7.1.2)	**-**	**-**	5,284	13,722
Loss on disposal of property, plant and equipment	**-**	**-**	(1,656)	(4,301)
Others	**135**	**351**	599	1,555
	135	**351**	4,227	10,976

8 Finance costs

	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Interest on bank borrowings	**18,494**	**48,023**	18,113	47,034
Unwinding of discount on provision for site restoration and abandonment costs (note 26)	**3,502**	**9,093**	3,175	8,244
Interest on lease liabilities	**4,118**	**10,693**	4	10
Others	**159**	**412**	50	129
	26,273	**68,221**	21,342	55,417

9. Depreciation, depletion and amortisation

The depreciation, depletion and amortisation charged in the consolidated profit or loss account is:

	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Depreciation and depletion – oil & gas properties (note 12)	**323,045**	**838,861**	396,695	1,030,108
Depreciation – other property, plant & equipment (note 14)	**18,834**	**48,907**	19,326	50,185
Amortisation – other intangible assets (note 15)	**77**	**201**	120	311
Amortisation – right-of-use of assets (note 16)*	**42,902**	**111,404**	2,945	7,648
	384,858	**999,373**	419,086	1,088,252

*The depreciation on right of use asset has been allocated to cost of sale because as it pertains to the assets used for the commercial activity. Depreciation, depletion and amortisation cost are allocated as follows:

	2023 USD'000	2022 USD'000
Cost of sales (note 6)	**993,912**	1,088,252

10. Income tax

	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Current liability				
Current tax	**87,189**	**226,405**	7,864	20,420
Consolidated statement of profit or loss and other comprehensive income				
Current tax	**82,669**	**214,668**	3,523	9,147
Deferred tax – P&L	**215**	**556**	1,461	3,794
Deferred tax – OCI	**(626)**	**(1,625)**	852	2,212
Tax charge for the year	**82,258**	**213,599**	5,836	15,153
Deferred tax asset/(liability)				
At the beginning of the year	**(4,281)**	**(11,116)**	(1,967)	(5,108)
Charge for the year	**411**	**1,069**	(2,314)	(6,008)
At the end of the year	**(3,870)**	**(10,047)**	(4,281)	(11,116)

Notes to the consolidated financial statements for the year ended 31 December 2023

10. Income tax *(continued)*

	As at 1st January 2023 RO'000	Movement RO'000	As at 31st December 2023 RO'000
Deferred tax asset /(liability)			
Plant and equipment	(3,972)	(821)	**(4,793)**
Provision for trade receivable	37	-	**37**
Provision for impairment	46	(21)	**25**
Provision for inventory	(84)	(77)	**(161)**
Tax Losses	116	(116)	**-**
Deferred expenses	(39)	32	**(7)**
Derivatives	(852)	626	**(226)**
Deferred income	467	788	**1,255**
	(4,281)	411	**(3,870)**

	As at 1st January 2023 USD'000	Movement USD'000	As at 31st December 2023 USD'000
Deferred tax asset /(liability)			
Plant and equipment	(10,315)	(2,132)	**(12,447)**
Provision for trade receivable	99	-	**99**
Provision for impairment	120	(55)	**65**
Provision for inventory	(219)	(199)	**(418)**
Tax Losses	300	(300)	**-**
Deferred expenses	(102)	84	**(18)**
Derivatives	(2,212)	1,625	**(587)**
Deferred income	1,213	2,046	**3,259**
	(11,116)	1,069	**(10,047)**

Parent Company

The income tax assessments for the Parent Company for the years up to 2021 have been completed by the Secretariat General for Taxation (SGT). Management is of the opinion that additional taxes, if any, related to the open tax years would not be significant to the Group's financial position as at 31 December 2023.

Subsidiaries

The tax assessments of subsidiaries are at different stages of completion. Management does not expect any additional tax liabilities to be incurred relating to the open tax years.

Tax rate on concession agreements

Revenue from certain Exploration Production Sharing Agreements (EPSAs) are taxed at the rate specified in the relevant EPSA and is excluded from the Group's income tax expenses and paid by the Government from their share of profit. The tax rate on profit oil and gas from Blocks is 55% (2022: is 55%).

The Group's oil producing assets are not included in the deferred tax computation since depreciation on these assets is not considered for the computations of the taxable profit.

Notes to the consolidated financial statements for the year ended 31 December 2023

10. Income tax *(continued)*

The Group and its subsidiaries (other than concession blocks noted above) are subject to income tax in accordance with the income tax law of the Sultanate of Oman at the enacted tax rate of 15% (2022: 15%).

For the purpose of determining the tax expense for the year, the accounting result has been adjusted for tax purposes. The reconciliation of tax as per accounting profit to effective tax is set out below:

		2023		2022
	%	**RO'000**	%	RO'000
Profit before tax		**709,894**		638,833
Income tax	15	**106,486**	15	95,826
Effect of tax specific disallowances and allowances	3.32	**(23,602)**	14.22	(90,842)
Effective tax	11.68	**82,884**	0.78	4,984

		2023		2022
	%	**USD'000**	%	USD'000
Profit before tax		**1,843,405**		1,658,878
Income tax	15.00	**276,511**	15.00	248,832
Effect of tax specific disallowances and allowances	3.32	**(61,287)**	14.22	(235,891)
Effective tax	11.68	**215,224**	0.78	12,941

The deferred tax has been computed at the tax rate of 15% (2022: 15%).

11. Dividends

The Company declared dividend of USD 800,000,000 (RO: 308,080,000) in the year ended Dec 2023 .The divided for the year 2022 was USD 2,250,065,000(RO: 866,500,031).

12. Oil and gas properties

	Oil and Gas properties RO'000	**Oil and gas properties USD'000**
Cost		
As at 1 January 2022	3,248,630	8,435,809
Additions	274,510	712,829
Transfer from E&E assets	3,975	10,321
Change in site restoration and abandonment provision (note 26)	(4,656)	(12,091)
As at 31 December 2022	3,522,459	9,146,868
As at 1 January 2023	**3,522,459**	**9,146,868**
Additions	**247,973**	**643,919**
Transfer from E&E assets (note 13)	**90,558**	**235,154**
Divestment (note 18)	**(493,873)**	**(1,282,455)**
Change in site restoration and abandonment provision (note 26)	**20,917**	**54,315**
As at 31 December 2023	**3,388,034**	**8,797,801**

12. Oil and gas properties *(continued)*

	Oil and Gas properties RO'000	Oil and gas properties USD'000
Accumulated depreciation and impairment		
As at 1 January 2022	(2,077,011)	(5,393,433)
Charge for the year (note 9)	(396,695)	(1,030,108)
Other adjustments	(1,873)	(4,864)
As at 31 December 2022	(2,475,579)	(6,428,405)
As at 1 January 2023	**(2,475,579)**	**(6,428,405)**
Charge for the year (note 9)	**(323,045)**	**(838,861)**
B60 Divestment (note 18)	**341,159**	**885,896**
As at 31 December 2023	**(2,457,465)**	**(6,381,370)**
Carrying amount		
As at 31 December 2023	**930,569**	**2,416,431**
As at 31 December 2022	1,046,880	2,718,463

During the year the Group's management has carried out the impairment analysis but there is no impairment for the year in any of the block. (2022: Nil).

13. Exploration and evaluation (E&E) assets

	RO'000	USD'000
Cost		
As at 1 January 2022	11,058	28,715
Additions	95,572	248,174
Transfer to Oil & gas assets(note 12)	(3,975)	(10,321)
As at 31 December 2022	102,655	266,568
As at 1 January 2023	**102,655**	**266,568**
Additions	**2,029**	**5,269**
Divestment (note 18)	**(7,451)**	**(19,349)**
Transfer to Oil & gas assets (note 12)	**(90,558)**	**(235,154)**
As at 31 December 2023	**6,675**	**17,334**

The exploration and evaluation assets (E&E) mainly pertain to Blocks 42, 47 48 and 52 which are under exploration stage and accounted as per requirements of IFRS 6.During the year 2023, Block 10 and block 65 started commercial production and was transferred from E&E assets to Oil and gas assets.

14. Other property, plant and equipment

	Other property, plant and equipment RO'000	Capital work-in-progress RO'000	Total RO'000
Cost			
As at 1 January 2022	333,578	27,296	360,874
Additions	2,794	9,458	12,252
Transfers	25,783	(25,783)	-
Disposals	(5,583)	-	(5,583)
Assets written off	(1,138)	-	(1,138)
As at 31 December 2022	355,434	10,971	366,405
As at 1 January 2023	355,434	10,971	366,405
Additions	**4,113**	**10,783**	**14,896**
Transfers	**11,309**	**(11,309)**	**-**
Disposals	**(4,223)**	**-**	**(4,223)**
As at 31 December 2023	**366,633**	**10,445**	**377,078**

Notes to the consolidated financial statements for the year ended 31 December 2023

14. Other property, plant and equipment *(continued)*

	Other property, plant and equipment RO'000	Capital work-in-progress RO'000	Total RO'000
Accumulated depreciation			
As at 1st January 2022	(156,219)	(2)	(156,221)
Charge for the year (note 9)	(19,326)	-	(19,326)
Disposal	4,947	-	4,947
As at 31 December 2022	(170,598)	(2)	(170,600)
As at 1st January 2023	(170,598)	(2)	(170,600)
Charge for the year (note 9)	**(18,834)**	**-**	**(18,834)**
Disposal	**3,005**	**-**	**3,005**
Reversal of impairment	**757**	**-**	**757**
As at 31 December 2023	**(185,670)**	**(2)**	**(185,672)**
Carrying amount			
As at 31 December 2023	**180,963**	**10,443**	**191,406**
As at 31 December 2022	184,836	10,969	195,805

	Other property, plant and equipment RO'000	Capital work-in-progress RO'000	Total RO'000
Cost			
As at 1 January 2022	866,211	70,881	937,092
Additions	7,255	24,560	31,815
Transfers	66,951	(66,951)	-
Disposals	(14,497)	-	(14,497)
Assets written off	(2,956)	-	(2,956)
As at 31 December 2022	922,964	28,490	951,454
As at 1 January 2023	**922,964**	**28,490**	**951,454**
Additions	**10,680**	**28,001**	**38,681**
Transfers	**29,366**	**(29,366)**	**-**
Disposals	**(10,967)**	**-**	**(10,967)**
As at 31 December 2023	**952,043**	**27,125**	**979,168**
Accumulated depreciation			
As at 1st January 2022	(405,659)	(5)	(405,664)
Charge for the year (note 9)	(50,185)	-	(50,185)
Disposal	12,847	-	12,847
As at 31 December 2022	(442,997)	(5)	(443,002)
As at 1st January 2023	**(442,997)**	**(5)**	**(443,002)**
Charge for the year (note 9)	**(48,907)**	**-**	**(48,907)**
Disposal	**7,803**	**-**	**7,803**
Reversal of impairment	**1,966**	**-**	**1,966**
As at 31 December 2023	**(482,135)**	**(5)**	**(482,140)**
Carrying amount			
As at 31 December 2023	**469,908**	**27,120**	**497,028**
As at 31 December 2022	479,966	28,485	508,451

Notes to the consolidated financial statements
for the year ended 31 December 2023

15. Other intangible assets

	RO'000	USD'000
Cost		
As at 1 January 2022	9,378	24,351
Additions	3	8
Write off	(1,782)	(4,627)
As at 31 December 2022	7,599	19,732
As at 1 January 2022	**7,599**	**19,732**
Additions	**113**	**293**
As at 31 December 2023	**7,712**	**20,025**
Accumulated amortization		
As at 1 January 2022	(9,065)	(23,540)
Charge for the year (note 9)	(120)	(311)
Write off	1,782	4,627
As at 31 December 2022	(7,403)	(19,224)
As at 1 January 2023	**(7,403)**	**(19,224)**
Charge for the year (note 9)	**(77)**	**(201)**
As at 31 December 2023	**(7,480)**	**(19,425)**
Carrying value		
As at 31 December 2023	**232**	**600**
As at 31 December 2022	196	508

Other intangible assets mainly comprise expenditure incurred relating to software and are amortised over 3 - 7 years.

16. Right-of-use asset (ROU) and lease liabilities

The Group has entered into lease arrangements with various counter parties which include arrangements for:

- Drilling and land rigs
- Tankers and other equipment
- Office space and warehouse: rented spaces for office and warehouses
- Vehicles
- Oil and gas.

Notes to the consolidated financial statements
for the year ended 31 December 2023

16. Right-of-use asset (ROU) and lease liabilities *(continued)*

Details of the above right-of-use-of-assets (ROU) are shown below:

	Drilling and land rigs RO'000	Equipment and tankers RO'000	Office space and warehouse RO'000	Vehicles RO'000	Oil and Gas (Bisat) RO'000	Total RO'000
Cost						
Balance at 1 January 2022	4,618	3,001	2,840	7,965	5,081	23,505
Additions	-	206	255	3,407	-	3,868
Terminations and related adjustments	-	(193)	(117)	(204)	-	(514)
Impact of lease modification	-	-	123	304	-	427
Balance at 31 December 2022	4,618	3,014	3,101	11,472	5,081	27,286
Balance at 1 January 2023	**4,618**	**3,014**	**3,101**	**11,472**	**5,081**	**27,286**
Additions	**-**	**-**	**-**	**2,926**	**98,975**	**101,901**
Divestment of Block 60	**-**	**-**	**-**	**-**	**(39,590)**	**(39,590)**
Termination and modification related adjustment	**-**	**-**	**-**	**(745)**	**-**	**(745)**
Balance at 31 December 2023	**4,618**	**3,014**	**3,101**	**13,653**	**64,466**	**88,852**
Accumulated depreciation						
Balance at 1 January 2022	4,586	3,001	866	4,811	5,081	18,345
Depreciation for the year	32	13	285	2,615	-	2,945
Balance at 31 December 2022	4,618	3,014	1,151	7,426	5,081	21,290
Balance at 1 January 2023	**4,618**	**3,014**	**1,151**	**7,426**	**5,081**	**21,290**
Depreciation for the year	**-**	**-**	**285**	**2,390**	**40,227**	**42,902**
Divestment of Block 60	**-**	**-**	**-**		**(16,091)**	**(16,091)**
Balance at 31 December 2023	**4,618**	**3,014**	**1,436**	**9,816**	**29,217**	**48,101**
Balance at 31 December 2023	**-**	**-**	**1,665**	**3,837**	**35,249**	**40,751**
Balance at 31 December 2022	-	-	1,950	4,046	-	5,996

Notes to the consolidated financial statements for the year ended 31 December 2023

16. Right-of-use asset (ROU) and lease liabilities *(continued)*

	Drilling and land rigs USD'000	Equipment and tankers USD'000	Office space and warehouse USD'000	Vehicles USD'000	Oil and Gas (Bisat) USD'000	Total USD'000
Cost						
Balance at 1 January 2022	11,991	7,794	7,374	20,684	13,193	61,036
Additions	-	535	663	8,847	-	10,045
Terminations and related adjustments	-	(501)	(304)	(530)	-	(1,335)
Impact of lease modification	-		319	789	-	1,108
Balance at 31 December 2022	11,991	7,828	8,052	29,790	13,193	70,854
Balance at 1 January 2023	**11,991**	**7,828**	**8,052**	**29,790**	**13,193**	**70,854**
Additions	**-**	**-**	**-**	**7,598**	**257,011**	**264,609**
Divestment of Block 60	**-**	**-**	**-**	**-**	**(102,804)**	**(102,804)**
Termination and modification related adjustment	**-**	**-**	**-**	**(1,935)**	**-**	**(1,935)**
Balance at 31 December 2023	**11,991**	**7,828**	**8,052**	**35,453**	**167,400**	**230,724**
Accumulated depreciation						
Balance at 1 January 2022	11,908	7,794	2,249	12,492	13,193	47,636
Depreciation for the year	83	34	740	6,791	-	7,648
Balance at 31 December 2022	11,991	7,828	2,989	19,283	13,193	55,284
Balance at 1 January 2023	**11,991**	**7,828**	**2,989**	**19,283**	**13,193**	**55,284**
Depreciation for the year	**-**	**-**	**740**	**6,206**	**104,458**	**111,404**
Divestment of Block 60	**-**	**-**	**-**	**-**	**(41,783)**	**(41,783)**
Balance at 31 December 2023	**11,991**	**7,828**	**3,729**	**25,489**	**75,868**	**124,905**
Balance at 31 December 2023	**-**	**-**	**4,323**	**9,964**	**91,532**	**105,819**
Balance at 31 December 2022	-	-	5,063	10,507	-	15,570

16. Right-of-use asset (ROU) and lease liabilities *(continued)*

The total amortisation expense for the year is allocated to:

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Profit or Loss (note 9)	**42,902**	**111,404**	2,945	7,648
	42,902	**111,404**	2,945	7,648

Lease liabilities

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
As at 1 January	**6,206**	**16,114**	5,373	13,951
Addition during the year	**60,522**	**157,158**	4,234	10,994
Interest Charged	**4,118**	**10,693**	4	10
Divestment-Reversal of liability booked	**(15,778)**	**(40,971)**	-	-
Termination and modification related adjustment	**(745)**	**(1,935)**	(514)	(1,335)
Payment of lease liability	**(24,918)**	**(64,706)**	(2,891)	(7,506)
As at 31 December	**29,405**	**76,353**	6,206	16,114

		2023 USD'000		2022 USD'000
Analyzed as				
Current	**10,748**	**27,909**	1,913	4,968
Non-current	**18,657**	**48,444**	4,293	11,146

The Group leases several assets including buildings, land, equipment and vehicles. The average lease term is 5 to 10 years (2022: 5 to 10 years).

17. Lease receivable

The lease payments to be made to the Group from the State under the revised STA which became effective from 1 Jan 2017, and comprise of monthly payments to recover the costs of infrastructure development over a 20 year period and to cover the annual operating costs.

Notes to the consolidated financial statements for the year ended 31 December 2023

17. Lease receivables *(continued)*

Lease income	**2023 RO'000**	**2023 USD'000**	2022 RO'000	2022 USD'000
Finance income on the net investment in lease	**22,512**	**58,457**	23,400	60,764

The net investment in the lease constitutes the cost of construction of the underlying assets.

Net investment in lease	**2023 RO'000**	**2023 USD'000**	2022 RO'000	2022 USD'000
As at 1 January	**240,200**	**623,734**	249,988	649,150
Repayments	**(10,676)**	**(27,723)**	(9,788)	(25,416)
As at 31 December	**229,524**	**596,011**	240,200	623,734
Presented as				
Current asset	**5,822**	**15,119**	10,676	27,723
Non-current asset	**223,702**	**580,892**	229,524	596,011
	229,524	**596,011**	240,200	623,734

	2023 RO'000	**2023 USD'000**	2022 RO,000	2022 USD'000
Amount receivable under finance lease				
2024	**33,188**	**86,180**	33,188	86,180
2025	**33,188**	**86,180**	33,188	86,180
2026	**33,188**	**86,180**	33,188	86,180
2027	**33,188**	**86,180**	33,188	86,180
2028	**33,188**	**86,180**	33,188	86,180
Remaining	**234,277**	**608,354**	267,465	694,535
	400,217	**1,039,254**	433,405	1,125,435
Less: unearned finance income	**(170,693)**	**(443,243)**	(193,205)	(501,701)
Present value of minimum lease payments receivable	**229,524**	**596,011**	240,200	623,734

18. Farm out transaction:

During 2023, the Company has entered into a farm out agreement dated 22 August 2023 to divest its 40% working interest ("WI") in each of the Block 60 and Block 48 against a total consideration amounting to USD 1,154 million (RO: 444 million) for block 60 and USD 29 million (RO: 11 million) for block 48.

The Government approved the block 48 agreement effective from 1st January 2023 vide Royal Decree 85/2023 and for block 60 effective 1 January 2023 via Royal Decree 86/2023.

18. Farm out transaction *(continued)*:

	Block 60 "Proven reserve" RO"000"	Block 48 "Non Proven reserve" RO "000"	Total RO "000"
Cash consideration	400,765	11,504	412,269
Deffered consideration	43,814	-	43,814
Total consideration	**444,579**	**11,504**	**456,083**
Less:			
Working capital and other adjustments as per agreements	(19,765)	-	(19,765)
Transaction cost (assignment bonus to MEM)	(11,553)	(578)	(12,131)
Carrying value of the block 60 (note 12,13)	(152,714)	(7,451)	(160,165)
Carrying value of site restoration obligation (note 26)	21,833	-	21,833
Carrying value of right of use asset (note 16)	(23,499)	-	(23,499)
Carrying value of lease liability (note 34)	15,778	-	15,778
Gain on divestment(Block 60)/Other reserve(Block 48)	**274,659**	**3,475**	**278,134**

	Block 60 "Proven reserve" USD"000"	Block 48 "Non Proven reserve" USD"000"	Total USD"000"
Cash consideration	1,040,678	29,872	1,070,550
Deffered consideration	113,772	-	113,772
Total consideration	**1,154,450**	**29,872**	**1,184,322**
Less:			
Working capital and other adjustments as per agreements	(51,324)	-	(51,324)
Transaction cost (assignment bonus to MEM)	(30,000)	(1,500)	(31,500)
Carrying value of the block 60 (note 12,13)	(396,559)	(19,349)	(415,908)
Carrying value of site restoration obligation (note 26)	56,694	-	56,694
Carrying value of right of use asset (note 16)	(61,021)	-	(61,021)
Carrying value of lease liability (note 34)	40,971	-	40,971
Gain on divestment(Block 60)/Other reserve(Block 48)	**713,211**	**9,023**	**722,234**

The company derecognized carrying value of block 60 and related working capital adjustment, and then recognized gain amounting to USD 713 million (RO: 275 million) in the statement of profit or loss.The company derecognized carrying amount of Oil & Gas Assets to the extent of zero for Block 48 and recognized remaining excess cash consideration as other reserve in the equity.

19. Inventories

	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Oil, gas and condensate	**4,578**	**11,887**	8,207	21,311
Materials, spares and consumables	**95,583**	**248,202**	102,359	265,799
Provision for obsolescence	**(1,074)**	**(2,789)**	(565)	(1,466)
	99,087	**257,300**	110,001	285,644

Provision for obsolescence

	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Opening balance	**565**	**1,466**	521	1,353
Charge for the year	**509**	**1,323**	44	113
Closing balance	**1,074**	**2,789**	565	1,466

20. Trade and other receivables

	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Trade receivables – third parties	**28,596**	**74,257**	126,838	329,366
Trade receivables – related parties (note 30)	**42,416**	**110,142**	78,437	203,679
Expected credit loss (ECL)	**(258)**	**(670)**	(581)	(1,508)
	70,754	**183,729**	204,694	531,537
Due from related parties – non trade	**-**	**-**	9,929	25,782
Other receivables	**200,783**	**521,380**	143,748	373,274
	271,537	**705,109**	358,371	930,593

Trade receivables are non-interest bearing and are generally on 15 to 90 day terms.

Other receivables include accrued revenue, receivables from employees and others.

20. Trade and other receivables

Movements in the Expected credit loss (ECL):	**2023 RO'000**	**2023 USD'000**	2022 RO'000	2022 USD'000
As at 1 January	**(581)**	**(1,508)**	(389)	(1,009)
(Reversal)/charge during the year	**323**	**838**	(192)	(499)
As at 31 December	**(258)**	**(670)**	(581)	(1,508)

The aging analysis of trade receivables that were not impaired, is as follows:

	Total RO'000	**Not past due RO'000**	**Less than 90 days RO'000**	**91 – 270 days RO'000**	**271 – 360 days RO'000**	**More than 1 year RO'000**
As at 31 December 2023	**70,754**	**56,603**	**7,764**	**5,760**	**52**	**575**
As at 31 December 2022	204,694	175,337	27,423	1,746	-	188

	Total USD'000	**Not past due USD'000**	**Less than 90 days USD'000**	**91 – 270 days USD'000**	**271 – 360 days USD'000**	**More than 1 year USD'000**
As at 31 December 2023	**183,729**	**146,983**	**20,161**	**14,958**	**133**	**1,494**
As at 31 December 2022	531,537	455,302	71,210	4,535	-	490

21. Advances and prepayments

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Advances to employees	**149**	**388**	48	125
Advances to suppliers	**1,305**	**3,389**	5,553	14,419
Recoverable deposits	**-**	**-**	7	18
Prepaid expenses	**344**	**893**	439	1,140
Accrued revenue	**8,650**	**22,461**	-	-
Others	**3,383**	**8,786**	1,114	2,898
	13,831	**35,917**	7,161	18,600

Notes to the consolidated financial statements for the year ended 31 December 2023

22. Cash and cash equivalents

	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Cash on hand	**8**	**21**	45	117
Cash at bank	**246,756**	**640,759**	158,456	411,468
	246,764	**640,780**	158,501	411,585

Bank balances consists of call and fixed deposits denominated in Rial Omani and carry annual effective interest rate of between 1.25% to 5.80% (2022– 3.80% to 4.50%). These deposits have maturity of 4 to 24 months at the end of the reporting period. However, the Group has the flexibility to liquidate the deposits before the scheduled maturity dates without any penalty.

The Group deposits cash surpluses only with major banks of high-quality credit standing.

23. Capital and reserves

23.1 Share capital

	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Paid up share capital (250,000 shares of RO 1 (USD 2.597) each)	**250**	**650**	250	650

The shareholding pattern of the Parent Company is as follows:

	2023	2022
OQ SAOC	**100%**	100%

23.2 Statutory reserve

As required under the Article 274 of the Commercial Companies Law of the Sultanate of Oman, 10% of the Company's net profit to be transferred to a non-distributable legal reserve until the amount of the legal reserve becomes equal to at least one-third of the Group's issued share capital. This having been achieved, the company discontinued any further transfer.

23.3 Capital reserves

Capital reserve relates to Fair valuation of Block 9 amounting to USD 268 million (RO: 103 million) transferred to the Group by the Government as an equity contribution.

23. Capital and reserves *(continued)*

23.4 Subordinated loans

As a part of capital management to ensure the business continuity, the Group has arrangements with the Ultimate Holding Company in funding its cash requirements, either through loans and / or other current borrowings.These are non-interest-bearing loan arrangements which are subordinated and repayable only at the discretion of the Group. Accordingly, these have been classified as equity in the consolidated financial statements. During the year, the Group has repaid USD 1,177 million (RO: 453 million) and USD 500 millions (RO:192 million) during the year 2022.

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Non-interest bearing				
Opening 1st January	**986,089**	**2,560,605**	751,088	1,950,371
Converted to dividend	**-**	**-**	427,551	1,110,234
Repayment during the year	**(453,315)**	**(1,177,137)**	(192,550)	(500,000)
Closing 31st December	**532,774**	**1,383,468**	986,089	2,560,605

24. Borrowings

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Long term borrowings	**174,061**	**451,990**	302,458	785,401
Short term borrowings	-	-	18,841	48,924
Current portion of long term loan	**102,001**	**264,870**	118,492	307,692
Borrowings – current portion	**102,001**	**264,870**	137,333	356,616
Borrowings – non-current portion	**72,060**	**187,120**	165,125	428,785
Total borrowings	**174,061**	**451,990**	302,458	785,401

	Effective interest rate	**Maturity**	**2023 RO'000**	**2023 USD'000**	2022 RO'000	2022 USD'000
(i) PXF facility	3 Month Compounded SOFR + Margin (2022: 3-month LIBOR+ applicable margin)	September 2021 – September 2024	**88,869**	**230,769**	207,361	538,461
			88,869	**230,769**	207,361	538,461
Less: unamortised financing costs			**(100)**	**(259)**	(1,417)	(3,680)
Less: current portion			**88,769**	**(230,510)**	(118,492)	(307,692)
Non-current portion			-	**-**	87,452	227,089

Notes to the consolidated financial statements for the year ended 31 December 2023

24. Borrowings *(continued)*

(i) PXF Facility *(continued)*

As per the Facility Agreement, certain financial institutions advanced the Company, USD 1 billion (RO: 0.38 billion) (the PXF Facility). As per original facility agreement, the advance will be settled in 13 equal quarterly instalments starting from 30 September 2019 to 13 September 2022. During the year 2019, the Company restructured the facility and extended the term of the facility by 2 years. Accordingly, the repayment of the advance will be settled in 13 equal installments starting from 30 September 2021 to 30 September 2024. The Company incurred additional financing cost of USD 7.5 million (RO: 3 million) for the restructuring of facility.

Interest charges and principal repayments are settled through the delivery of crude oil over the period of the arrangement. The Company also has entered into a Forward Sales Agreement and other ancillary contracts with OOCEP PXF 1 B.V. (the Buyer) to physically deliver all of the Group's oil liquid entitlements from Block 60, Block 9, Block 61 and Block 53 to the Buyer. Under the agreement the Buyer will retain cash received from the ultimate sale of oil to fund its debt service obligations and administrative expenses, with the balance being paid to the Company conditional on meeting certain banks covenants. Where the benefits of such retentions are expected to ultimately flow to the Group they are presented as restricted cash (Note 21).

Unamortised Financing costs	**2023 RO'000**	**2023 USD'000**	2022 RO'000	2022 USD'000
At 1 January	**1,417**	**3,680**	2,115	5,492
Amortised	**(1,317)**	**(3,421)**	(698)	(1,812)
At 31 December	**100**	**259**	1,417	3,680

(ii) Term loans	Maturity	**2023 RO'000**	**2023 USD'000**	2022 RO'000	2022 USD'000
Term loan I	Repaid	**-**	**-**	21,630	56,167
Term loan II	December 2027	**6,395**	**16,606**	7,500	19,475
Term loan III	Repaid	**-**	**-**	32,021	83,149
Term loan IV	December 2029	**18,770**	**48,741**	19,974	51,867
Term loan V	Repaid	**-**	**-**	14,670	38,093
Term loan VI	February 2030	**28,627**	**74,336**		-
Term loan VII	December 2030	**31,500**	**81,797**		-
		85,292	**221,480**	95,795	248,751
Less: current portion		**(13,232)**	**(34,360)**	(18,841)	(48,925)
Non-current portion		**72,060**	**187,120**	76,954	199,826

Term loans are provided by various commercial banks and some are denominated in US Dollar, others in Omani Rials. The term loans carry interest at LIBOR plus fixed margins and are repayable in variable instalments.

(a) Term loan I

The term loan is fully repaid in December 2023.

24. Borrowings *(continued)*

(ii) Term loan *(continued)*

(b) Term loan II

The loan is repayable in 27 quarterly installments of RO 255,822 (USD: 664,300) each up to 2025. The remaining balance is repayable in 8 quarterly installments of RO 543,622 (USD:1,411,639) with finally maturity set on December 2027. Interest on the term loan is payable on a monthly basis at the one-year fixed deposit rate of the bank plus a fixed margin. The one-year fixed deposit rate is reset on a semi-annual basis by the bank.

(c) Term loan III

The term loan was fully repaid in February 2023.

(d) Term loan IV

In 2021, a subsidiary obtained a term loan denominated in USD to fund new projects, including the acquisition of two rigs and other assets. The full drawdown was completed by September 2023. Repayment of the loan is scheduled in 32 equal installments, with the final maturity set for December 2029. The interest on the term loan is payable quarterly, calculated at the one-year fixed deposit rate of the bank plus a fixed margin. The one-year fixed deposit rate is reset on a semi-annual basis by the bank

(e) Term loan V

The term loan was fully repaid in December 2023.

(f) Term loan VI

New term loan acquired during February 2023. The term loan is repayable in 28 quarterly installments with the last instalment due in February 2030. Interest on the term loan is payable at Central Bank of Oman's weighted average interest rate on Deposit (WAIRD) for private sector OMR time deposits Plus fixed margin.

(g) Term loan VII

During the year, a subsidiary has obtained loan from an Islamic Bank. The loan is repayable in 28 quarterly installments. The last instalment is repayable in December 2030. The rate on the Islamic loan is fixed for the first year and thereafter, the rate will be payable at Central Bank of Oman's Weighted Average Interest Rate on Deposit (WAIRD) for private sector OMR time deposits plus fixed margin for the tenor of the loan.

Security terms for the above loans

Securities for the loans are as follows:

- Clean loan with no mortgage / charge on the assets financed.
- Assignment of revenues of the subsidiary for the assets financed from the client to the bank.
- Negative lien over the subsidiary assets financed through subsidiary management undertaking to the commercial bank.
- Letter of awareness from the company in the capacity of being the majority shareholder of the subsidiary.

Financial Covenants

The covenants imposed by the lenders against these loans are as follows:

- Debt equity ratio to be less than 2.30.
- Debt service cover ratio to be maintained at 1.25:1.

At year end the Group is in compliance of these covenants.

25. Employees' end of service benefits

The Group entities operating in Oman and provide end-of-service benefits to its expatriate employees. End-of-service benefits are in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 and its amendments subject to the completion of a minimum service period. The amount of obligation is computed by actuarial valuations using the projected unit credit method as per IAS 19.

Movement in liability

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Balance at the beginning of the year	**2,815**	**7,311**	2,188	5,684
Service cost	**1,115**	**2,895**	1,981	5,143
Defined benefit obligation actuarial loss	**59**	**153**	461	1,197
Benefits paid	**(853)**	**(2,216)**	(1,815)	(4,713)
	3,136	**8,143**	2,815	7,311

The weighted-average duration of the defined benefit obligation is 10.93 years (2022: 11.13 years).

The amount recognized in the consolidated statement of profit and loss is as follows:

Service cost (note 7.1.1)	**1,115**	**2,895**	1,981	5,143

The amount recognized in the consolidated statement of other comprehensive income:

Actuarial loss	**59**	**153**	461	1,197

Following are the key assumptions used in the actuarial valuation:

	2023	2022
Discount rate	**6%**	6%
Future salary increase	**3%**	3%
Retirement age in years	**60**	60

Sensitive analysis 2023

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2023				2022			
	Increase		**Decrease**		Increase		Decrease	
	RO'000	**USD'000**	**RO'000**	**USD'000**	RO'000	USD'000	RO'000	USD'000
Discount rate (0.50% points)	**(7)**	**(18)**	(7)	19	(6)	(17)	(7)	18
Projected salary (0.50% points)	**(8)**	**20**	(7)	(19)	(7)	18	(7)	(18)

26. Provision for site restoration and abandonment costs

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Movement in liability				
Balance at the beginning of the year	**37,020**	**96,130**	38,501	99,977
Charge / (Reversal) during the year (note 12)	**20,917**	**54,315**	(4,656)	(12,091)
Unwinding of discount (note 8)	**3,502**	**9,093**	3,175	8,244
Divestment of Block 60 (note 18)	**(21,833)**	**(56,694)**	-	-
	39,606	**102,844**	37,020	96,130

The Group makes provision for the future cost of site restoration and abandonment oil and gas assets by discounting the future expected cash flows at a rate that reflect current market assessment of the time value of money and the risk specific to the liability. The site restoration and abandonment provision represent the present value of site restoration and abandonment costs relating to oil and gas assets, which are expected to be incurred when the producing oil and gas assets are expected to cease operations. These provisions have been created based on the Group's internal estimates or through the joint venture operator.

Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time.

Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain. The discount rate used in the calculation of the provision as at 31 December 2023 equaled 7.34% (2022: 9.38%). The outflow of resources from the settlement of provision are expected to occur between 2027 to 2043.

27. Accounts payable and accrued liabilities

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Accrued expenses	**69,182**	**179,647**	59,619	154,814
Trade payables - third parties	**39,159**	**101,686**	214,754	557,657
Trade payables - related parties (note 30)	**2,368**	**6,149**	13,664	35,482
Other payables	**66,475**	**172,617**	28,357	73,635
Retention	**151,294**	**392,870**	141,724	368,019
	328,478	**852,969**	458,118	1,189,607

Trade payables are non-interest bearing and are normally settled on 60- 90 day terms. Other payables are non-interest bearing and have an average term of six months. All accrued expenses are settled within an average term of six months. All retention payables will be settled as per the underlying contracts. Other payables to joint operations partners mainly represent joint expenses that were paid by the joint operations partner, which are non-interest bearing and are normally settled against future cash calls in normal business operation cycle.

28. Financial instruments

Fair values

The management believes that the fair values of financial assets and liabilities are not significantly different from their carrying amounts at the reporting date. Interest bearing loans carry interest at market rates. Non-interest bearing shareholder loans are classified as equity due to their terms and conditions.

Financial risk management

The Group's activities expose it to a variety of financial risks including the effects of changes in market risk, (including foreign exchange risk and interest rate risk) liquidity risk and credit risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors.

The Group's principal financial liabilities comprise accounts payable, borrowings, lease liabilities and intercompany borrowings. The main purpose of these financial instruments is to manage short-term cash flow and raise finance for the Group's capital expenditure programme. The Group's principal financial assets comprise finance lease receivables, trade and other receivables and cash and short-term deposits that arise directly from its operations.

Market risk

Market risk is the risk that changes in market prices, such as foreign currency rates and interest rates will affect the Group's income 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 optimising the return on risk.

Foreign currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Foreign currency risk is minimal as substantially all transactions are either denominated in RO and US Dollars. Since the Omani Rial is pegged to the US Dollar, Management believes that the currency rate fluctuations would have an insignificant impact on the post-tax profit.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.The Group adopts a policy of ensuring that between 50% and 70% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. The Group's hedging relationships have been directly affected by the

28. Financial instruments *(continued)*

Financial risk management *(continued)*
Interest rate risk *(continued)*
interest rate benchmark reform. Prior to 2023, the Group's interest rate swaps were primarily exposed to USD LIBOR. During the year 2023, all the swaps that previously referenced USD LIBOR transitioned to referencing Secured Overnight Financing Rate (SOFR) through adhering to the ISDA 2020 IBOR Fallbacks Protocol as published by the ISDA on 23 October 2020. The transition was enacted on an "economically equivalent" basis. No other changes were made to the terms of the swap contracts upon transition to SOFR. The hedge relationships were not discontinued and SOFR is now evaluated as the hedged interest rate benchmark risk. The interest rate benchmark reform did not change the risk management strategy of the Group.
The Group is exposed to interest rate risk as it borrows funds at floating interest rates. Further, the Group is exposed to interest rate risk on its interest bearing assets (bank deposits).The Group manages interest rate risk by placing deposits for short periods to earn interest at market rates. The management monitors the interest rate risk by setting limits on the interest rate gaps for stipulated periods. At the statement of financial position date, the interest rate risk profile of the Group's interest bearing financial instrument was:

	2023 RO'000	**2023 USD' 000**	2022 RO'000	2022 USD' 000
Floating rate instruments				
Term loan from commercial banks-net of hedging	**174,061**	**451,990**	302,458	785,401

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from IBOR reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 December 2023	**Carrying amount RO'000**	**Contractua l cashflows RO'000**	**6 months or less RO'000**	**6 - 12 months RO'000**	**1 – 2 years RO'000**	**More than 2 years RO'000**
Interest bearing loans - (excluding interest and excluding unamortized finance cost)	**174,161**	**194,072**	**70,809**	**38,893**	**78,498**	**5,872**
Accounts payable and accrued liabilities	**328,478**	**328,478**	**328,478**	**-**	**-**	**-**
	502,639	**522,550**	**399,287**	**38,893**	**78,498**	**5,872**

Notes to the consolidated financial statements for the year ended 31 December 2023

28. Financial instruments *(continued)*

Financial risk management *(continued)*

Liquidity rate risk *(continued)*

31 December 2023	**Carrying amount USD'000**	**Contractual cashflows USD'000**	**6 months or less USD'000**	**6 - 12 months USD'000**	**1 – 2 years USD'000**	**More than 2 years USD'000**
Interest bearing loans - (excluding interest and excluding unamortized finance cost)	**452,249**	**503,951**	**183,871**	**100,994**	**203,838**	**15,248**
Accounts payable and accrued liabilities	**852,969**	**852,969**	**852,969**	**-**	**-**	**-**
	1,305,218	**1,356,920**	**1,036,840**	**100,994**	**203,838**	**15,248**

31 December 2022	Carrying amount RO'000	Contractual cashflows RO'000	6 months or less RO'000	6 - 12 months RO'000	1 – 2 years RO'000	More than 2 years RO'000
Interest bearing loans – (excluding interest and excluding unamortized finance cost)	303,156	325,565	75,386	73,687	171,892	4,600
Accounts payable and accrued liabilities	458,118	458,118	458,118	-	-	-
	761,274	783,683	533,504	73,687	171,892	4,600

31 December 2022	Carrying amount USD'000	Contractual cashflows USD'000	6 months or less USD'000	6 - 12 months USD'000	1 – 2 years USD'000	More than 2 years USD'000
Interest bearing loans – (excluding interest and excluding unamortized finance cost)	787,212	845,403	195,757	191,344	446,358	11,944
Accounts payable and accrued liabilities	1,189,606	1,189,606	1,189,606	-	-	-
	1,976,818	2,035,09	1,385,363	191,344	446,538	11,944

28. Financial instruments *(continued)*

Financial risk management *(continued)*

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the receivables from customers.

As at 31 December 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the receivables from customers.

As at 31 December 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

With respect to credit risk arising from the other financial assets of the Group, including cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

In order to minimise credit risk, the management develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default.

The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

28. Financial instruments *(continued)*

Financial risk management *(continued)*

Credit risk *(continued)*

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition,	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amount of financial assets that represents the maximum credit exposure to the Group is:

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Trade and other receivables (net) (note 20)	**271,537**	**705,109**	358,371	930,593
Lease receivable (note 17)	**229,524**	**596,011**	240,200	623,734
Bank balances (note 22)	**245,764**	**640,780**	158,501	411,585
Restricted cash	**10,079**	**26,183**	11,647	30,243
	756,904	**1,968,083**	768,719	1,996,155

To measure the expected credit losses, trade and lease receivables are assessed based on Credit risk characteristics and days past due. Refer to note 19 for an analysis of ageing of trade receivables and note 17 for lease.

Capital management

The Group's policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as return on capital. Also, this includes interest free borrowings obtained from the Ultimate Holding Company and repayable at the discretion of the Group. The primary objective of the Group's capital management is to ensure to support its business continuity and maximise the shareholder value.

29. Contingencies and commitments

Contingent liabilities

At 31 December 2023, the Group has contingent liabilities, consisting of issues of performance bonds and guarantees, totaling USD 42.11 million (RO: 16.2 million) and USD 22.4 million (RO: 8.6 million) for the year 2022.

As at 31 December 2023, the Group has no contingent liability pertaining to legal claims (2022: NIL).

Capital commitments

The Group has the following capital commitments:

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Capital commitments	**385,757**	**1,001,700**	354,393	920,263

30. Related party disclosures

Related parties represent associated companies, shareholder, directors and key management personnel of the Group, and companies over which they are able to exert significant influence. Pricing policies and terms of these transactions are approved by the Group's Management.

The consolidated financial statements of the Group include subsidiaries:

Subsidiary	**Principle activities**	**Country of Incorporation**	**Ownership interest (%) 2023**	2022
Abraj Energy Services SAOC	Oilfield services	Sultanate of Oman	**51**	100
OQEP Holding Limited	Exploration and production	Cayman Islands	-	100
Abutubul LLC	Exploration and production	Sultanate of Oman	**100**	100
Musandam Gas Plant LLC	Oil and gas processing	Sultanate of Oman	**100**	100
Makarim Gas Development LLC	Exploration and production	Sultanate of Oman	**100**	100
Musandam Oil and Gas Company LLC	Exploration and production	Sultanate of Oman	**100**	100
Almajd Gas Development LLC	Exploration and production	Sultanate of Oman	**99**	99
Almuzn Liquified Natural Gas LLC	Exploration and production	Sultanate of Oman	**99**	99
Alizz Gas Development LLC	Exploration and production	Sultanate of Oman	**99**	99

*1 During the year the company has sold the 49% shares of Abraj Energy Services SAOG to the General Public through IPO.
*2 During the year OQEP Holding Limited was liquidated.

30. Related party disclosures *(continued)*

Balances and transactions with the Parent

Balances	2023 RO'000	2023 USD'000	2022 RO'000	2022 USD'000
Subordinated loans	**532,774**	**1,383,468**	986,089	2,560,605
Trade payables	**681**	**1,768**	11,615	30,161
Others receivable	**146**	**380**	9,929	25,782
Transaction				
Loans repaid during the year	**453,315**	**1,177,137**	192,550	500,000
Balance and transactions other than Parent company				
Purchases of goods and services				
Other under common control	**5,450**	**14,153**	-	-
Board sitting fee	**42**	**109**	40	104
Director's fee	**150**	**390**	-	-

The remuneration of key management of the group during the year was as follows:

Short term benefits	**2,157**	**5,602**	-	-
Employees end of service benefits	**163**	**428**	-	-

There was no key management remuneration during the year 2022 as the management role was handled at OQ corporate level.

Receivables from the related parties

OQ Trading LTD	**42,216**	**109,624**	**77,842**	**202,137**
OQ Plastics LLC	**-**	**-**	**1**	**2**
OQ LPG LLC	**16**	**41**	**39**	**101**
OQ Gas Networks SAOC	**3**	**9**	**481**	**1,248**
OOCEP Holding	**11**	**29**	**74**	**191**
OQ RPI	**151**	**392**	**-**	**-**
OQ Methanol	**19**	**47**	-	-

Payables to related parties

Oman Oil Marketing Co. SAOG	**784**	**2,037**	996	2,587
Oman Oil Facilities Development Co. LLC	**-**	**-**	48	124
OQ LPG LLC	**-**	**-**	286	742
OQ Methanol LLC	**128**	**333**	53	137
OQ RPI	**755**	**1,960**	576	1,495
Takatuf Oman LLC	**-**	**-**	1	2
Takamul Investment Company LLC	**-**	**-**	13	36
OQ Gas Networks	**20**	**51**	76	198

30. Related party disclosures *(continued)*

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in mutually agreed terms. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 December 2023, the Group has not recorded any impairment of trade receivables relating to amounts owed by related parties (2022: Nil).

This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

31. Derivatives

The Parent company uses interest rate swap contracts to manage exposure to interest rate risk resulting from borrowings. These hedges are designated as cash flow hedges.

The Parent company also engages in hedging activities through the use of currency forward contracts in relation to firm commitments under procurement contracts and transactions for foreign currency divestment proceeds. These hedges are designated as fair value hedges.

Further, the Parent company uses derivative financial instruments ("derivatives") in order to manage exposure to fluctuations in commodity prices arising from its physical commodity business.

Trading activities are undertaken sometimes using a range of contract types in combination to create incremental gains by arbitraging prices between markets, locations and time periods.Within the ordinary course of business the company, routinely enters into sale and purchase transactions for commodities.

These transactions are within the scope of IFRS 9 due to the trading nature of the company.

As a result, these physical contracts are treated as derivatives in accordance with IFRS 9. These contracts include pricing terms that are based on a variety of commodities and indices.

They are recognised in the consolidated statement of financial position at fair value with movements in fair value recognised in the consolidated statement of profit or loss.

Notes to the consolidated financial statements for the year ended 31 December 2023

31. Derivatives (continued)

The Company also uses various commodity based derivative instruments to manage some of the risks arising from its normal operating activities that give rise to commodity price exposures.

Such instruments include financial forwards, futures and swaps. These are recognised in the Statements of financial position at fair value with movements in fair value recognised in the Statements of comprehensive income.The company's physical and financial commodity contracts, other those which do not meet the criteria under IFRS 9, are classified as held for trading

RO'000	Less than 6 months	6 to 12 months	More than 1 year	Total
31 December 2023	**59,345**	**29,524**		**88,869**
31 December 2022	53,322	29,623	124,416	207,361

USD'000	Less than 6 months	6 to 12 months	More than 1 year	Total
31 December 2023	**154,104**	**76,665**	**-**	**230,769**
31 December 2022	138,462	76,922	323,077	538,461

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Cumulative changes in hedging reserve				
At 1 January	**4,828**	**12,538**	1,035	2,687
(Loss)/Gain arising on changes in fair value of hedging instruments during the year	**(3,900)**	**(10,127)**	4,645	12,063
Deferred tax recognised (note 10)	**626**	**1,625**	(852)	(2,212)
At 31 December	**1,554**	**4,036**	4,828	12,538
Asset / (Liability)				
Non-current portion	**-**	**-**	869	2,256
Current portion	**1,554**	**4,036**	4,811	12,494
	1,554	**4,036**	5,680	14,750

Notes to the consolidated financial statements for the year ended 31 December 2023

32 Interests in joint operations

The Group's interests in joint operations are detailed in note 1. In accordance with these joint operating agreements, in any given year, the Group's entitlement to oil and service fee from each project as specified in each underlying contract will fluctuate depending upon factors including cumulative capital expenditure, inflation and oil prices.

The details of the Group's share of joint operations' assets and liabilities are as follows:

Company name	% holding	Total assets	Current assets	Total liabilities	Current liabilities	Net assets	Revenue	Profit / (loss) for the year
2023	%	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Block 53	20	**108,213**	**77,020**	**(53,814)**	**(37,092)**	**54,399**	**104,372**	**13,990**
Block 9	45	**482,282**	**66,843**	**(57,733)**	**(57,733)**	**424,549**	**195,344**	**45,698**
Block 60	60	**511,644**	**255,634**	**(108,019)**	**(87,649)**	**403,625**	**428,388**	**194,850**
Block 48	60	**14,291**	**13,015**	**(726)**	**(726)**	**13,565**	**-**	**(4,905)**
Block 61	30	**615,072**	**114,256**	**(93,164)**	**(90,892)**	**521,908**	**217,807**	**128,857**
Others (*)	*	**38,738**	**47,644**	**(231,502)**	**(206,976)**	**(192,764)**	**117,371**	**231,962**
		1,770,240	**574,412**	**(544,958)**	**(481,068)**	**1,225,282**	**1,063,282**	**610,452**
2022								
Block 53	20	80,484	79,302	(63,295)	(50,457)	17,189	47,528	(96,665)
Block 9	45	206,024	92,521	(70,397)	(70,397)	135,627	78,343	(140,165)
Block 61	30	501,396	5,306	(431,957)	(42,690)	69,439	362,082	235,595
Others (*)	*	792,593	60,573	(18,002)	(16,153)	774,591	12,110	39,665
		1,580,497	237,702	(583,651)	(179,697)	996,846	500,063	38,430

*Other includes aggregate of interest in Block 10, 42, 47, 52, Karim small field and Rima satellite field. Refer note 1 for Group's interest in these joint arrangements

Notes to the consolidated financial statements for the year ended 31 December 2023

32 Interests in joint operations (continued)

Company name 2023	% holding %	Total assets USD'000	Current assets USD'000	Total liabilities USD'000	Current liabilities USD'000	Net assets USD'000	Revenue USD'000	Profit / (loss) for the year USD'000
Block 53	20	**281,000**	**200,000**	**(139,740)**	**(96,318)**	**141,260**	**271,025**	**36,329**
Block 9	45	**1,252,356**	**173,572**	**(149,916)**	**(149,916)**	**1,102,440**	**507,255**	**118,664**
Block 60	60	**1,328,600**	**663,813**	**(280,496)**	**(227,600)**	**1,048,104**	**1,112,407**	**505,973**
Block 48	60	**37,111**	**33,797**	**(1,884)**	**(1,884)**	**35,227**	**-**	**(12,738)**
Block 61	30	**1,597,176**	**296,692**	**(241,922)**	**(236,023)**	**1,355,254**	**565,586**	**334,606**
Others (*)	*	**100,592**	**123,719**	**(601,148)**	**(537,460)**	**(500,556)**	**304,780**	**602,343**
		4,596,835	**1,491,593**	**(1,415,106)**	**(1,249,201)**	**3,181,729**	**2,761,053**	**1,585,177**
2022								
Block 53	20	208,994	205,927	(164,359)	(131,022)	44,635	123,416	(251,014)
Block 9	45	534,989	240,252	(182,803)	(182,803)	352,186	203,436	(363,971)
Block 61	30	1,301,989	13,777	(1,121,676)	(110,855)	180,313	940,229	611,777
Others (*)	*	2,058,148	157,292	(46,747)	(41,945)	2,011,401	31,447	102,999
		4,104,120	617,248	(1,515,585)	(466,625)	2,588,535	1,298,528	99,791

*Other includes aggregate of interest in Block 10, 42, 47, 52, Karim small field and Rima satellite field. Refer note 1 for Group's interest in these joint arrangements.

33 Fair value of financial assets and liabilities

The fair value of the financial assets and liabilities approximates their carrying value as stated in the statement of the financial position.

34 Deferred income

An analysis of deferred income is set out below:

	2023 RO'000	**2023 USD'000**	2022 RO'000	2022 USD'000
Balance at the beginning of the year	**3,114**	**8,087**	14,067	36,527
Over lifting of oil	**7,218**	**18,743**	1,377	3,576
Abraj deferred income	**(570)**	**(1,481)**	1,737	4,511
Income received during the year	**(1,394)**	**(3,620)**	(14,067)	(36,527)
	8,368	**21,729**	3,114	8,087

In line with the Group accounting policy, deferred income is accounted over the firm contract period and accordingly the pertaining to future period is deferred.

35 Changes in cash flows from financing activities

	Subordinated loan RO'000	**Term loan RO'000**	**Lease liabilities RO'000**
1 January 2023	**986,089**	**302,458**	**6,206**
Disbursement/ availed during the period	**-**	**83,836**	**-**
Repayments during the period	**(453,315)**	**(213,550)**	**(24,918)**
Interest cost incurred during the year	**-**	**-**	**4,118**
Amortisation of borrowing cost (net) (Note 24)	**-**	**1,317**	**-**
Termination and modification related adjustment	**-**	**-**	**(745)**
Divestment of block 60 (Note 18)	**-**	**-**	**(15,778)**
Addition in lease liability during the year	**-**	**-**	**60,522**
31 December 2023	**532,774**	**174,061**	**29,405**
Change in cash flows	**(453,315)**	**(128,397)**	**(24,918)**
1 January 2022	751,088	426,734	5,373
Disbursement/ availed during the period	427,551	36,665	3,724
Repayments during the period	(192,550)	(161,639)	(2,891)
Borrowing cost incurred during the year	-	-	-
Amortisation of borrowing cost (net) (Note 24)	-	698	-
Lease liability of contract entered during the year	-	-	-
31 December 2022	986,089	302,458	6,206
Change in cash flows	235,001	(124,766)	2,166

35 Changes in cash flows from financing activities

	Subordinated loan USD'000	Term loan USD'000	Lease liabilities USD'000
1 January 2023	**2,560,605**	**785,401**	**16,114**
Disbursement/ availed during the period	**-**	**217,698**	**-**
Repayments during the period	**(1,177,137)**	**(554,530)**	**(64,706)**
Interest cost incurred during the year	**-**	**-**	**10,693**
Amortisation of borrowing cost (net) (Note 24)	**-**	**3,421**	**-**
Termination and modification related adjustment	**-**	**-**	**(1,935)**
Divestment of block 60 (Note 18)	**-**	**-**	**(40,971)**
Addition in lease liability during the year	**-**	**-**	**157,158**
31 December 2023	**1,383,468**	**451,990**	**76,353**
Change in cash flows	**(1,177,137)**	**(333,411)**	**(64,706)**
1 January 2022	1,950,371	1,108,113	13,948
Disbursement/ availed during the period	1,110,234	95,209	9,672
Repayments during the period	(500,000)	(419,733)	(7,506)
Borrowing cost incurred during the year	-	-	-
Amortisation of borrowing cost (net) (Note 24)	-	1,812	
Lease liability of contract entered during the year	-	-	-
31 December 2022	2,560,605	785,401	16,114
Change in cash flows	610,234	(323,984)	2,166

36. Non-Controlling Interest

The following table summarizes the information relating to Group Subsidiary that has significant material NCI, before any inter-group eliminations.

	Abraj Energy Services SAOG	
	2023 RO'000	**2023 USD'000**
NCI percentage		**49%**
Summarized statement of financial position		
Current		
Assets	**74,267**	**192,851**
Liabilities	**(47,349)**	**(122,952)**
Total current net assets	**26,918**	**69,899**

Notes to the consolidated financial statements for the year ended 31 December 2023

36. Non-Controlling Interest (continued)

Non – Current

	2023 RO'000	2023 USD'000
Assets	**202,204**	**525,069**
Liabilities	**(83,344)**	**(216,422)**
Total non-current net assets	**118,860**	**308,647**
Net assets	**145,778**	**378,546**

	2023 RO'000	2023 USD'000
Revenue	**144,346**	**374,827**
Profit before income tax	**19,496**	**50,626**
Income tax expense	**(2,935)**	**(7,621)**
Profit for the year*	**16,561**	**43,004**
Total comprehensive income for the year	**16,561**	**43,004**

*The Profit for the first three months of the year amounting to USD 6.7 million (RO: 2.6 million) pertains to parent and the profit for 9 months started from 1st April 20233 till 31st December 2023 amounting to USD 36.3 million(RO: 14 million) has been distributed between the Parent and NCI in the ratio 51:49.At year end, out of USD 43 million profit, USD 25.2 million (RO: 9.7 million) pertains to Parent and USD 17.8 (RO: 6.9 million) pertains to NCI.

Summarized statement of cash flows

	2023 RO'000	2023 USD'000
Cashflow from;		
Operating activities	**32,570**	**84,575**
Investing activities	**(82)**	**(212)**
Financing activities	**(28,537)**	**(74,104)**
Net change in cash and cash equivalent	**3,951**	**10,259**
Opening cash and cash equivalent	**4,120**	**10,699**
At 31 December	**8,071**	**20,958**

OQ EXPLORATION AND PRODUCTION LLC
AND ITS SUBSIDIARIES

Report and consolidated financial statements
for the year ended 31 December 2022

Registered office

P.O Box 200, P.C 102
Bawsher, Muscat
Sultanate of Oman

OQ EXPLORATION AND PRODUCTION LLC AND ITS SUBSIDIARIES

Report and consolidated financial statements for the year ended 31 December 2022

Content **Pages**

Management's report

The Management submit their report and the consolidated financial statements for the year ended 31 December 2022.

Principal activities

The principal activities of the Company, together with its subsidiaries (collectively the "Group"), are identifying, acquiring, managing and operating interests in petroleum and other related enterprises and the oil field services.

Basis of preparation of accounts

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, and the relevant requirements of the Commercial Companies Law of 2019.

Results and appropriation

The results of the Group for the year ended 31 December 2022 are set out on pages 3 and 4 of the consolidated financial statements.

Auditors

The financial statements have been audited by KPMG LLC who offer themselves for reappointment.

On behalf of OQ Exploration and Production LLC and its subsidiaries

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Authorised signatory

KPMG LLC
Children's Public Library Building
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Sultanate of Oman
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Independent auditors' report

To the Shareholders of OQ Exploration and Production LLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of OQ Exploration and Production LLC ("the Company") and its subsidiaries ("the Group"), which comprise of the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Continued on page 2 (b)

CR No. 1358131
Tax Card No. 8063052

KPMG

Continued from page 2 (a)

Other Information

Management is responsible for the other information. The other information comprises the Management's report set out on page 1.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Standards, and their preparation in compliance with the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated 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.

Continued on page 2 (c)

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Continued from page 2 (b)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements

We report that these financial statements comply, in all material respects, with the applicable provisions of the Commercial Companies Law of 2019.

26 April 2023

KPMG LLC

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Sultanate of Oman
CR.No: 1358131

OQ EXPLORATION AND PRODUCTION LLC AND ITS SUBSIDIARIES

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Notes	**2022 USD'000**	2021 USD'000
Revenue	*5*	**3,608,759**	2,484,122
Cost of sales	*6*	**(1,854,617)**	(1,517,824)
Gross profit		**1,754,142**	966,298
Lease income	*17*	**60,764**	62,878
Other income	*7.3*	**10,976**	6,995
Exploration costs		**(1,070)**	(1,843)
Administrative expenses	*7.1*	**(126,984)**	(78,489)
ECL charge on trade receivables	*19*	**(499)**	(235)
Reversal of impairment of oil and gas assets and other property, plant and equipment	*12,14*	**-**	421,864
Write off exploration assets	*13*	**-**	(6,685)
Operating profit		**1,697,329**	1,370,783
Finance income	*7.2*	**16,966**	3,934
Finance costs	*8*	**(55,417)**	(43,745)
Profit before tax		**1,658,878**	1,330,972
Income tax	*10*	**(12,941)**	(15,462)
Profit for the year		**1,645,937**	1,315,510
Other comprehensive income:			
Items not to be reclassified to profit or loss in subsequent periods			
Defined benefit obligation actuarial (loss)/gain	*24*	**(1,197)**	1,397
Items that may be reclassified subsequently to profit or loss			
Effective portion of changes in fair value of cash flow hedges – net of tax	*30*	**9,851**	6,187
Other comprehensive income for the year		**8,654**	7,584
Total comprehensive income for the year		**1,654,591**	1,323,094

The accompanying notes on pages 7-65 form an integral part of these financial statements.
The independent auditors' report is set forth on pages 2(a) – 2(c).

OQ EXPLORATION AND PRODUCTION LLC AND ITS SUBSIDIARIES

Consolidated statement of financial position as at 31 December 2022

Assets	Notes	2022 USD'000	2021 USD'000
Non-current assets			
Oil and gas properties	*12*	2,718,463	3,042,376
Exploration and evaluation assets	*13*	266,568	28,715
Other property, plant and equipment	*14*	508,451	531,428
Other intangible assets	*15*	508	811
Right-of-use assets	*16*	15,570	13,400
Lease receivable	*17*	596,011	623,734
Derivatives	*30*	2,256	2,780
Deferred tax asset	*10*	780	5,822
Total non-current assets		4,108,607	4,249,066
Current assets			
Inventories	*18*	285,644	252,516
Trade and other receivables	*19*	930,593	662,567
Advances and prepayments	*20*	18,600	33,961
Lease receivable	*17*	27,723	25,416
Derivatives	*30*	12,494	-
Cash and cash equivalents	*21*	441,828	377,661
Total current assets		1,716,882	1,352,121
Total assets		5,825,489	5,601,187
Equity and liabilities			
Capital and reserves			
Share capital	*22.1*	650	650
Statutory reserves	*22.2*	217	217
Hedging reserves	*30*	12,538	2,687
Capital reserves	*22.3*	267,569	267,569
Subordinated loans	*22.4*	2,560,605	1,950,371
Retained earnings		844,944	1,450,269
Total equity		3,686,523	3,671,763
Non-current liabilities			
Borrowings	*23*	428,785	683,150
Employees' end of service benefits	*24*	7,311	5,684
Provision for site restoration and abandonment costs	*25*	96,130	99,977
Lease liabilities	*16*	11,146	8,298
Other non-current liabilities		4,000	4,000
Deferred tax liabilities	*10*	11,896	10,930
Deferred income	*33*	8,087	36,527
Total non-current liabilities		567,355	848,566
Current liabilities			
Borrowings	*23*	356,616	424,423
Lease liabilities	*16*	4,968	5,653
Accounts payables and accrued liabilities	*26*	1,189,607	630,284
Derivatives	*30*	-	93
Income tax payable	*10*	20,420	20,405
Total current liabilities		1,571,611	1,080,858
Total liabilities		2,138,966	1,929,424
Total equity and liabilities		5,825,489	5,601,187

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The financial statements were approved by the shareholders and authorized for issue on 25 April 2023

The accompanying notes on pages 7-65 form an integral part of these financial statements.
The independent auditors' report is set forth on pages 2(a) – 2(c).

OQ EXPLORATION AND PRODUCTION LLC AND ITS SUBSIDIARIES

Consolidated statement of changes in equity for the year ended 31 December 2022

	Share capital USD'000	Statutory reserve USD'000	Hedging reserves USD'000	Capital reserves USD'000	Subordinated loans USD'000	Retained earnings USD'000	Total equity USD'000
At 1 January 2021	650	217	(3,500)	267,569	710,312	2,030,921	3,006,169
Total comprehensive income for the year							
Net profit for the year	-	-	-	-	-	1,315,510	1,315,510
Other comprehensive income							
Changes in fair value on cashflow hedges	-	-	6,187	-	-	-	6,187
Defined benefit obligation actuarial gain	-	-	-	-	-	1,397	1,397
Transactions with owners:							
Loans obtained	-	-	-	-	1,897,559	-	1,897,559
Repayment of subordinated loan	-	-	-	-	(657,500)	-	(657,500)
Dividends paid (Note 11)	-	-	-	-	-	(1,897,559)	(1,897,559)
At 31 December 2021	650	217	2,687	267,569	1,950,371	1,450,269	3,671,763
At 1 January 2022	650	217	2,687	267,569	1,950,371	1,450,269	3,671,763
Total comprehensive income for the year							
Net profit for the year	-	-	-	-	-	1,645,937	1,645,937
Other comprehensive income							
Changes in fair value on cashflow hedges	-	-	9,851	-	-	-	9,851
Defined benefit obligation actuarial loss	-	-	-	-	-	(1,197)	(1,197)
Transactions with owners:							
Loans obtained*	-	-	-	-	1,110,234	-	1,110,234
Repayment of subordinated loan	-	-	-	-	(500,000)	-	(500,000)
Dividends paid (Note 11)	-	-	-	-	-	(2,250,065)	(2,250,065)
At 31 December 2022	650	217	12,538	267,569	2,560,605	844,944	3,686,523

*The Parent Company (OQEP) declared the dividends during the year (note 11). Some portion of the dividends declared was not paid in cash and converted into subordinated loan based on agreement with the Parent Company i.e., OQ SAOC.

The accompanying notes on pages 7-65 form an integral part of these consolidated financial statements.
The independent auditors' report is set forth on pages 2(a) – 2(c).

OQ Exploration and Production LLC and its Subsidiaries

Consolidated statement of cash flows
for the year ended 31 December 2022

	Notes	2022 USD'000	2021 USD'000
Cash flows from operating activities			
Profit for the year		**1,658,879**	1,330,972
Adjustments:			
Depreciation, depletion and amortization	*9*	**1,088,252**	854,561
Reversal of impairment of oil and gas assets and other property, plant and equipment	*12,14*	**-**	(421,864)
Exploration and evaluation assets written off	*13*	**-**	6,685
Movement of ECL provision	*19*	**499**	(274)
Loss / (gain) on sale of property, plant and equipment		**3,716**	(1,432)
Provision for obsolescence of inventories	*18*	**113**	9
End of service benefit charge for the year	*24*	**5,143**	3,855
Deferred income	*33*	**(28,440)**	28,706
Finance costs	*8*	**55,417**	43,745
Finance income	*7.2*	**(16,966)**	(3,934)
Operating cash flows before working capital adjustments		**2,766,613**	1,841,029
Changes in:			
Trade and other receivables	*19*	**(268,026)**	(249,229)
Inventories	*18*	**(33,128)**	(11,070)
Trade and other payables	*26*	**559,324**	174,690
Cash flows from operating activities		**3,024,784**	1,755,420
End of service benefit paid	*24*	**(4,713)**	(12,947)
Income tax paid		**(9,021)**	(6,466)
Net cash generated from operating activities		**3,011,049**	1,736,007
Cash flows from investing activities			
Expenditures on property, plant and equipment and other intangible assets	*14,15*	**(9,788)**	(171,867)
Expenditures on oil and gas assets and exploration assets	*12,13*	**(960,580)**	(719,658)
Disposal of property, plant and equipment	*14*	**-**	3,873
Other non -current liabilities		**-**	(6,103)
Finance lease movement	*17*	**25,416**	23,301
Finance income	*7.2*	**16,966**	3,934
Net cash used in investing activities		**(927,986)**	(866,520)
Cash flows from financing activities			
Disbursement of long term loan	*35*	**95,209**	67,489
Repayment of long term loan	*35*	**(419,733)**	(182,813)
Repayment of lease liabilities	*35*	**(7,506)**	(7,507)
Repayment of subordinated loan	*35*	**(500,000)**	(657,500)
Movement in restricted cash balances	*21*	**(1,404)**	(27,117)
Interest paid on interest bearing loans and borrowings	*8*	**(47,034)**	(35,508)
Dividend paid		**(1,139,831)**	-
Net cash used in financing activities		**(2,020,300)**	(842,956)
Net increase in cash and cash equivalents		**62,763**	26,531
Cash and cash equivalents at beginning of the year		**348,822**	322,291
Cash and cash equivalents at end of the year	*21*	**411,585**	348,822

The accompanying notes on pages 7-65 form an integral part of these consolidated financial statements.
The independent auditors' report is set forth on page 2(a) – 2(c).

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

1 Corporate and general information

1.1 Legal status and principal activities

OQ Exploration and Production LLC (the "Parent Company" or "OQEP) is registered as a limited liability company in the Sultanate of Oman. The Company was incorporated on 20 May 2009. The registered address of the Company is P O Box 200, Muscat Governorate, Bawshar, Postal Code 102, Muscat, Sultanate of Oman). The immediate parent of the Group is OQ SAOC (the "Holding Company"), a closed joint stock company registered in the Sultanate of Oman.

During the year ended 31 December 2020, the shareholding of the Holding Company was transferred from Ministry of Finance to Oman Investment Authority (OIA). The Holding company is ultimately owned by the Government of Sultanate of Oman.

The Company, together with its subsidiaries (collectively the "Group"), is engaged in identifying, acquiring, managing and operating interests in petroleum and other related enterprises.

The list of subsidiaries of the Company are shown under Related Parties (Refer Note 29).

1.2 Significant agreements

The Company has following significant agreements:

- Block 9 Exploration and Production Sharing Agreement (EPSA) was entered in 23 Jan 2017 between OXY Oman BV (participating interest 55%), and OQEP (participating interest 45%).
- Block 53 EPSA was entered in 14 January 2019 between OXY Oman BV (47%), OQEP (participating interest 20%) and others (participating interest 13%).
- Block 60 EPSA was entered was entered in 19 March 2011, where OQEP holds 100% of participative interest.
- Block 47 EPSA was entered in 14 January 2019 between ENI Oman BV (90%), and OQEP (10%).
- Block 52 EPSA was entered between ENI Oman BV (85%) and OQEP (15%) on 14 November 2017. In 2018, ENI Oman BV assigned 30% of its interest to Qatar Petroleum International Upstream through an assignment agreement dated 6 August 2018.
- Block 65 Exploration Production & Sharing Agreement (EPSA) was entered between OXY (participating interest 73%) and OQEP (participating interest 27%) on 16 December 2018.
- Block 48 Exploration and Production Sharing Agreement (EPSA) was entered in 31st January 2017 by OQEP (participating interest 100 %).
- Block 62 Exploration and Production Sharing Agreement (EPSA) was entered in 22nd Nov 2008 between OQEP (participating interest 20%) and Occidental Oman Gas Company LLC (participating interest 80%).
- MGP entered into Supplemental Tariff Agreement on June 2012 between Government of Sultanate of Oman and Musandam Gas Plant LLC.
- Block 10 Concession Agreement was entered on 21 Dec 2021 between Almajd Gas Development (OQA, 13.36%), Shell Integrated Gas Oman (Shell, 53.45%), Marsa Liquified Natural Gas LLC (Marsa LNG, 33.19%) and Shell Development Oman LLC (SDO, Operator).

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

1. Corporate and general information *(continued)*

1.2 Significant agreements *(continued)*

During the year ended 2022, the Company entered into following new agreement:

- Block 11 (EPSA) was entered on 15 Sep 2022 between Shell Integrated Gas Oman BV (participating interest 67.5%), and Alliz Gas Development LLC (participating interest 10%) and Total Energies EP Oman (participating interest 22.5%).

1.3 Activities of the Company

The Group has the following material interests, all of which are located within the Sultanate of Oman.

Name	Participating Interest (2022 & 2021)	Operator	Activity
Block 60	100%	OQEP	Exploration and production
Block 48	100%	OQEP	Exploration
Block 42	50%	OQEP	Exploration
Block 9	45%	Occidental	Exploration and production
Block 61	30%	BP	Exploration and production
Block 62	20%	Occidental	Exploration and production
Block 65*	49% (2021: 27%)	Occidental	Exploration
Karim small fields - Block 6	25%	Medco	Production service agreement
Rima small fields – Block 6	25%	Petrogas	Production service agreement
Block 53	20%	Occidental	Exploration and production
Block 52	15%	ENI	Exploration
Block 47	10%	ENI	Exploration
Block 10	20%	SDO	Exploration
Block 11	10%	SDO	Exploration

*During the year 2022, OQ EP's participating interest was changed from 27% to 49%.

All interests of less than 100% are Joint Operations. The Group also has interests in gas purchase and sale contracts relating to the Dolphin field in UAE.

1.4 Basis of preparation

1.4.1 Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB, and the applicable requirements of the Commercial Companies Law 2019 and Ministerial Decision 146/2021 issuing Commercial Companies' Regulations.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

1. Corporate and general information *(continued)*

1.4 Basis of preparation *(continued)*

1.4.2 Basis of measurement

These consolidated financial statements are prepared under the historical cost convention except derivatives, which are measured at fair value. These consolidated financial statements are prepared under the going concern assumption.

1.4.3 Functional and presentation currency

The Group financial statements have been prepared on a historical cost convention except for non-financial assets at fair value through profit or loss and derivatives, which are measured at fair value. The Group's functional currency is United States Dollar ("USD"). Management uses USD for controlling and maintaining the performance and financial position of the Group and figures reported are rounded off to the nearest thousand except where otherwise stated. The revenue and majority of the company's costs are in USD. OMR is pegged to US dollar, hence there is no translation reserve arising from subsidiaries.

1.4.4 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

1. Corporate and general information *(continued)*

1.4 Basis of preparation *(continued)*

1.4.4 Basis of consolidation *(continued)*

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill, if any) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interests, if any
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Interest in joint operations
Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

1. Corporate and general information *(continued)*

1.4 Basis of preparation *(continued)*

1.4.4 Basis of consolidation *(continued)*

Transactions with related parties

The Group has applied the exemption under IAS 24 paragraphs 25 and 26, and have not disclosed the related party transactions and outstanding balances, including commitments related to:

(a) a government that has control or joint control of, or significant influence over, the reporting entity; and

(b) another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

In applying the exemption, the Group has disclosed the following related to the transactions and related outstanding balances:

(a) the name of the government and the nature of its relationship with the reporting entity (i.e. control, joint control or significant influence) ;

(b) the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements:

(i) the nature and amount of each individually significant transaction; and

(ii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and amended IFRS that are effective for the current year

The Group applied for the first-time amendment to IAS 16, Property, Plant and Equipment.

In May 2020, the IASB issued an amendment to IAS 16, Property, Plant and Equipment, which prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity needs to recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The Group has adopted Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) from 1 January 2022. This resulted in a change in accounting policy for what qualifies as cost of property, plant and equipment. Previously, the Company had accounted for proceeds and cost of testing, before the asset is available for the intended use, in the cost of oil and gas and other property, plant and equipment.

The amendment did not have any material impact on these consolidate financial statements, therefore, the management has taken the impact in the current year.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

2. Application of new and revised International Financial Reporting Standards (IFRS) *(continued)*

2.1 New and amended IFRS that are effective for the current year *(continued)*

The Group has adopted Onerous Contracts, costs of Fulfilling a Contract (Amendments to IAS 37) from 1 January 2022. This resulted in a change in accounting policy for performing an onerous contracts assessment. Previously, the company included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The company has analysed all contracts existing at 1 January 2022 and determined that none of them would be identified as onerous applying the revised accounting policy i.e. there is no impact on the opening equity balances as at 1 January 2022 as a result of the change.

The other amendments which apply for the first time in 2022 do not have any impact on these consolidated financial statements.

2.2. New and revised IFRS in issue but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

New standards or amendments	Effective date
▪ Classification of Liabilities as Current or Non-current – Amendments to IAS 1 *Presentation of Financial Statements*	1 January 2024
▪ Definition of Accounting Estimates – Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2023
▪ Disclosure Initiative: Accounting Policies – Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*	1 January 2023
▪ Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
▪ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*	Available for optional adoption / effective date deferred indefinitely

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

2. Application of new and revised International Financial Reporting Standards (IFRS) *(continued)*

2.2. New and revised IFRS in issue but not yet effective *(continued)*

There are no other standards, amendments and interpretations that are not yet effective that are expected to have a material impact in the current or future reporting periods or on foreseeable future transactions.

3 Summary of significant accounting policies

3.1 Interests in joint arrangements

A joint venture is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Joint operations
A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Company recognises its interest in joint operations using proportional consolidation – the Company's share of assets, liabilities, income and expense of joint operations are combined with the equivalent line items on a line-by-line basis.

3.2 Investment in subsidiaries

Investments in subsidiaries are stated at cost less impairment, if any in the Company's separate financial statements. The financial statements of the subsidiaries are incorporated into the consolidated financial statements of OQEP and its subsidiaries.

3.3 Foreign currencies

The separate financial statements are presented in United States Dollars ("USD") which is the Company's functional currency. The Company does not have any foreign operations. Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange ruling at the reporting date. All exchange differences are taken to the statement of profit or loss and other comprehensive income.

3.4 Oil and natural gas exploration, evaluation and development expenditure

Oil and natural gas exploration, evaluation and development expenditure is accounted for using the successful efforts method of accounting.

Pre-licence costs
Pre-license costs are expensed in the period in which they are incurred.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

3 Summary of significant accounting policies *(continued)*

3.4 Oil and natural gas exploration, evaluation and development expenditure *(continued)*

Licence and property acquisition costs

Exploration licence acquisition costs are capitalised Ru intangible assets. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount.

Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas assets.

Exploration and evaluation costs

Exploration and evaluation (E&E) activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Costs directly associated with exploration wells are capitalised as E&E intangible assets until the drilling of the well is complete and the results have been evaluated. Costs include directly attributable to employee remuneration, materials and fuel used, rig costs and payments made to contractors. Geological and geophysical costs are expensed as incurred.

If no potentially commercial hydrocarbons are discovered, the E&E asset is written off. If potentially commercial hydrocarbons are found the costs continue to be carried as an intangible asset while the discovery is appraised. Costs directly associated with appraisal activity are initially capitalised as an intangible asset. All capitalised E&E costs are subject to technical, commercial and management review, as well as a review for indicators of impairment at least once a year. Where it is determined that a discovery is not potentially commercial the costs are written off as an exploration expense.

On commencement of development capitalised E&E expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to Oil & Gas Production & Development assets. Other than licence costs, no amortisation is charged during the E&E phase.

Farm-outs - in the exploration and evaluation phase

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest.

Notes to the consolidated financial statements
for the year ended 31 December 2022

3 **Summary of significant accounting policies** *(continued)*

3.4 **Oil and natural gas exploration, evaluation and development expenditure** *(continued)*

Farm-outs - other than in the exploration and evaluation phase

In accounting for a farm-out arrangement other than in the exploration and evaluation phase, the Group:

- Derecognises the proportion of the asset that it has sold to the farmee.
- Recognises the consideration received or receivable from the farmee, which represents the cash received and/or the farmee's obligation to fund the capital expenditure in relation to the interest retained by the farmor.
- Recognises a gain or loss on the transaction for the difference between the net disposal proceeds and the carrying amount of the asset disposed of. A gain is recognised only when the
- value of the consideration can be determined reliably. If not, then the Group accounts for the consideration received as a reduction in the carrying amount of the underlying assets.
- Tests the retained interests for impairment if the terms of the arrangement indicate that the retained interest may be impaired.

Development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within fixed assets.

Initial recognition

Oil and gas assets and other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a lease is also included within property, plant and equipment.

When a development project moves into the production stage, the capitalisation of developement costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to asset additions, improvements or new developments.

Major maintenance, inspection and repairs

Expenditure on major maintenance, refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

3 Summary of significant accounting policies *(continued)*

3.4 Oil and natural gas exploration, evaluation and development expenditure *(continued)*

Major maintenance, inspection and repairs *(continued)*

Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with definite lives are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Indefinite lived intangibles are not amortised, instead they are tested for impairment annually. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

3.6 Depreciation, depletion and amortisation

The net book value of producing assets are depreciated on a unit-of-production basis over the total proven and probable reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. The total proven and probable reserves of the field are reviewed at least annually. The unit-of-production rate calculation takes into account expenditures incurred to date, together with sanctioned and projected future development expenditure.

Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives, and major inspection costs are amortised over three to five years, which represents the estimated period before the next planned major inspection. Property, plant and equipment held under finance/capital leases are depreciated over the shorter of lease term and estimated useful life.

Items of property, plant and equipment are measured at cost less accumulated depreciation / depletion and impairment losses.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period and adjusted prospectively, if appropriate.

3 Summary of significant accounting policies *(continued)*

3.6 Depreciation, depletion and amortization *(continued)*

Intangible assets, other than those relating to oil and natural gas exploration, are amortised on a straight-line basis over expected useful life.

	Years
Oil and gas assets	Remaining life cycle
Other property, plant and equipment	5 - 20
Intangible assets	3 - 7

3.7 Capital work-in-progress

Capital work-in-progress is stated at cost less any impairment losses. When commissioned, capital work-in-progress is transferred to the appropriate plant and equipment category and depreciated in accordance with depreciation policies of the Group.

3.8 Disposal of intangible and tangible assets

The consideration receivable on disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value by the Company. Gains or losses are recognised in income when the asset is derecognised. However, if payment for the item is deferred, the consideration received is recognized initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognized as interest revenue. Any part of the consideration that is receivable in the form of cash is treated as financial asset and is accounted for at amortised cost, if it meets the criteria of SPPI test.

3.9 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset (or CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

3 Summary of significant accounting policies *(continued)*

3.9 Impairment of non-financial assets *(continued)*

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.10 Financial instruments

In the normal course of business the Company uses financial instruments, trade and other receivables, cash and cash equivalents, loans and borrowings, trade and other payables and derivatives.

Classification

Financial assets

The Company classifies its financial assets as follows:

- Financial assets at amortised cost
- Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)
- Financial assets at Fair Value Through Profit or Loss (FVTPL)

To determine their classification and measurement category, all financial assets, except equity instruments and derivatives, is assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

3 Summary of significant accounting policies *(continued)*

3.10 Financial instruments *(continued)*

Contractual cash flow characteristics test

The Company assesses whether the financial instruments' cash flows represent Solely for Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Company reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Financial liabilities

All financial liabilities are classified as "amortised cost" other than negative fair value of derivatives which are carried at "fair value through profit or loss and other comprehensive income".

Recognition / derecognition

A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (in whole or in part) is derecognized when the contractual rights to receive cash flows from the financial asset has expired or the Company has transferred substantially all risks and rewards of ownership and has not retained control. If the Company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the statement of profit or loss or in the statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Measurement

All financial assets or financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added except for those financial instruments classified as "at fair value through profit or loss".

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

3 Summary of significant accounting policies *(continued)*

3.10 Financial instruments *(continued)*

Measurement *(continued)*

Financial assets at amortised cost
A financial asset is measured at amortised cost using the effective interest method, if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Cash and cash equivalents, trade and receivables and other assets are classified as financial assets at amortised cost.

Financial assets at FVOCI
A debt instrument is measured at FVOCI if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows and to sell. These assets are subsequently measured at fair value, with change in fair value recognized in OCI. Interest income calculated using effective interest method, foreign exchange gains/losses and impairment are recognized in the statement of profit or loss. On de-recognition, gains and losses accumulated in the OCI are reclassified to statement of of comprehensive income.

For an equity instrument; upon initial recognition, the Company may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis. Gains and losses on these equity instruments are never recycled to statement of profit or loss. Dividends are recognised in statement of profit or loss when the right to receive has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses may be reclassified from fair value reserve to retained earnings in the statement of changes in equity.

Financial asset at FVTPL
Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. This also includes equity instruments held-for-trading and are recorded and measured in the statement of financial position at fair value.

Changes in fair values and dividend income are recorded in the statement of profit or loss according to the terms of the contract, or when the right to receive has been established.

Financial liabilities
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3 Summary of significant accounting policies *(continued)*

3.10 Financial instruments *(continued)*

Measurement *(continued)*

Financial guarantees

Financial guarantees are subsequently measured at the higher of the amount initially recognized less any cumulative amortization and the best estimate of the present value of the amount required to settle any financial obligation arising as a result of the guarantee.

Impairment

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Interest income and expense are recognised on an accrual basis using the effective interest rate method.

3.11 Derivative financial instruments and hedging activities

The Company enters into a derivative financial instrument to manage its exposure to interest rate and commodity price due to market fluctuation. Further details of derivative financial instruments are disclosed in Note 30.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Company has both legal right and intention to offset.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. Summary of significant accounting policies *(continued)*

3.11 Derivative financial instruments and hedging activities *(continued)*

The Company has adopted the Phase 2 amendments and will apply them retrospectively (see Note 2). The Company will implement the below policies when it replaces the benchmark interest rate in any of the hedged item or hedging instrument with a new alternative benchmark rate.

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Company amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform (as defined in Note 29. For this purpose, the Company amends the hedge designation only to make one or more of the following changes:

– designating an alternative benchmark rate as the hedged risk;

– updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or

– updating the description of the hedging instrument.

The Company amends the description of the hedging instrument only if the following conditions are met:

– it makes a change required by IBOR reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and

– the original hedging instrument is not derecognised.

The Company amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by IBOR reform described above, then the Company first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Company amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Company deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Hedge accounting

The Company designates derivatives as hedging instruments in respect of interest rate risk in cash flow hedges and commodity price due to market fluctuation.

3. Summary of significant accounting policies *(continued)*

3.11 Derivative financial instruments and hedging activities *(continued)*

Hedge accounting *(continued)*

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Note 30 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are detailed in Note 30.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of Cumulative changes in fair values, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

This transfer does not affect other comprehensive income. Furthermore, if the Company expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

3. Summary of significant accounting policies *(continued)*

3.11 Derivative financial instruments and hedging activities *(continued)*

Hedge accounting *(continued)*

Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Cost of hedging reserve
The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in OCI and accounted for similarly to gains or losses in the hedging reserve.

3.12 Finance income and expenses

Finance income comprises of interest income. Interest income is recognised as the interest accrues using the effective interest rate method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset at the reporting date.

Borrowing costs other than those capitalised on qualifying assets are recognised as an expense in profit or loss using the effective interest rate method.

3.13 Fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods. Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

- The principal or the most advantageous market must be accessible to the Company.
- The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
- A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

3 Summary of significant accounting policies *(continued)*

3.13 Fair values *(continued)*

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the Valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

3.14 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average principle and includes all costs incurred in acquiring the inventories and bringing them to their existing location and condition except for petroleum product inventories. The cost of petroleum products are based on average production costs. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution or the estimated replacement cost of the inventories, as the case may be.

3.15 Leases

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

3. Summary of significant accounting policies *(continued)*

3.15 Leases *(continued)*

The Company as lessee *(continued)*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position.

3. Summary of significant accounting policies *(continued)*

3.15 Leases *(continued)*

The Company as lessee *(continued)*

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Administrative expenses' in the statement of profit or loss. As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

Short-term leases and leases of low-value assets

At the time of initial recognition, the Company does not recognize right-of-use assets and liabilities for leases where,

- the lease term is less than or equal to 12 months i.e. short-term leases;
- value of the underlying asset is considered as a low value lease i.e. if the value of the asset when new is less than USD 5,000; and

The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

Company as a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company net investment outstanding in respect of the leases.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

3. Summary of significant accounting policies *(continued)*

3.15 Leases *(continued)*

Company as a lessor *(continued)*

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate consideration under the contract to each component.

3.16 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of this discounting is recognised as finance cost.

Amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The Company records a provision for site restoration cost mainly relating to oil wells and fuel stations. Site restoration costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the site restoration liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs and discount rates of site restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

3.17 Taxation

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3. Summary of significant accounting policies *(continued)*

3.17 Taxation *(continued)*

Deferred tax
Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary; and
- Differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the been enacted or substantively enacted by the end of the reporting period. Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax on exploration & production sharing arrangements (EPSA)
Under some production-sharing arrangements, the share of the profit oil to which the government is entitled in any calendar year is deemed to include a portion representing the corporate income tax imposed upon and due by the Company. This amount will be paid directly by the government on behalf of the Company to the appropriate tax authorities.

3.18 Employees' end-of-service benefits

The Company's obligation for contributions to defined contribution pension plans are recognised as an expense when due. The Company's obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

Company makes payment to the Omani Government Social Security scheme under Royal Decree 72/91 for Omani employees, calculated as a percentage of the employees' salary. The Company's obligations are limited to these contributions, which are expensed when due.

3. Summary of significant accounting policies *(continued)*

3.18 Employees' end-of-service benefits *(continued)*

The Company also provides end-of-service benefits to its expatriate employees. End-of-service benefits are accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 and its amendments subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The liability for end of service benefits recognized based on actuarial valuation. Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recorded in other comprehensive income. Service costs are classified as administrative expenses. Interest costs are charged to the statement of comprehensive income.

3.19 Transferred assets

Government assistance
For assistance provided by the Government of the Sultanate of Oman, an assessment is made as to whether it is acting as a shareholder or as the Government. Assistance is accounted for as a Government Grant or deemed equity contribution accordingly.

Transferred assets
Transferred assets are assets which are acquired by the Company either through transfer from another entity, donation or for no consideration and no issue of shares. Transferred assets are valued at fair value and classified according to the nature of the asset. Transferred assets with a fair value of below a de minimums level are accounted for at nil. For assets or rights transferred to the Company primarily due to Government ownership and without consideration, credit relating to fair valuation (in line with Level 3 of fair value measurement) is maintained in a separate reserve ("other reserve").

3.20 Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. Shareholder loans which are deeply subordinated and payable at the discretion of the Company are classified within equity.

The accounting policies adopted are consistent with those of the previous financial year.

3.21 Revenue recognition

The Company recognizes revenue to depict the transfer of control of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled for those goods and services and excludes amounts collected on behalf of third parties.

The Company recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance obligation completed to date.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

3. Summary of significant accounting policies *(continued)*

3.21 Revenue recognition *(continued)*

For performance obligations where none of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Where revenue contains a significant financing element, the financing element is shown as a financing item and revenues are adjusted by a corresponding amount.

Type of product / service	**Nature and timing of satisfaction of performance obligations**	**Revenue recognition policies**
Sale of oil and gas	Invoices are issued to customers on a monthly basis.	Revenue is recognized at point in time when the control is passed on to the customer. Revenue for under-/over lifting is recognised based on the actual amount of oil and gas sold regardless of the amount of oil and gas production entitled to the Company according to the working interest. Under-/over lifting balances are accounted for by non- financial receivables/(liabilities), respectively and corresponding adjustment of production/operating costs.
Service revenue	Revenue from services are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company.	Revenue from services are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company.

3.22 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are added to the cost of the respective assets. Interest revenue earned on deposits of borrowed funds is netted off against the cost of the borrowed funds added to the cost of the respective assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Arrangement fees and other costs of borrowing are deducted from debt proceeds on initial recognition of the liability and are amortised to income as finance costs over the term of the debt.

3.23 Events after the reporting date

The Group consolidated financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are disclosed in the consolidated financial statements when material. Refer note 34 for such information.

4. Critical accounting judgements and key sources of estimation uncertainty

The following are the critical judgements and key assumptions involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the separate financial statements. Should critical judgements and/or key assumptions involving estimates differ from those applied at the reported date, there may be a material impact on the separate financial statements.

Critical accounting judgements

Classification as a joint arrangement
Judgment is required to determine when the Company has joint control over an arrangement and the classification of joint arrangements. The Company considers the rights and obligations arising from the arrangements, its influence on operating and capital decisions of the arrangement, including the approval of the annual capital and operating work program and budget, and the approval of key contractors for any major capital expenditure. The indications of joint control are similar to those used to determine control over subsidiaries, as set out in note 3.1.

Related parties of the Company
Significant judgement has to be exercised when determining whether a structured entity is controlled. The Company has entered into a Forward Sales Agreement and other ancillary contracts with OOCEP PXF 1 B.V. (the Buyer), an arrangement which is described further in note 23. Based on a review or the arrangements and relevant activities of the Buyer, the Company has concluded that it does not have control or significant influence over the Buyer. Accordingly, the Buyer is not separate in these Company accounts nor is it presented as a related party.

Arrangements resulting in financial liabilities
Significant judgement has to be exercised when classifying arrangements giving rise to financial and non-financial liabilities. An agreement to deliver non-financial assets at a specified price in the future is a non-financial liability, whereas agreements that can be settled in cash will be a financial liability. The Company has entered into a Forward Sales Agreement and other ancillary contracts with OOCEP PXF 1 B.V. (the Buyer), an arrangement which is described further in note 23. The Forward Sales Agreement requires the Company to deliver all of the oil liquids from designated blocks to the Buyer in return for an advance payment and variable future cash payments that are dependent on oil price and certain covenants regarding the Company's future oil production levels. Under limited circumstances the Company may make cash payments in lieu of oil delivery. The Company has reviewed the circumstances under which cash settlement can be made, along with the underlying substance of the arrangement, and has concluded that the arrangement results in a financial liability.

4. Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Critical accounting judgements *(continued)*

Carrying value of intangible exploration & evaluation (E&E) assets (note 13)
The amounts for intangible E&E assets represent active exploration projects, the outcome of which is inherently uncertain. These amounts will be written off to the statement of profit and loss and other comprehensive income as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment in accordance with the Company's accounting policy.

The process of determining whether there is an indicator for impairment and the related assessment requires critical judgement. The key areas in which management has applied judgement are as follows: the Company's intention to proceed with a future work programme for a prospect or licence; the likelihood of licence renewal or extension; and the success of a well result or geological or geophysical survey.

Key source of estimation

Impairment of oil producing assets and gas properties and other PPE

Carrying value of oil & gas properties and other property, plant and equipment (notes 12, 14)

Management performs impairment reviews on the Company's oil and gas properties and other property, plant and equipment assets at least annually with reference to indicators in IAS 36 *Impairment of Assets*. Where indicators are present and an impairment test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models. Key assumptions and estimates in the impairment models relate to: commodity prices and the long-term corporate economic assumptions thereafter, discount rates that are adjusted to reflect risks specific to individual assets, oil and gas reserves and the related cost profiles. Assumptions reflect all oil and gas reserves that a market participant would consider when valuing the asset. Judgment is also required in establishing the appropriate Companying of assets into cash generating units.

Reserves estimates used in the calculation of Depreciation, Depletion and Amortisation (DD&A) and impairment of oil & gas properties and other property, plant and equipment (notes 12, 14)

The determination of the Company's oil and gas reserves requires significant judgement and estimates to be applied. These are regularly reviewed and updated. Proven and probable reserves are estimates of the amount of oil and gas that can be economically extracted from the Company's oil and gas assets. The Company estimates its reserves using standard recognised evaluation techniques applied by the in-house reserve engineer. Further, these reserve estimates are evaluated by external reserve engineers every three years. Proven and probable reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the government under the terms of the Exploration and Production Sharing Contracts. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

4. Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Key source of estimation *(continued)*

Reserves estimates used in the calculation of Depreciation, Depletion and Amortisation (DD&A) and impairment of oil & gas properties and other property, plant and equipment (notes 12, 14) (continued)

Estimates of oil and gas reserves are used to calculate depreciation, depletion and amortisation charges for oil and gas properties. The impact of changes in oil and gas reserves is dealt with prospectively. Oil and gas reserves also have a direct impact on the assessment of recoverability of asset carrying values. If oil and gas reserves are revised downwards, earnings could be affected by changes in depreciation expense or by immediate write-downs of asset carrying values.

5. Revenue

The Group derives its revenue from contracts with its customers for the transfer of goods and services overtime and point in time from the following major revenue streams of operation. The Group's revenue is generated in Oman.

	2022	2021
	USD'000	USD'000
Revenue recognized point-in-time		
Sale of oil and condensate	**2,667,204**	1,667,547
Sale of gas	**518,111**	441,351
	3,185,315	2,108,898
Revenue recognized over-time		
Processing and service fees (i)	**123,046**	82,410
Oil field services(ii)	**244,945**	242,181
	367,991	324,591
Other revenue		
Leased operating assets	**55,453**	50,633
Total revenue	**3,608,759**	2,484,122

(i) Processing and service fees includes:
   a. Group's margin from export gas sale and purchase agreement recognized on net basis as the Group is considered as an agent to the Government.
   b. Processing fees for the Musandam Gas processing plant under a Supplementary Tariff Agreement with the Government and Gas processing agreement with the Operator.
   c. Revenue with respect to fields operated under service agreements.

(ii) Oil field services are revenue recognized by Abraj service contracts for drilling and related services.

(iii) All revenue is generated within the Sultanate of Oman.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

6. Cost of sales

	2022	2021
	USD'000	USD'000
Operating costs	**768,363**	672,125
Depreciation, depletion and amortisation (note 9)	**1,086,254**	845,699
	1,854,617	1,517,824

7. Administrative expenses, finance income and other income

7.1 Administrative expenses

	2022	2021
	USD'000	USD'000
Employee related expenses (note 7.1.1)	**105,821**	35,076
Depreciation (note 9)	**1,998**	8,862
Communication expenses	**-**	122
Office expenses	**206**	143
Professional fees	**2,217**	408
Sitting fees	**-**	366
Cost allocation (note 7.1.2)	**9,814**	31,172
Other expenses	**6,928**	2,340
	126,984	78,489

7.1.1 Employee related expenses

Salaries and allowances	70,786	28,864
Other benefits	23,732	2,899
End of service benefits (note 24)	5,143	2,155
Contribution to the Public Authority for Social Insurance	6,160	1,158
	105,821	35,076

7.1.2 Cost allocation

Cost allocation represents cost for services provided by the Group companies and recharged based on mechanism adopted by the Parent Company. The expenses recharged by the group companies are recognised under administrative expenses and expenses charged to the group companies with margin is recognised in other income. The following amounts were recognised in respect of Group Shared share services:

Group shared services – expenses (note 7.1)	(9,814)	(31,172)
Group shared services – income (note 7.3)	13,722	6,129
	3,908	(25,043)

7.2 Finance income

Interest income – bank deposits *(i)*	16,800	3,896
Others	166	38
	16,966	3,934

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

7. Administrative expenses, finance income and other income *(continued)*

7.2 Finance income *(continued)*

i. Interest income pertains to call deposits denominated in Rial Omani and carry annual effective interest rate of between 3.80% to 4.50% (2021 – 3.80% to 4.50%). The company has the flexibility to liquidate the call deposits before the scheduled maturity dates.

7.3 Other income

	2022	2021
	USD'000	USD'000
Cost allocation income (note 7.1.2)	13,722	6,129
Loss on disposal of property, plant and equipment	(4,301)	(1,432)
Others	1,555	2,298
	10,976	6,995

8 Finance costs

Interest on bank borrowings	47,034	36,313
Unwinding of discount on provision for site restoration and abandonment costs (note 25)	8,244	6,862
Interest on lease liabilities	10	41
Others	129	529
	55,417	43,745

9. Depreciation, depletion and amortisation

The depreciation, depletion and amortisation charged in the consolidated profit or loss account is:

	2022	2021
	USD'000	USD'000
Depreciation and depletion – oil & gas properties (note 12)	1,030,108	794,886
Depreciation – other property, plant & equipment (note 14)	50,185	47,143
Amortisation – other intangible assets (note 15)	311	854
Amortisation – right-of-use of assets (note 16)	7,648	11,678
	1,088,252	854,561

Depreciation, depletion and amortisation cost are allocated as follows:

Cost of sales (note 6)	1,086,254	845,699
Administrative and operating expenses (note 7.1)	1,998	8,862
	1,088,252	854,561

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

10. Income tax

	2022 USD'000	2021 USD'000
Current liability		
Current tax	**20,420**	20,405
Consolidated statement of profit or loss and other comprehensive income		
Current tax	**9,147**	8,836
Deferred tax – P&L	**3,794**	6,626
Deferred tax – OCI	**2,212**	-
Tax charge for the year	**15,153**	15,462
Deferred tax asset		
At the beginning of the year	**5,822**	12,909
Charge for the year	**(5,042)**	(7,087)
At the end of the year	**780**	5,822
Deferred tax liability		
At the beginning of the year	**(10,930)**	(11,391)
(Charge) / credit for the year	**(966)**	461
At the end of the year	**(11,896)**	(10,930)

	As at 1st January 2022 USD'000	Movement USD'000	As at 31st December 2022 USD'000
Deferred tax asset			
Plant and equipment	146	**(11)**	**135**
Provision for trade receivable	100	**(1)**	**99**
Provision for inventory	201	**45**	**246**
Tax losses	5,375	**(5,075)**	**300**
	5,822	**(5,042)**	**780**
Deferred tax liability			
Plant and equipment	(12,461)	**1,259**	**(11,202)**
Deferred payment obligation	104	**(104)**	**-**
Provision for impairment	44	**76**	**120**
Provision for inventory	-	**377**	**377**
Unwinding of interest in deferred payment	301	**(301)**	**-**
Deferred expenses	(149)	**47**	**(102)**
Derivatives	-	**(2,212)**	**(2,212)**
Deferred income	1,231	**(108)**	**1,123**
	(10,930)	**(966)**	**(11,896)**

10. Income tax *(continued)*

Parent Company

The income tax assessments for the Parent Company for the years up to 2018 have been completed by the Secretariat General for Taxation (SGT). Management is of the opinion that additional taxes, if any, related to the open tax years would not be significant to the Group's financial position as at 31 December 2022.

Subsidiaries

The tax assessments of subsidiaries are at different stages of completion. Management does not expect any additional tax liabilities to be incurred relating to the open tax years.

Tax rate on concession agreements

Revenue from certain Exploration Production Sharing Agreements (EPSAs) are taxed at the rate specified in the relevant EPSA and is excluded from the Group's income tax expenses and paid by the Government from their share of profit. The tax rate on profit oil and gas from Blocks is 55% (2021: is 55%).

The Group's oil producing assets are not included in the deferred tax computation since depreciation on these assets is not considered for the computations of the taxable profit.

The Group and its subsidiaries (other than concession blocks noted above) are subject to income tax in accordance with the income tax law of the Sultanate of Oman at the enacted tax rate of 15% (2021: 15%).

For the purpose of determining the tax expense for the year, the accounting result has been adjusted for tax purposes. The reconciliation of tax as per accounting profit to effective tax is set out below:

	2022		2021	
	%	USD'000	%	USD'000
Profit before tax		1,658,879		2,373,985
Income tax	15.00	248,832	15.00	356,098
Effect of tax specific disallowances and allowances	14.22	(235,891)	14.35	(340,636)
Effective tax	0.78	12,941	0.65	15,462

The deferred tax has been computed at the tax rate of 15% (2021: 15%).

11. Dividends

The Company declared dividend of USD 2,250,065 in the year ended Dec 2022 (2021: 1,897,559).

Shareholders Meeting	**Dividend amount ('USD 000)**
15 June 2022	649,831
20 December 2022	1,600,234

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

12. Oil and gas properties

	Oil and gas properties USD'000
Cost	
As at 1 January 2021	7,797,664
Additions	724,011
Change in site restoration and abandonment provision (note 25)	(85,866)
As at 31 December 2021	8,435,809
As at 1 January 2022	**8,435,809**
Additions	**712,829**
Transfer from E&E assets	**10,321**
Change in site restoration and abandonment provision (note 25)	**(12,091)**
As at 31 December 2022	**9,146,868**
Accumulated depreciation and impairment	
As at 1 January 2021	(5,022,061)
Charge for the year (note 9)	(794,886)
Reversal of impairment	423,514
As at 31 December 2021	(5,393,433)
As at 1 January 2022	**(5,393,433)**
Charge for the year (note 9)	**(1,030,108)**
Other adjustments	**(4,864)**
As at 31 December 2022	**(6,428,405)**
Carrying amount	
As at 31 December 2022	**2,718,463**
As at 31 December 2021	3,042,376

During the year 2022, Block 65 started commercial production and was transferred from E&E assets to Oil & gas assets.

Impairment reversal

	2022 USD'000	2021 USD'000
Block 60	**-**	423,514

During the year, the Group's management carried out impairment analysis for assets where indicators of impairment, or reversal of impairment, are present. Impairment reversals and charges were mainly due to changes in reserves, fluctuations in the expected future commodity prices and development plans at the reporting date.

The recoverable amount for oil and gas assets is based on higher of their fair value less costs of disposal ('FVLCD') and value in use (VIU). Where a market transaction reference case is not available, VIU is determined using appropriate discounted cash flow valuation models, incorporating market based assumptions.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

12. Oil and gas properties *(continued)*

The key assumptions for the oil and gas assets VIU calculations are outlined below together with the approach management has taken in determining the value to ascribe to each. The valuation models are life of asset models and therefore, no extrapolation assumptions have been necessary or applied. The fair value measurements were categorised as Level 3 fair values based on the inputs to the valuation models.

The calculation of VIU for oil and gas assets is based upon the following key assumptions:

- Reserves;
- Inflation rates;
- Commodity prices; and
- Discount rates.

Reserves

Reserves form the basis of the production profiles within the discounted cash flow models. Cash flows were projected for each field based on the development plans approved by senior management and reasonable assumptions that an external party would apply in appraising the assets which, in some cases, may be broader in scope than Proved and Probable reserves.

Reserves are verified once in every three years by third party independent reserves valuation experts as per the Group's management policy. During the current period, the Company has engaged a third party independent reserves valuers for the valuation of reserves.

Inflation rates

Estimates are obtained from published indices for the countries from which products and services are originated, as well as data relating to specific commodities. Forecast figures are used if data is publicly available. The inflation rate used for 2022 was 2% and is based on USD inflation rate (2021: 2.3%).

Commodity prices

To estimate future oil prices, the Group used Crude Oil Price forward curves and the relevant inflation rate.

Quality differentials were applied on estimated Oman Crude prices to arrive at the estimated Mukhaizna realized oil prices.

The gas price for Block 60, Block 9 and Block 61 are fixed in terms of the EPSA signed with Ministry of Energy and Minerals (MEM) and the underlying calculations and terms are considered.

	2022	**2023**	**2024**	**2025**	**2026**	**2027**
Oil price / bbl (USD) 31 December 2022	**N/A**	**68**	**68**	**70**	**71**	**73**
Oil price / bbl (USD) 31 December 2021	63	64	67	68	69	**N/A**

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

12. Oil and gas properties *(continued)*

Discount rates

Discount rates used reflect the estimated weighted average cost of capital rates specific to the CGU's from market participant's perspective. The cash flows were discounted using a post-tax discount rate of 9.38% (2021: 7.37%).

Sensitivity to changes in assumptions

For the assets subjected to impairment analysis and incurred impairment loss/reversal during the year, the company record no impairment for the year 2022.

13. Exploration and evaluation (E&E) assets

	USD'000
Cost	
As at 1 January 2021	39,754
Adjustments	(4,354)
Write off	(6,685)
As at 31 December 2021	28,715
As at 1 January 2022	**28,715**
Additions	**248,174**
Transfer to Oil & gas assets	**(10,321)**
As at 31 December 2022	**266,568**

The exploration and evaluation assets (E&E) mainly pertain to Blocks 42, 47 48 and 52 which are under exploration stage and accounted as per requirements of IFRS 6. During the year 2021, the Board of Directors of the Parent company approved the withdrawal from Block 30 through circulation resolution 10/2021. OQEP reached an initial agreement that OQEP will leave the Block 30 without being required to pay the remainder of the work program and budget the minimum work commitment. This will require OQ to leave the Block 30 EPSA, terminate Block 30 Joint Operation Agreement and to assign its participating interest to other Joint Operation Partner. OQEP may subsequently elect to participate in the development by 2024 via the Government back-in right of 30%. Based on the Board resolution and initial agreement interest held under Block 30 was written off. During the year 2022, Block 65 started commercial production and was transferred from E&E assets to Oil and gas assets.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

14. Other property, plant and equipment

	Other property, plant and equipment USD'000	Capital work-in-progress USD'000	Total USD'000
Cost			
As at 1 January 2021	743,706	29,000	772,706
Additions	4,455	167,040	171,495
Transfers	125,159	(125,159)	-
Disposals	(7,109)	-	(7,109)
As at 31 December 2021	866,211	70,881	937,092
As at 1 January 2022	**866,211**	**70,881**	**937,092**
Additions	**7,255**	**24,560**	**31,815**
Transfers	**66,951**	**(66,951)**	**-**
Disposals	**(14,498)**	**-**	**(14,498)**
Assets written off	**(2,956)**	**-**	**(2,956)**
As at 31 December 2022	**922,963**	**28,490**	**951,453**
Accumulated depreciation			
As at 1 January 2021	(361,533)	(5)	(361,538)
Charge for the year (note 9)	(47,143)	-	(47,143)
Impairment	(1,650)	-	(1,650)
Disposal	4,667	-	4,667
As at 31 December 2021	(405,659)	(5)	(405,664)
As at 1st January 2022	**(405,659)**	**(5)**	**(405,664)**
Charge for the year (note 9)	**(50,185)**	**-**	**(50,185)**
Disposal	**12,847**	**-**	**12,847**
As at 31 December 2022	**(442,997)**	**(5)**	**(443,002)**
Carrying amount			
As at 31 December 2022	**479,966**	**28,485**	**508,451**
As at 31 December 2021	460,552	70,876	531,428

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

15. Other intangible assets

	USD'000
Cost	
As at 1 January 2021	23,980
Additions	371
As at 31 December 2021	24,351
As at 1 January 2022	**24,351**
Additions	**8**
Write off	**(4,627)**
As at 31 December 2022	**19,732**
Accumulated amortization	
As at 1 January 2021	(22,686)
Charge for the year (note 9)	(854)
As at 31 December 2021	(23,540)
As at 1 January 2022	**(23,540)**
Charge for the year (note 9)	**(311)**
Write off	**4,627**
As at 31 December 2022	**(19,224)**
Carrying value	
As at 31 December 2022	**508**
As at 31 December 2021	811

Other intangible assets mainly comprise expenditure incurred relating to software and are amortised over 3 - 7 years.

16. Right-of-use asset (ROU) and lease liabilities

The Group has entered into lease arrangements with various counter parties which include arrangements for:

- Drilling and land rigs
- Tankers and other equipment
- Office space and warehouse: rented spaces for office and warehouses
- Vehicles

16. Right-of-use asset (ROU) and lease liabilities *(continued)*

Details of the above right-of-use-of-assets (ROU) are shown below:

	Drilling and land rigs USD'000	Equipment and tankers USD'000	Office space and warehouse USD'000	Vehicles USD'000	Bisat station A USD'000	Total USD'000
Cost						
Balance at 1 January 2021	11,087	7,794	7,374	18,163	13,193	57,611
Additions	904	-	-	2,521	-	3,425
Balance at 31 December 2021	11,991	7,794	7,374	20,684	13,193	61,036
Balance at 1 January 2022	**11,991**	**7,794**	**7,374**	**20,684**	**13,193**	**61,036**
Additions	**-**	**535**	**663**	**8,847**	**-**	**10,045**
Terminations and related adjustments	**-**	**(501)**	**(304)**	**(530)**	**-**	**(1,335)**
Impact of lease modification	**-**		**319**	**789**	**-**	**1,108**
Balance at 31 December 2022	**11,991**	**7,828**	**8,052**	**29,790**	**13,193**	**70,854**
					-	
Accumulated depreciation						
Balance at 1 January 2021	11,087	7,794	1,939	6,805	8,333	35,958
Depreciation for the year	821	-	310	5,687	4,860	11,678
Balance as at 31 December 2021	11,908	7,794	2,249	12,492	13,193	47,636
Balance at 1 January 2022	**11,908**	**7,794**	**2,249**	**12,492**	**13,193**	**47,636**
Depreciation for the year	**83**	**34**	**740**	**6,791**	**-**	**7,648**
Balance at 31 December 2022	**11,991**	**7,828**	**2,989**	**19,283**	**13,193**	**55,284**
Balance at 31 December 2022	**-**	**-**	**5,063**	**10,507**	**-**	**15,570**
Balance at 31 December 2021	83	-	5,125	8,192	-	13,400

The total amortisation expense for the year is allocated to:

	2022 USD'000	2021 USD'000
Oil & Gas properties	-	-
Profit or loss (note 9)	7,648	11,678
	7,648	11,678

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

16. Right-of-use asset (ROU) and lease liabilities *(continued)*

Lease liabilities

	2022 USD'000	2021 USD'000
Maturity analysis - contractual undiscounted cash flow:		
Less than one year	**4,968**	5,653
One to five years	**11,146**	8,298
More than five years	**-**	-
Total undiscounted lease liability at 31 December	**16,114**	13,951
Lease liabilities included in the statement of financial position at 31 December		
Current	**4,968**	5,653
Non-current	**11,146**	8,298
	16,114	13,951

The Group leases several assets including buildings, land, equipment and vehicles. The average lease term is 5 to 10 years (2021: 5 to 8 years).

17. Lease receivable

The lease income recognised in these consolidated financial statements relates to the Supplementary Tariff Agreement (STA) between the Group and the Government of the Sultanate of Oman. The Group has concluded that the STA is an arrangement which contains a lease and has accounted for the investment in the Plant and revenue from the State accordingly. Under the STA the Group constructed, and now operates, the Musandam Gas Plant (the Plant/MGP), located in the Musandam province of Oman. The State directs the Group to make the processing capacity of the Plant available to third parties. The term of the STA is 20 years from the date of first gas processing, which occurred in early 2016, and at the end of the term the assets of the Plant revert to the State. The Group retains substantially no risk in the underlying asset.

The lease payments to be made to the Group from the State under the revised STA which became effective from 1 Jan 2017, comprise of a number of elements, each payable monthly:

- A Capacity Charge of USD 790 million, to allow the Group to recover costs of construction over a 20 year period;
- An Annual Processing Costs (APC) charge, to allow the Group to recover operating costs up to a contractual cap and recognised in profit or loss. A credit is given for any amounts recovered from third parties;
- A Fixed Remuneration Charge, to be paid over 20 years in such a manner to yield an initial internal rate of return to the Group of 7%; and
- Income tax to be paid by the Group.

The lease income is recognized in the statement of profit and loss with an effective interest rate of 9.08%.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

17. Lease receivables *(continued)*

Lease income	2022 USD'000	2021 USD'000
Finance income on the net investment in lease	**60,764**	62,878

The net investment in the lease constitutes the cost of construction of the underlying assets.

Net investment in lease	2022 USD'000	2021 USD'000
As at 1 January	**649,150**	672,451
Repayments	**(25,416)**	(23,301)
As at 31 December	**623,734**	649,150
Presented as		
Current asset	**27,723**	25,416
Non-current asset	**596,011**	623,734
	623,734	649,150

	2022 USD'000	2021 USD'000
Amount receivable under finance lease		
2022	-	86,180
2023	**86,180**	86,180
2024	**86,180**	86,180
2025	**86,180**	86,180
2026	**86,180**	86,180
Remaining	**780,715**	780,714
	1,125,435	1,211,614
Less: unearned finance income	**(501,701)**	(562,464)
Present value of minimum lease payments receivable	**623,734**	649,150

18. Inventories

	2022 USD'000	2021 USD'000
Oil, gas and condensate	**21,311**	5,766
Materials, spares and consumables	**265,799**	248,103
Provision for obsolescence	**(1,466)**	(1,353)
	285,644	252,516

18. Inventories *(continued)*

Provision for obsolescence

Opening balance	**1,353**	1,344
Charge for the year	**113**	9
Closing balance	**1,466**	1,353

19. Trade and other receivables

	2022 USD'000	2021 USD'000
Trade receivables – third parties	**329,366**	229,855
Trade receivables – related parties	**203,679**	264,959
Expected credit loss (ECL)	**(1,508)**	(1,009)
	531,537	493,805
Due from related parties – nontrade	**25,782**	-
Other receivables	**373,274**	168,762
	930,593	662,567

Trade receivables are non-interest bearing and are generally on 15 to 90 day terms.
Other receivables include accrued revenue, receivables from employees and others.

Movements in the Expected credit loss (ECL):	2022 USD'000	2021 USD'000
As at 1 January	**(1,009)**	(774)
Charge during the year	**(499)**	(235)
As at 31 December	**(1,508)**	(1,009)

The aging analysis of trade receivables that were not impaired, is as follows:

	Total USD'000	Not past due USD'000	Less than 90 days USD'000	91 – 270 days USD'000	271 – 360 days USD'000	More than 1 year USD'000
As at 31 December 2022	**531,537**	**455,302**	**71,210**	**4,535**	**-**	**490**
As at 31 December 2021	493,805	452,224	36,903	3,808	750	120

20. Advances and prepayments

	2022 USD'000	2021 USD'000
Advances to employees	**125**	36
Advances to suppliers	**14,419**	31,183
Recoverable deposits	**18**	18
Prepaid expenses	**1,140**	2,724
Others	**2,898**	-
	18,600	33,961

OQ Exploration and Production and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

21. Cash and cash equivalents

	2022 USD'000	2021 USD'000
Cash on hand	**117**	197
Cash at bank	**411,468**	348,625
Cash and cash equivalent	**411,585**	348,822
Restricted cash (note 23)	**30,243**	28,839
	441,828	377,661

Bank balances consists of call and fixed deposits denominated in Rial Omani and carry annual effective interest rate of between 3.80% to 4.50% (2021– 3.80% to 4.50%). These deposits have maturity of 4 to 24 months at the end of the reporting period. However, the Group has the flexibility to liquidate the deposits before the scheduled maturity dates.

The Group deposits cash surpluses only with major banks of high-quality credit standing.

22. Capital and reserves

22.1 Share capital

	2022 USD'000	2021 USD'000
Paid up share capital (250,000 shares of RO 1 (USD 2.597) each)	**650**	650

The shareholding pattern of the Parent Company is as follows:

	2022 %	2021 %
OQ SAOC	**100**	100

22.2 Statutory reserve

As required under the Article 274 of the Commercial Companies Law of the Sultanate of Oman, 10% of the Company's net profit to be transferred to a non-distributable legal reserve until the amount of the legal reserve becomes equal to at least one-third of the Group's issued share capital. This having been achieved, the company discontinued any further transfer.

22.3 Capital reserves

Capital reserve relates to Fair valuation of Block 9 amounting to USD 268 million transferred to the Group by the Government as an equity contribution in 2016.

22. Capital and reserves *(continued)*

22.4 Subordinated loans

As a part of capital management to ensure the business continuity, the Group has arrangements with the Ultimate Holding Company in funding its cash requirements, either through loans and / or other current borrowings.

These are non-interest-bearing loan arrangements which are subordinated and repayable only at the discretion of the Group. Accordingly, these have been classified as equity in the consolidated financial statements. During the year, the Group has repaid USD 500 million (2021: USD 657 millions), in addition, during the year additional loan was given by the Parent Company in the amount of USD 1,110 million (2021: USD 1,898 million). Outstanding amount with respect to these loan is as follows:

	2022 USD'000	2021 USD'000
Non-interest bearing		
Subordinated loan	**2,560,605**	1,950,371

23. Borrowings

	2022 USD'000	2021 USD'000
Long term borrowings of the Parent Company (i)	536,650	840,661
Long term borrowings of Abraj Energy Services SAOC (ii)	248,751	266,912
	785,401	1,107,573
Short term borrowings	48,924	39,808
Current portion of long term loan	307,692	384,615
Borrowings – current portion	356,616	424,423
Borrowings – non-current portion	428,785	683,150
Total borrowings	785,401	1,107,573

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

23. Borrowings *(continued)*

(i) Long term borrowings of the Parent Company

	Effective interest rate	Maturity	**2022 USD'000**	2021 USD'000
PXF facility	3 Month LIBOR + 1.70%	September 2021 – September 2024	538,461	846,154
			538,461	846,154
Less: unamortised financing costs			(3,680)	(5,492)
Less: current portion			(307,692)	(384,615)
Non-current portion			227,089	456,047

As per the Facility Agreement, certain financial institutions advanced the Company, USD 1 billion (the PXF Facility). As per original facility agreement, the advance will be settled in 13 equal quarterly instalments starting from 30 September 2019 to 13 September 2022. During the current year, the Company restructured the facility and extended the term of facility by 2 years. Accordingly, the repayment of the advance will be settled in 13 equal installments starting from 30 September 2021 to 30 September 2024. The Company incurred additional financing cost of USD 7.5 million for the restructuring of facility.

Interest charges and principal repayments are settled through the delivery of crude oil over the period of the arrangement. The Company also has entered into a Forward Sales Agreement and other ancillary contracts with OOCEP PXF 1 B.V. (the Buyer) to physically deliver all of the Group's oil liquid entitlements from Block 60, Block 9, Block 61 and Block 53 to the Buyer. Under the agreement the Buyer will retain cash received from the ultimate sale of oil to fund its debt service obligations and administrative expenses, with the balance being paid to the Company conditional on meeting certain banks covenants. Where the benefits of such retentions are expected to ultimately flow to the Group they are presented as restricted cash (Note 21).

Unamortised Financing costs	**2022 USD'000**	2021 USD'000
At 1 January	5,492	6,732
Amortised	(1,812)	(1,240)
At 31 December	3,680	5,492

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

23. Borrowings *(continued)*

(ii) Long term borrowings of Abraj Energy Services SAOC (Abraj)

Term loans	**Maturity**	**2022 USD'000**	2021 USD'000
Term loan I	Closed	-	45,760
Term loan II	December 2025	56,167	67,401
Term loan III	December 2025	19,475	22,147
Term loan IV	Jun 2029	83,149	93,282
Term loan V	December 2029	51,867	38,806
Term loan VI	November 2025	38,093	-
		248,751	267,396
Less: current portion		(48,925)	(39,808)
Non-current portion		199,826	227,588

Term loans are provided by various commercial banks and some are denominated in US Dollar, others in Omani Rials. The term loans carry interest at LIBOR plus fixed margins and are repayable in variable instalments.

(a) Term loan I

The term loan is fully repaid in March 2022.

(b) Term loan II

The term loan is denominated in Omani Rials the term loan is repayable in 20 quarterly installments. The last instalment is repayable in December 2025. Interest on the term loan is payable at Central Bank of Oman's weighted average interest rate on Deposit (WAIRD) for private sector OMR time deposits Plus fixed margin for the tenure of the loan.

(c) Term loan III

The term loan is denominated in Omani Rials and 60% of the term loan is repayable in 27 quarterly instalments of RO 255,822 each. The 28th final instalment of RO 4.6 million, representing 40% of term loan, is repayable in year 2025. Interest on the term loan is payable on quarterly basis and the interest rates are reset on annual review basis.

(d) Term loan IV

The term loan is denominated in US Dollars. Principal term loan repayment are in eight years as 32 equal quarterly installments. The final maturity of the Facility will be 30 June 2029. Interest on the term loan is payable at 3 months LIBOR plus fixed margin for the tenure of the loan.

(e) Term loan V

In 2021, the Company has availed the term loan, which is denominated in USD to finance the new projects for the purchase of two Rigs and other company assets. The full drawdown will be completed by June 2023. The repayments have commenced in March 2022. The final maturity of the loan will be on December 2029. Interest on the term loan is payable at 3 months LIBOR plus fixed margin for the tenure of the loan. As of 31 December 2022, un-utilised amount of facility is RO 1.89 Mn (USD 4.93Mn).

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

23. Borrowings *(continued)*

Long term borrowings of Abraj Energy Services SAOC (Abraj) *(continued)*

(f) Term loan VI

New term loan acquired during March 2022. The term loan is repaid in 15 quarterly installments. The last instalment is repayable in November 2025. Interest on the term loan is payable at SOFR plus fixed margin for the tenure of the loan

Security terms for the above loans

Securities for the loans are as follows:

- Clean loan with no mortgage / charge on the assets financed.
- Assignment of revenues for the assets financed from the client to the bank.
- Negative lien over the assets financed through management undertaking to the commercial bank.
- Letter of awareness from the shareholders.

24. Employees' end of service benefits

Movement in liability

	2022 USD'000	2021 USD'000
Balance at the beginning of the year	5,684	16,476
Charge for the year (note 7.1.1)	5,143	3,855
Defined benefit obligation actuarial (loss) / gain	1,197	(1,397)
EOSB Other income	-	(303)
Paid during the year	(4,713)	(12,947)
	7,311	5,684

With effective from 1 January 2021, based on the harmonization initiative of OIA and the Group, the Group abolished the policy of providing additional end of service benefits to Omani employees. The amount of outstanding provision was paid to the respective employee during the year resulting in decrease in total outstanding balance.

The Group entities operating in Oman also provide end-of-service benefits to its expatriate employees. End-of-service benefits are in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 and its amendments subject to the completion of a minimum service period. As at 31 December 2021, the amount of obligation is computed by actuarial valuations using the projected unit credit method as per IAS 19. Following are the key assumptions used in the actuarial valuation:

	2022	2021
Discount rate	**6%**	5.5%
Future salary increase	**3%**	3%
Retirement age in years	**60**	60

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

25. Provision for site restoration and abandonment costs

Movement in liability		
Balance at the beginning of the year	99,977	178,981
Reversal	(12,091)	(85,866)
Unwinding of discount (note 8)	8,244	6,862
	96,130	99,977

The Group makes provision for the future cost of site restoration and abandonment oil and gas assets by discounting the future expected cash flows at a pretax rate that reflect current market assessment of the time value of money and the risk specific to the liability. The site restoration and abandonment provision represent the present value of site restoration and abandonment costs relating to oil and gas assets, which are expected to be incurred when the producing oil and gas assets are expected to cease operations. These provisions have been created based on the Group's internal estimates or through the joint venture operator.

Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time.

Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain. The discount rate used in the calculation of the provision as at 31 December 2022 equaled 9% (2021: 7.37%). The outflow of resources from the settlement of provision are expected to occur between 2027 to 2043.

26. Accounts payable and accrued liabilities

	2022 USD'000	2021 USD'000
Accrued expenses	**154,814**	174,295
Trade payables - third parties	**557,657**	222,147
Trade payables - related parties	**35,482**	33,460
Trade payables - operators	**366,382**	130,601
Other payables	**73,635**	67,931
Retention	**1,637**	1,850
	1,189,607	630,284

Trade payables are non-interest bearing and are normally settled on 60- 90 day terms. Other payables are non-interest bearing and have an average term of six months. All accrued expenses are settled within an average term of six months. All retention payables will be settled as per the underlying contracts. Other payables to joint operations partners mainly represent joint expenses that were paid by the joint operations partner, which are non-interest bearing and are normally settled against future cash calls in normal business operation cycle.

27. Financial instruments

Fair values

The management believes that the fair values of financial assets and liabilities are not significantly different from their carrying amounts at the reporting date. Interest bearing loans carry interest at market rates. Non-interest bearing shareholder loans are classified as equity due to their terms and conditions.

Financial risk management

The Group's activities expose it to a variety of financial risks including the effects of changes in market risk, (including foreign exchange risk and interest rate risk) liquidity risk and credit risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors.

The Group's principal financial liabilities comprise accounts payable, borrowings, lease liabilities and intercompany borrowings. The main purpose of these financial instruments is to manage short-term cash flow and raise finance for the Group's capital expenditure programme. The Group's principal financial assets comprise finance lease receivables, trade and other receivables and cash and short-term deposits that arise directly from its operations.

Market risk

Market risk is the risk that changes in market prices, such as foreign currency rates and interest rates will affect the Group's income 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 optimising the return on risk.

Foreign currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Foreign currency risk is minimal as substantially all transactions are either denominated in RO and US Dollars. Since the Omani Rial is pegged to the US Dollar, Management believes that the currency rate fluctuations would have an insignificant impact on the post-tax profit.

Interest rate risk

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). In July 2017, the United Kingdom Financial Conduct Authority ('FCA'), which regulates the London Interbank Offered Rate ('LIBOR'), announced that the interest benchmark would cease after 2021. LIBOR is one of the most common series of benchmark interest rates. LIBOR reforms and expectation of cessation of LIBOR will impact the Group's current risk management strategy and possibly accounting for financial liabilities of USD 538 million.

27. Financial instruments *(continued)*

Financial risk management *(continued)*

Interest rate risk *(continued)*

The Group has exposures to LIBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in the jurisdiction that the Group operates in. The Group anticipates that LIBOR reform will not have a significant impact on its risk management in terms of interest rate risks associated with the Group borrowings.

The OQ Group central treasury team along with the Group management monitors and manages the Group's transition to alternative rates. The team evaluates the extent to which the borrowings contracts reference LIBOR cash flows, whether such contracts will need to be amended as a result of LIBOR reform and how to manage communication about IBOR reform with counterparties. The team reports to the Group's board of directors and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from LIBOR reform.

At 31 December 2022, the Group has USD 538 million LIBOR secured bank loans that will be subject to IBOR reform. In assessing the impact, the Group does not expect any significant modification gain or loss which will arise as a result of the change in the interest rate benchmarks as a result of the amendments expected under these LIBOR reform as these are still under discussion with the Group lenders and the Group has made the following assumptions that reflect its current expectations:

- The floating-rate debt will move to the benchmark adopted during 2022/2023, and the spread will be similar to the spread expected from the current interest rate movements; and
- No other changes to the terms of the term loan are anticipated

The Group is assessing the impact and next steps to ensure a smooth transition from LIBOR to the new benchmark rates.

The Group is exposed to interest rate risk as it borrows funds at floating interest rates. Further, the Group is exposed to interest rate risk on its interest bearing assets (bank deposits). The Group manages interest rate risk by placing deposits for short periods to earn interest at market rates. The management monitors the interest rate risk by setting limits on the interest rate gaps for stipulated periods. At the statement of financial position date, the interest rate risk profile of the Group's interest bearing financial instrument was:

	2022	2021
	USD' 000	USD' 000
Floating rate instruments		
Term loan from commercial banks-net of hedging	785,401	1,107,573

27. Financial instruments *(continued)*

Financial risk management *(continued)*

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

31 December 2022	Carrying amount USD'000	Contractual cashflows USD'000	6 months or less USD'000	6 - 12 months USD'000	1 – 2 years USD'000	More than 2 years USD'000
Interest bearing loans – Company (excluding interest and excluding unamortized finance cost)	538,461	557,961	164,584	160,171	233,206	-
Interest bearing loans – Abraj (excluding interest)	248,751	287,442	31,173	31,173	213,152	11,944
Accounts payable and accrued liabilities	1,189,606	1,189,606	1,189,606	-	-	-
	1,976,818	2,035,010	1,385,364	191,344	446,538	11,944

31 December 2021	Carrying amount USD'000	Contractual cashflows USD'000	6 months or less USD'000	6 - 12 months USD'000	1 – 2 years USD'000	More than 2 years USD'000
Interest bearing loans – Company (excluding interest and excluding unamortized finance cost)	846,153	871,687	161,722	160,329	316,342	233,294
Interest bearing loans – Abraj (excluding interest)	266,912	307,609	25,486	26,295	61,537	194,291
Accounts payable and accrued liabilities	630,284	630,284	630,284	-	-	-
	1,743,349	1,809,580	817,492	186,624	377,879	427,585

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the receivables from customers.

As at 31 December 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

27. Financial instruments *(continued)*

Financial risk management *(continued)*

Credit risk *(continued)*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the receivables from customers.

As at 31 December 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

With respect to credit risk arising from the other financial assets of the Group, including cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

In order to minimise credit risk, the management develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition,	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

Credit risk *(continued)*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amount of financial assets that represents the maximum credit exposure to the Group is:

	2022 USD'000	2021 USD'000
Trade and other receivables (net)	930,593	662,567
Lease receivable	623,735	649,150
Bank balances	441,711	377,464
	1,996,039	1,689,181

To measure the expected credit losses, trade and lease receivables are assessed based on Credit risk characteristics and days past due. Refer to note 19 for an analysis of ageing of trade receivables and note 17 for lease.

Capital management

The Group's policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as return on capital. Also, this includes interest free borrowings obtained from the Ultimate Holding Company and repayable at the discretion of the Group. The primary objective of the Group's capital management is to ensure to support its business continuity and maximise the shareholder value.

28. Contingencies and commitments

Contingent liabilities

At 31 December 2022, the Group has contingent liabilities, consisting of issues of performance bonds and guarantees, totaling USD 55.8 million (2021: USD 22.4 million).

As at 31 December 2022, the Group has contingent liabilities pertaining to legal claims of USD 8.7 million (2021: NIL).

Capital commitments

The Group has the following capital commitments:

	2022 USD'000	2021 USD'000
Capital commitments	920,263	950,060

29 Related party disclosures

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions (other related parties). The Group maintains balances with these related parties which arise in the normal course of business from the transactions which are on mutually agreed terms. Pricing policies and terms of these transactions are approved by the Group's management. Government of Sultanate of Oman (the Government), indirectly owns the Group. The Group has applied the exemptions in IAS 24 related to transactions with the Government and other entities controlled, jointly controlled or significantly influenced by the Government. In this respect, the Group has disclosed certain information, to meet the disclosure requirements of IAS 24, in this note.

The consolidated financial statements of the Group include following wholly owned subsidiaries:

Subsidiary	**Principle activities**	**Country of incorporation**	**Ownership interest (%) 2021**	2020
Abraj Energy Services SAOC	Oilfield services	Sultanate of Oman	**100**	100
OQEP Holding Limited	Exploration and production	Cayman Islands	**100**	100
Abutubul LLC	Exploration and production	Sultanate of Oman	**100**	100
Musandam Gas Plant LLC	Oil and gas processing	Sultanate of Oman	**100**	100
Makarim Gas Development LLC	Exploration and production	Sultanate of Oman	**100**	100
Musandam Oil and Gas Company LLC	Exploration and production	Sultanate of Oman	**100**	100
Almajd Gas Development LLC	Exploration and production	Sultanate of Oman	**99**	99
Almuzn Liquified Natural Gas LLC	Exploration and production	Sultanate of Oman	**99**	99
Alizz Gas Development LLC	Exploration and production	Sultanate of Oman	**99**	99

Balances and transactions with the Ultimate Holding Company

Balances	**2022 USD'000**	2021 USD'000
Subordinated loans	**2,560,605**	1,950,371
Trade payables	**30,161**	26,824
Others receivable (note 19)	**25,782**	104

Transactions	**2022 USD'000**	2021 USD'000
Expenses	-	-
Loans repaid during the year	500,000	657,500

29 Related party disclosures *(continued)*

Entities under common control

OQ Trading

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

Receivable from PXF	**202,137**	264,959
OQ Gas Network		
Trade Payables	**213**	3,923
Oman Oil Company Ltd Bermuda		
Expenses incurred by the Company	**-**	73
Takatuf Oman LLC		
Training and HR consultation fees paid	**-**	2
Oman Oil Company Ltd Bermuda		
Expenses incurred by the Company	**-**	73
Oman Pearls Company Ltd UK		
Expenses incurred by the Company	**-**	31
Oman Oil Marketing Company LLC		
Purchase of fuel and lubes		6,019
Trade payables	2,586	2,713

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in mutually agreed terms. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022, the Group has not recorded any impairment of trade receivables relating to amounts owed by related parties (2021: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

As all key decisions are taken by the joint management company of the Holding Company hence there is no key management person compensation paid during the year. Key management compensation in relation to the Group are recharged through the Corporate charges by the Holding Company.

30 Derivatives

The Parent company uses interest rate swap contracts to manage exposure to interest rate risk resulting from borrowings. These hedges are designated as cash flow hedges.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

The Parent company also engages in hedging activities through the use of currency forward contracts in relation to firm commitments under procurement contracts and transactions for foreign currency divestment proceeds. These hedges are designated as fair value hedges.

Further, the Parent company uses derivative financial instruments ("derivatives") in order to manage exposure to fluctuations in commodity prices arising from its physical commodity business. Trading activities are undertaken sometimes using a range of contract types in combination to create incremental gains by arbitraging prices between markets, locations and time periods.

Within the ordinary course of business the company, routinely enters into sale and purchase transactions for commodities. These transactions are within the scope of IFRS 9 due to the trading nature of the company.

As a result, these physical contracts are treated as derivatives in accordance with IFRS 9. These contracts include pricing terms that are based on a variety of commodities and indices. They are recognised in the consolidated statement of financial position at fair value with movements in fair value recognised in the consolidated statement of profit or loss.

The Company also uses various commodity based derivative instruments to manage some of the risks arising from its normal operating activities that give rise to commodity price exposures. Such instruments include financial forwards, futures and swaps. These are recognised in the Statements of financial position at fair value with movements in fair value recognised in the Statements of comprehensive income.

The company's physical and financial commodity contracts, other those which do not meet the criteria under IFRS 9, are classified as held for trading.

USD'000	Less than 6 months	6 to 12 months	More than 1 year	Total
31 December 2022	**107,692**	**107,692**	**107,692**	**323,076**
31 December 2021	138,462	76,923	323,077	538,462

30 Derivatives *(continued)*

	2022	2021
	USD'000	USD'000

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

Cumulative changes in hedging reserve		
At 1 January	**2,687**	(3,500)
Gain arising on changes in fair value of hedging instruments during the year	**12,063**	6,187
Deferred tax recognised (note 9)	**(2,212)**	-
At 31 December 2022	**12,538**	2,687
Asset / (Liability)		
Non-current portion	**2,256**	2,780
Current portion	**12,494**	(93)
	14,750	2,687

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

31 Interests in joint operations

The Group's interests in joint operations are detailed in note 1. In accordance with these joint operating agreements, in any given year, the Group's entitlement to oil and service fee from each project as specified in each underlying contract will fluctuate depending upon factors including cumulative capital expenditure, inflation and oil prices.

The details of the Group's share of joint operations' assets and liabilities are as follows:

Company name	**% holding**	**Total assets**	**Current assets**	**Total liabilities**	**Current liabilities**	**Net assets**	**Revenue**	**Profit / (loss) for the year**
2022	**%**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Block 53	20	389,259	396,999	(179,561)	(149,441)	209,698	300,732	85,951
Block 9	45	850,660	550,624	(224,837)	(224,837)	625,824	517,715	90,334
Block 61	30	1,301,989	13,777	(1,121,676)	(110,855)	180,313	940,229	611,777
Others (*)	*	291,339	40,125	(53,312)	(283,664)	2,875	80,975	98,559
		2,833,247	1,001,525	(1,579,386)	(768,797)	(1,018,710)	1,839,651	886,621
2021								
Block 53	20	452,668	442,530	(131,320)	(97,983)	321,348	266,147	69,514
Block 9	45	816,909	652,819	(136,360)	(136,360)	680,549	419,191	162,049
Block 61	30	289,777	79,803	(156,445)	(57,406)	133,332	124,511	18,119
Others (*)	*	30,706	21,465	(28,919)	(24,118)	1,787	63,558	(90,653)
		1,590,060	1,196,617	(453,044)	(315,867)	(1,137,016)	873,407	159,029

*Other includes aggregate of interest in Block 10, 42, 47, 48, 52, Karim small field and Rima satellite field. Refer note 1 for Group's interest in these joint arrangements.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

32 Fair value of financial assets and liabilities

The fair value of the financial assets and liabilities approximates their carrying value as stated in the statement of the financial position.

33 Deferred income

An analysis of deferred income is set out below:

	2022 **USD'000**	2021 USD'000
Balance at the beginning of the year	36,527	7,822
Over lifting of oil	3,576	30,577
Abraj deferred income	4,511	5,950
Income received during the year	(36,527)	(7,822)
	8,087	36,527

In line with the Group accounting policy, deferred income is accounted over the firm contract period and accordingly the pertaining to future period is deferred.

34 Subsequent events

Subsequent events are the events and transactions that occurred subsequent to the year end 2022 which are:

1- Abraj shareholders (subsidiary) decided for a secondary sale of the shares of the Company up to 49% of its shareholding through Initial Public Offering (IPO) in MSX. Shares were successfully listed on 14 March 2023.

2- Board of Directors approved the divestment plan of Block 60 up to 50% during the year 2022. Subsequent to the year end, the process to find a suitable buyer has been started and moving fast.

3- Block 10 which was in Exploration and Evaluation assets at reporting date, has started commercial production in Jan 2023.

OQ Exploration and Production LLC and its Subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2022

35 Changes in cash flows from financing activities

	Subordinated loan USD'000	Term loan USD'000	Lease liabilities USD'000
1 January 2022	**1,950,371**	**1,108,113**	**13,948**
Disbursement/ availed during the period	**1,110,234**	**95,209**	**9,672**
Repayments during the period	**(500,000)**	**(419,733)**	**(7,506)**
Borrowing cost incurred during the year	-	-	-
Amortisation of borrowing cost (net) (Note 23)	-	**1,812**	
Lease liability of contract entered during the year	-	-	-
31 December 2022	**2,560,605**	**785,401**	**16,114**
Change in cash flows	**610,234**	**(323,984)**	**2,166**
1 January 2021	710,312	1,338,461	17,112
Disbursement/ availed during the period	1,897,559	67,489	4,344
Repayments during the period	(657,500)	(299,617)	(7,508)
Borrowing cost incurred during the year	-	-	
Amortisation of borrowing cost (net) (Note 23)	-	1,240	
Lease liability of contract entered during the year	-	-	-
31 December 2021	1,950,371	1,108,113	13,948
Change in cash flows	1,240,059	(231,588)	(3,164)

Chapter XXVII
Undertakings

(1) OQ Exploration and Production SAOG (under transformation)

The Board of Directors of the Company jointly and severally hereby confirm that:

- The information provided in this Prospectus is true and complete.
- Due diligence has been taken to ensure that no material information has been omitted, the omission of which would render this Prospectus misleading.
- All the provisions set out in the Securities Law, the CCL and the rules and regulations issued pursuant to them have been complied with.

On behalf of the Board of Directors (Authorised Signatories):

Name	Signature
[●]	Sd/-
[●]	Sd/-

(2) Issue Manager

Pursuant to our responsibilities under the CCL and the SAOG Executive Regulations, we have reviewed all the relevant documents and other material required for the preparation of this Prospectus pertaining to the issue of the shares of the Company.

The Board of Directors of the Company will bear the responsibility with regard to the correctness of the information provided for in this Prospectus, and they have confirmed that they have not omitted any material information from it, the omission of which would render this Prospectus misleading.

We confirm that we have undertaken the due diligence required by our profession with regard to this Prospectus, which was prepared under our supervision and, based on the reviews and discussions with the Company, its directors, officers and other related parties, we confirm the following:

- We have undertaken reasonable due diligence to ensure the information given to us by the Company and included in this Prospectus conforms with the facts in the documents and other material of the Offer.
- To the best of our knowledge and from the information available from the Company, it has not omitted any material information, the omission of which would render this Prospectus misleading.
- This Prospectus and the Offer to which it relates conforms with all the rules and terms of disclosure stipulated for in the Securities Law, the CML Executive Regulations of the Capital Market Law, the prospectus models applied by the FSA, the CCL, the SAOG Executive Regulations and the directives and decisions issued in this regard.

- The information contained in this Prospectus in the Arabic language (and the unofficial translation into the English language) is true, sound and adequate to assist the investor to take the decision as to whether or not to invest in the securities offered.

Issue Manager

Sd/-

[•]

(3) Legal Adviser to OQ Exploration and Production SAOG (under transformation)

The legal adviser whose name appears below hereby confirms that all the procedures taken for the Offer of the securities as described in this Prospectus are in line with the laws and legislations related to the business of the Company and the CCL, the Securities Law and the CML Executive Regulations and directives issued pursuant to them, the requirements and rules for the issue of shares issued by the FSA, the Articles of the Company and the resolutions of the general meeting and Board of Directors of the Company. The Company has obtained all the consents and approvals of the official authorities required to carry out the activities described in this Prospectus.

Legal Adviser to OQ Exploration and Production SAOG (under transformation)

Sd/-

[•]

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Al Maamary, Al Abri & Co.

Appendix 1
GaffneyCline Reserves Report

Gaffney Cline

Petroleum Reserves and Resources Statement for Blocks 9, 10, 11, 47, 48, 53, 60, 61 and 65, Oman as at 30th June 2024

Prepared for

OQ Exploration and Production S.A.O.C.

18th September 2024

Gaffney, Cline & Associates Limited
Second Floor, Building M3
Millennium Centre, Crosby Way
Farnham, Surrey, GU9 7XX
United Kingdom

Tel:+44 (0) 1420 525366

Registered in England
Registration No: 1122740

18th September 2024

Board of Directors
OQ Exploration and Production S.A.O.C.
Muscat Grand Mall
PO Box 26
Postal Code 118, Muscat
Sultanate of Oman

Dear Board of Directors,

Petroleum Reserves and Resources Statement for Blocks 9, 10, 11, 47, 48, 53, 60, 61 and 65, Oman as at 30th June 2024

Introduction

At the request of OQ Exploration and Production S.A.O.C. (OQEP) Gaffney, Cline & Associates Limited (GaffneyCline) has prepared this independent statement of Reserves, Contingent Resources and Prospective Resources of OQEP's assets in Blocks 9, 10, 11, 47, 48, 53, 60, 61 and 65, Oman, with an Effective Date of 30th June 2024.

This Reserves and Resources statement has been prepared for inclusion in a prospectus to be submitted to the Financial Services Authority of Oman in connection with an application for OQEP's shares to be listed on the Muscat Stock Exchange.

GaffneyCline has prepared an independent assessment of OQEP's Reserves and Resources on the basis of a data set of technical and commercial information made available to GaffneyCline by OQEP through June 2024. These data included geoscience data, interpretations and technical reports, historical production, engineering data, development plans, OPEX and CAPEX, as well as commercial information including licence contract terms and commodity prices.

GaffneyCline relied upon, without independent verification, certain information furnished by, or on behalf of, OQEP with respect to the property interests being evaluated, production from such properties, current cost of operations and development, current prices for production, agreements related to current and future operations and sale of production, estimation of taxes, and various other information and data that were accepted as represented.

This Reserves and Resources Statement relates specifically and solely to the subject matter as defined in the scope of work, as set out herein, and is conditional upon the assumptions described herein. The report must be considered in its entirety and must only be used for the purpose for which it was intended.

A glossary of abbreviations is shown in Appendix II.

Licence Summary

OQEP has interests in nine blocks in the onshore area of Oman (Table 1 and Figure 1). OQEP operates Block 60 and Block 48, where it holds a 60% interest, and is a joint venture partner in the remaining seven blocks with working interests varying between 10 and 49%. Licences are covered by Exploration and Production Sharing Agreements (EPSA) and Production Sharing Agreements, with PSA terms, or by Concession Agreements with tax-royalty terms. Three of the licences are currently in the exploration phase. OQEP's joint venture partners include Shell, Eni, Total, Medco, Petrogas, Occidental and BP.

Table 1: Summary of OQEP Licences as at 30th June 2024

Licence Block	OQEP Interest	Contract Expiry Date	Contract Type
Block 9	45%	Dec-30	Exploration and Production Sharing Agreement
Block 10	20%	Dec-50	Concession Agreement
Block 53	20%	Sep-35	Production Sharing Agreement
Block 60(1)	60%	Apr-48	Exploration and Production Sharing Agreement
Block 61	30%	Dec-43	Exploration and Production Sharing Agreement
Block 65	49%	Aug-37	Exploration and Production Sharing Agreement
Block 11	10%	Oct-28(2)	Exploration and Production Sharing Agreement
Block 47	10%	Mar-26(2)	Exploration and Production Sharing Agreement
Block 48(1)	60%	Dec-25(2)	Exploration and Production Sharing Agreement

Notes:

1. OQEP is the Operator.
2. For Blocks 11, 47 and 48, the specified date is the expiry date of the current exploration phase. Following Declaration of Commerciality, the term of the production phase is 15-25 years as stipulated in each block's EPSA.

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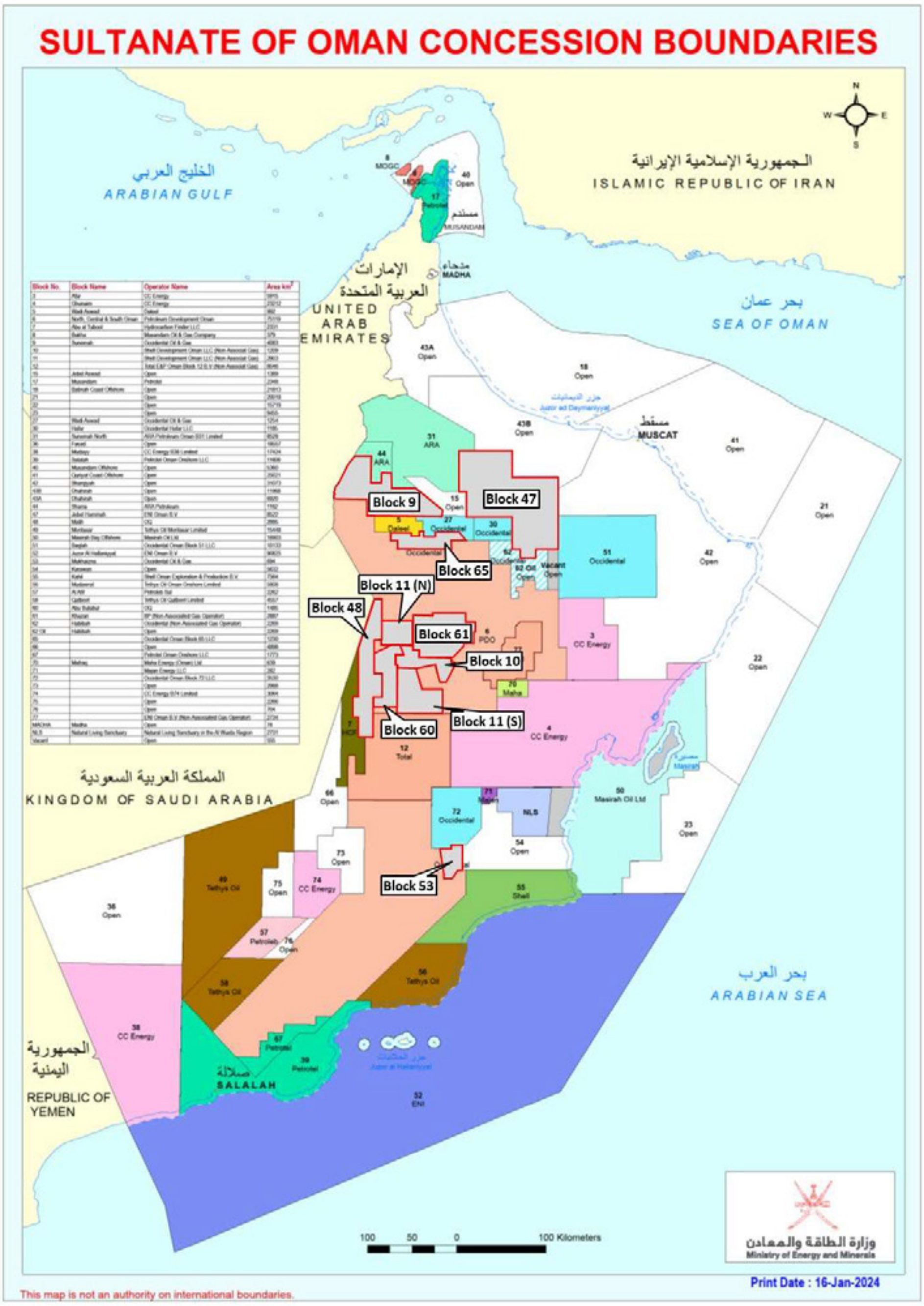
Figure 1: Map of OQEP Licences



Source: OQEP

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Overview of Assets

Block 9 is located in northwest Oman. Oil was first discovered in 1983 and production commenced in 1984. Oil, condensate and gas are produced, with oil being the predominant product. The mature block contains approximately 66 fields (including sub-divisions and satellites) of which 16 are producing fields, with five additional discoveries and a large portfolio of exploration targets.

Block 10 is situated in Central Oman and is a recent carve-out of the large Block 6 area. Production is primarily gas and condensate and the block contains large gas Reserves and Contingent Resources net to OQEP. The main fields are Mabrouk East (MBRE), Mabrouk Northeast (MBRNE), Mabrouk West (MBRW) and Tawf Dahm (TD); which were discovered by PDO in 2017, 2017, 2018 and 1985 respectively. Production started from Block 10 in January 2023 and has ramped up, surpassing 500 MMscfd in Q2 2024.

Block 11 is in the exploration phase and is situated in the north central region of Oman, covering an area of 2,903 km^2. The block is a carve-out of Block 10, which it straddles to the north and south. The northern area (Block 11A) encompasses Jaleel and the southern area (Block 11B) encompasses Manal, Manal Extension and the Eastern Cluster. Block 11 is further located to the east of OQEP's Abu Butabul Field in Block 60 and to the south west of the Khazzan/Ghazeer Fields. A number of discoveries have been made and there is a large portfolio of exploration targets. OQEP has informed GaffneyCline that high gas production rates have been achieved from the Jaleel-3 well, which was stimulated and tested in 2023. The Jaleel discovery is currently undergoing appraisal.

Block 47 is an Exploration Licence located in the interior of Oman, approximately 20 km to the northwest of Block 65. The block was awarded under a Royal Decree (25th March 2020). This immature block has a large portfolio of exploration targets.

Block 48 is an Exploration Licence, Operated by OQEP with 60% interest after divesting 40% to MedcoEnergi in December 2023. It lies immediately to the west of OQEP's other operated licence (Block 60). The licence was originally awarded to OQEP in March 2017. A number of discoveries have been made and OQEP has identified a portfolio of prospects.

Block 53 is located towards the southeast of Oman and contains the mature Mukhaizna Field. Mukhaizna was discovered in 1975 and has been on production since 1992. It is one of the most prolific fields in Oman, producing heavy oil from a low-relief broad anti-cline. Light oil is also being produced from the Thuleilat field, which was discovered in 2015. Block 53 contains large oil Contingent Resources net to OQEP, the primary contingency being more favourable licence terms. There is also a large portfolio of exploration targets.

Block 60 is operated by OQEP with 60% interest after divesting 40% to MedcoEnergi and Medco Daya in December 2023. It is located in the central part of Oman and the two main fields are Bisat and Abu Butabul. Bisat produces oil from the Shuaiba Reservoir and Abu Butabul produces mainly gas and condensates with some oil from the Barik and Miqrat reservoirs. Bisat was discovered in 2014 and production commenced in 2017. Abu Butabul is a mature field which has been in production since 2007. Block 60 contains large oil Reserves net to OQEP and also has a large portfolio of exploration targets.

Block 61 is also located in the central part of Oman, directly to the north of Block 10 and contains the Khazzan and Ghazeer fields, which produce gas and condensate. Production commenced at Khazzan in September 2017 and now includes production from the Barik,

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Miqrat, Amin and Buah reservoirs. Ghazeer produces from the Barik and Miqrat reservoirs. Block 61 contains very large gas Reserves and Contingent Resource net to OQEP, with several major gas expansion and development projects being planned.

Block 65 is a relatively immature block located in the interior of Oman. It currently contains six discovered oil fields, namely Muthriah, Muthriah North, Jenan, Jenan North, Alaa and Mou'sirat. The two main reservoirs are the good quality, oil bearing, conventional Natih and Shuaiba reservoirs. There is considerable upside potential in additional formations such as the Natih E, which is more closely associated with an unconventional resource-type play. The block was declared commercial in September 2022 and since then development has been progressing. Additional prospects have also been identified on the block.

Reserves

Reserves are attributed to future production from existing infrastructure and to approved projects according to the plans provided by OQEP. Proved (1P), Proved plus Probable (2P) and Proved plus Probable plus Possible (3P) Reserves are presented in Table 2 at OQEP company level as liquids (oil and condensate), gas (free and associated) and, at the request of OQEP, as barrels of oil equivalent (Boe). Reserves are reported as Gross Field volumes, and as OQEP Net Entitlement volumes.

Table 2: Summary of Reserves
as at 30th June 2024

Commodity	Gross Field[1]			Net Entitlement[2]		
	1P	2P	3P	1P	2P	3P
Oil and Condensate (MMBbl)	402	725	1,050	83	134	183
Gas (Bscf)	7,517	12,007	15,533	1,368	2,114	2,666
Total (MMBoe)[3]	1,698	2,795	3,728	319	499	642

Notes:

1. Gross (100%) Field volumes are 100% of the volumes estimated to be commercially recoverable from the fields under the existing and intended development plans. The volumes in this table are an aggregation of field volumes in the company portfolio.
2. Net Entitlement Reserves are OQEP's net economic entitlement volumes under the terms of the contract that governs each asset. For PSAs this is equal to OQEP's working interest share of Cost Recovery and Contractor Profit Oil. For Concession Agreements it is equal to OQEP's working interest share of production net of Royalty.
3. GaffneyCline estimates and reports liquid hydrocarbon (oil and condensate) and gas Reserves separately. At the request of OQEP GaffneyCline has also reported liquid and gas Reserves combined in units of barrels of oil equivalent (Boe) using the conversion factor 1 Boe = 5.8 Mscf. This is shown in the table as the Commodity label 'Total (MMBoe)'.
4. Reserves are sales volumes, and exclude volumes consumed in operations (CiO or fuel).

Contingent Resources

Contingent Resources are summarised in Table 3 at OQEP company level as liquids (oil and condensate), gas (free and associated) and, at the request of OQEP, as barrels of oil equivalent (Boe). Contingent Resources are reported as Gross Field volumes and as OQEP Net Working Interest volumes. Net Entitlement Contingent Resources have not been reported because several projects within the company portfolio do not yet have the level of detail for economic evaluations to be carried out. Contingent Resources are sub-classified as Development Pending and Development Unclarified according to project maturity under PRMS (see Appendix I).

Also reported as Contingent Resources are volumes that are potentially recoverable from existing infrastructure and from infrastructure that has been approved for development, but the volumes are not considered economically recoverable under current licence terms and projections of commodity prices. They are associated with projects for which Reserves have been attributed, and comprise those volumes projected to be recoverable after the economic limits have been reached and/or after licence expiry. These volumes are reported as Contingent Resources “Existing and Approved Infrastructure (sub-economic)”. This is not a recognised PRMS sub-class, but it has been used here to account for volumes of oil and gas, portions of which may become economically recoverable in the future, contingent on inter alia, renegotiation of licence terms, and/or licence extension. Contingent Resources in this sub-class comprise principally two groups; 1) technically recoverable sub-economic volumes within licence period, and 2) technically recoverable sub-economic volumes post licence expiry. Additionally, small volumes in the 3C Category that may be economically recoverable after licence expiry under existing licence terms are also included here.

GaffneyCline understands that the Block 53 consortium is in discussions regarding licence terms for Block 53, and portions of the Contingent Resources reported for Block 53 as sub-economic as at the Effective Date of 30th June 2024 could potentially be reclassified as Reserves once new terms have been agreed. The actual quantities that might be reclassified as Reserves will depend on the details of the new terms.

Table 3: Summary of Contingent Resources as at 30th June 2024

(a) Oil & Condensate (Liquids)

Status	Gross Field[1] (MMBbl)			Net Working Interest[2] (MMBbl)		
	1C	2C	3C	1C	2C	3C
Existing and Approved Infrastructure (sub-economic)[5]	336	420	645	117	136	201
Development Pending	235	433	686	83	142	213
Development Unclarified	127	296	684	24	60	156

(b) Gas

Status	Gross Field[1] (Bscf)			Net Working Interest[2] (Bscf)		
	1C	2C	3C	1C	2C	3C
Existing and Approved Infrastructure (sub-economic)[5]	1,042	1,598	4,101	278	488	1,262
Development Pending	3,902	7,766	11,630	1,185	2,348	3,511
Development Unclarified	1,574	4,137	9,229	304	864	2,143

(c) Oil, Gas & Condensate[6]

Status	Gross Field[1] (MMBoe)			Net Working Interest[2] (MMBoe)		
	1C	2C	3C	1C	2C	3C
Existing and Approved Infrastructure (sub-economic)[5]	516	696	1,352	165	220	419
Development Pending	908	1,772	2,691	287	547	818
Development Unclarified	398	1,009	2,275	77	209	526

Notes:

1. Gross Field Contingent Resources are 100% of the volumes estimated to be recoverable from the fields in the event that they are developed according to the intended development options. The volumes in this table are an aggregation of field volumes in the company portfolio.
2. Net Working Interest Contingent Resources in this table are OQEP's working interest fraction of the Gross Field Contingent Resources; they do not represent OQEP's actual net entitlement under the terms of contracts that governs the assets, which would be lower.
3. The volumes reported here are "unrisked" in the sense that no adjustment has been made for the risk that the project may not go ahead in the form envisaged or may not go ahead at all (i.e., no "Chance of Development" (Pd) factor has been applied).
4. Contingent Resources should not be aggregated with Reserves because of the different levels of risk involved. Likewise different maturity sub-classes of Contingent Resources should not be aggregated because of the different types and levels of risk involved.
5. "Existing and Approved Infrastructure (sub-economic)" Contingent Resources are volumes estimated to be technically recoverable from existing projects for which Reserves have been attributed, but do not meet minimum economic criteria for PRMS classification as Reserves.
6. GaffneyCline estimates and reports liquid hydrocarbon (oil and condensate) and gas Contingent Resources separately. At the request of OQEP GaffneyCline has also reported liquid and gas Contingent Resources combined in units of barrels of oil equivalent (Boe) using the conversion factor 1 Boe = 5.8 Mscf.

Prospective Resources

Large Prospective Resources portfolios have been derived in OQEP's operated Blocks (Block 60 and Block 48) and the majority of the Joint Venture Blocks (Block 09, Block 11, Block 47, Block 53 and Block 65). GaffneyCline has performed an independent review of the Prospective Resources for OQEP in Oman.

The total prospective portfolio identified within the operated and joint venture blocks is large, comprising more than 356 individual prospects, across a range of stratigraphic intervals. The current volumetric estimates of Gross Prospective Resources suggest that oil prone prospects typically vary from 0.2 MMBbl for the Low Case (1U) to 10 MMBbl for the High Case (3U). There are also a few oil prone prospects that are much bigger than the typical prospects. The largest of the oil prone prospects are estimated to potentially contain in excess of 50 MMBbl in the Best Case (2U).

The current estimates of Gross Prospective Resources for gas (free gas and associated gas) suggests that gas prone prospects typically range from 1 to 2 Bscf at the Low Case (1U) to 20 Bscf at the High Case (3U). There are also a few gas prone prospects that are much bigger than the typical prospects. The largest of the gas prone prospects are estimated to contain in excess of 100 Bscf in the Best Case (2U).

OQEP has also provided an estimate of the Chance of Geologic Discovery (Pg) for each of the prospects. This represents an indicative estimate of the probability that drilling the prospect would result in a discovery. This does not include any assessment of the risk that the discovery, if made, may not be developed [i.e., it does not include a Chance of Development (Pd)]. The Pg estimates provided for the prospective portfolio typically range from 20% to 50%. GaffneyCline has also reviewed the Pg estimates and, overall the Pg values provided seem reasonable. Prospects that are associated with well-known plays or are on trend with existing discoveries tend to be associated with lower risks. Prospects that are associated with immature plays or are long distances from other discoveries are generally associated with higher risks.

Economic Analysis

Estimates of CAPEX, OPEX and ABEX have been provided by OQEP in the form of business plans and five-year Work Plan and Budgets (WP&B). GaffneyCline has reviewed and, in general, adopted the estimates provided in OQEP's business plan. Where CAPEX differences have been observed between the estimates provided in the WP&B and the business plan, the WP&B figures have been incorporated in the GaffneyCline cost profiles. The GaffneyCline cost profiles include adjustments to the OQEP OPEX estimates to account for estimated differences in the variable element of the OPEX, consistent with the GaffneyCline Low, Best and High case production forecasts.

GaffneyCline has conducted an Economic Limit Test (ELT) for the Low, Best and High production and cost forecasts to assess Proved, Proved plus Probable and Proved plus Probable plus Possible Reserves respectively. The economic limit (or economic cut-off) is defined as the time when the maximum cumulative net cash flow occurs for a project. For a PSA, the economic limit is determined by the contractor's net cashflows comprising cost recovery and profit share. GaffneyCline has employed the PSA terms to derive the net cashflows and OQEP's Net Entitlement Reserves.

These assessments have been based upon GaffneyCline's understanding of the fiscal and contractual terms governing these assets. GaffneyCline has used its own price scenario for Brent crude oil for the economic calculations.

Basis of Opinion

This document reflects GaffneyCline's informed professional judgment based on accepted standards of professional investigation and, as applicable, the data and information provided by OQEP or obtained from other sources (e.g., public domain), the limited scope of engagement, and the time permitted to conduct the evaluation.

In line with those accepted standards, this document does not in any way constitute or make a guarantee or prediction of results, and no warranty is implied or expressed that the actual outcome will conform to the outcomes presented herein. GaffneyCline has not independently verified any information provided by, or at the direction of, OQEP or obtained from other sources (e.g., public domain), and has accepted the accuracy and completeness of these data. GaffneyCline has no reason to believe that any material facts have been withheld, but does not warrant that its inquiries have revealed all of the matters that a more extensive examination might otherwise disclose.

The opinions expressed herein are subject to and fully qualified by the generally accepted uncertainties associated with the interpretation of geoscience, engineering and commercial data and do not reflect the totality of circumstances, scenarios and information that could potentially affect decisions made by the report's recipients and/or actual results. The opinions and statements contained in this report are made in good faith and in the belief that such opinions and statements are representative of prevailing physical and economic circumstances.

In the preparation of this report, GaffneyCline has used definitions contained within the Petroleum Resources Management System (PRMS), which was approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts, and the European Association of Geoscientists and Engineers in June 2018, Version 1.03 (Appendix I).

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas resources assessments must be recognized as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way. Estimates of oil and gas resources prepared by other parties may differ, perhaps materially, from those contained within this report.

The accuracy of any resources estimate is a function of the quality of the available data and of engineering and geological interpretation. Results of drilling, testing and production that post-date the preparation of the estimates may justify revisions, some or all of which may be material. Accordingly, resources estimates are often different from the quantities of oil and gas that are ultimately recovered, and the timing and cost of those volumes that are recovered may vary from that assumed.

Oil and condensate volumes are reported in millions (10^6) of barrels at stock tank conditions (MMBbl). Natural gas volumes have been quoted in billions (10^9) of standard cubic feet (Bscf) and are volumes of sales gas, after an allocation has been made for fuel and process shrinkage losses. Standard conditions are defined as 14.7 psia and 60°F.

GaffneyCline's review and audit involved reviewing pertinent facts, interpretations and assumptions made by OQEP or others in preparing estimates of reserves and resources. GaffneyCline performed procedures necessary to enable it to render an opinion on the appropriateness of the methodologies employed, adequacy and quality of the data relied on, depth and thoroughness of the reserves and resources estimation process, classification and categorization of reserves and resources appropriate to the relevant definitions used, and reasonableness of the estimates. Where appropriate GaffneyCline prepared an independent assessment of the reserves and resources based on data and interpretations provided by OQEP.

Definition of Reserves and Resources

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: discovered, recoverable, commercial and remaining (as of the evaluation's effective date) based on the development project(s) applied.

Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status. All categories of reserves volumes quoted herein have been derived within the context of an economic limit test (ELT) assessment (pre-tax and exclusive of accumulated depreciation amounts) prior to any net present value (NPV) analysis.

Contingent Resources are those quantities of petroleum estimated, as of a given date, 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. Contingent Resources may include, for example, projects for which there are currently no viable markets, where commercial recovery is dependent on technology under development, where evaluation of the accumulation is insufficient to clearly assess commerciality, where the development plan is not yet approved, or where regulatory or social issues may exist. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the economic status.

It must be appreciated that the Contingent Resources reported herein are unrisked in terms of economic uncertainty and commerciality. There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources. Once discovered, the chance that the accumulation will be commercially developed is referred to as the "chance of development".

Prospective Resources are those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Potential accumulations are evaluated according to the chance of geologic discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.

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There is no certainty that any portion of the Prospective Resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. Prospective Resource volumes are presented as unrisked.

Reserves net to OQEP are quoted as Net Entitlement Reserves, reflecting the terms of the applicable Production Sharing Agreement or Concession Agreement, as appropriate. Contingent Resources are presented at a gross field level and a net working interest level, as the development plans are not yet sufficiently mature for net entitlements to be estimated.

GaffneyCline has not undertaken a site visit and inspection because it was not included in the scope of work and not considered necessary for the purpose of this report. As such, GaffneyCline is not in a position to comment on the operations or facilities in place, their appropriateness and condition, or whether they are in compliance with the regulations pertaining to such operations. Further, GaffneyCline is not in a position to comment on any aspect of health, safety, or environment of such operation.

This report has been prepared based on GaffneyCline's understanding of the effects of petroleum legislation and other regulations that currently apply to these properties.

GaffneyCline is not aware of any carbon pricing impost that is applicable to the evaluation of the assets that are the subject of this report.

GaffneyCline is not in a position to attest to property title or rights, conditions of these rights (including environmental and abandonment obligations), or any necessary licenses and consents (including planning permission, financial interest relationships, or encumbrances thereon for any part of the appraised properties).

GaffneyCline is not aware of any potential changes in regulations applicable to these fields that could affect the ability of OQEP to produce the estimated reserves and resources.

Qualifications

GaffneyCline is an independent international energy advisory group of more than 60 years' standing, whose expertise includes petroleum reservoir evaluation and economic analysis.

In performing this study, GaffneyCline is not aware that any conflict of interest has existed. As an independent consultancy, GaffneyCline is providing impartial technical, commercial, and strategic advice within the energy sector. GaffneyCline's remuneration was not in any way contingent on the contents of this report.

In the preparation of this document, GaffneyCline has maintained, and continues to maintain, a strict independent consultant-client relationship with OQEP. Furthermore, the management and employees of GaffneyCline have no interest in any of the assets evaluated or are related with the analysis performed, as part of this report.

Staff members who prepared this report hold appropriate professional and educational qualifications and have the necessary levels of experience and expertise to perform the work.

The team was led by Thomas Hancock, Senior Advisor, who has 18 years' industry experience. He holds a B.Sc. in Geology and Ocean Sciences from the University of Plymouth, UK and an M.Sc. in Petroleum Geoscience from Royal Holloway, UK. He is a member of the Royal Geological Society.

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The report was reviewed by Dr. Shane Hattingh, Technical Director, Reservoir Engineering, who has 39 years' industry experience. He holds an M.Sc. in Physics from the University of Natal, South Africa and a Ph.D. in Applied Mathematics from the University of Cape Town, South Africa. He is a United Kingdom chartered scientist and is member of the Society of Petroleum Engineers and of the Society of Petroleum Evaluation Engineers.

It has been a pleasure preparing this Reserves and Resources Statement for OQ Exploration and Production S.A.O.C.

Yours sincerely,

Gaffney, Cline & Associates Limited

Project Manager
Tom Hancock, Senior Advisor

Project Reviewer
Shane Hattingh, Technical Director

Appendix I
SPE PRMS Definitions

OQ Exploration and Production S.A.O.C.
18th September 2024

Gaffney Cline

**Society of Petroleum Engineers, World Petroleum Council,
American Association of Petroleum Geologists, Society of Petroleum Evaluation Engineers,
Society of Exploration Geophysicists, Society of Petrophysicists and Well Log Analysts,
and European Association of Geoscientists & Engineers**

Petroleum Resources Management System

Definitions and Guidelines ([1])

Revised 2018 (v. 1.03)

Table 1—Recoverable Resources Classes and Sub-Classes

Class/Sub-Class	Definition	Guidelines
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.	Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the development and production status. To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability (see Section 2.1.2, Determination of Commerciality). This includes the requirement that there is evidence of firm intention to proceed with development within a reasonable time-frame. A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where, for example, development of an economic project is deferred at the option of the producer for, among other things, market-related reasons or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented. To be included in the Reserves class, there must be a high confidence in the commercial maturity and economic producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.

[1] These Definitions and Guidelines are extracted from the full Petroleum Resources Management System (revised 2018 (v. 1.03)) document.

Class/Sub-Class	Definition	Guidelines
On Production	The development project is currently producing or capable of producing and selling petroleum to market.	The key criterion is that the project is receiving income from sales, rather than that the approved development project is necessarily complete. Includes Developed Producing Reserves. The project decision gate is the decision to initiate or continue economic production from the project.
Approved for Development	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is ready to begin or is under way.	At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies, such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget. The project decision gate is the decision to start investing capital in the construction of production facilities and/or drilling development wells.
Justified for Development	Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.	To move to this level of project maturity, and hence have Reserves associated with it, the development project must be commercially viable at the time of reporting (see Section 2.1.2, Determination of Commerciality) and the specific circumstances of the project. All participating entities have agreed and there is evidence of a committed project (firm intention to proceed with development within a reasonable time-frame}) There must be no known contingencies that could preclude the development from proceeding (see Reserves class). The project decision gate is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, 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.	Contingent Resources may include, for example, projects for which there are currently no viable markets, where commercial recovery is dependent on technology under development, where evaluation of the accumulation is insufficient to clearly assess commerciality, where the development plan is not yet approved, or where regulatory or social acceptance issues may exist. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the economic status.

Class/Sub-Class	Definition	Guidelines
Development Pending	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.	The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g., drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time-frame. Note that disappointing appraisal/evaluation results could lead to a reclassification of the project to On Hold or Not Viable status. The project decision gate is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.
Development on Hold	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.	The project is seen to have potential for commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a probable chance that a critical contingency can be removed in the foreseeable future, could lead to a reclassification of the project to Not Viable status. The project decision gate is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.
Development Unclarified	A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information.	The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are ongoing to clarify the potential for eventual commercial development. This sub-class requires active appraisal or evaluation and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity and economic production.
Development Not Viable	A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time because of limited commercial potential.	The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions. The project decision gate is the decision not to undertake further data acquisition or studies on the project for the foreseeable future.
Prospective Resources	Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.	Potential accumulations are evaluated according to the chance of geologic discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.

Class/Sub-Class	Definition	Guidelines
Prospect	A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.	Project activities are focused on assessing the chance of geologic discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.
Lead	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the Lead can be matured into a Prospect. Such evaluation includes the assessment of the chance of geologic discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.
Play	A project associated with a prospective trend of potential prospects, but that requires more data acquisition and/or evaluation to define specific Leads or Prospects.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific Leads or Prospects for more detailed analysis of their chance of geologic discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

Table 2—Reserves Status Definitions and Guidelines

Status	Definition	Guidelines
Developed Reserves	Expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-producing.
Developed Producing Reserves	Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate.	Improved recovery Reserves are considered producing only after the improved recovery project is in operation.
Developed Non-Producing Reserves	Shut-in and behind-pipe Reserves.	Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.
Undeveloped Reserves	Quantities expected to be recovered through future significant investments.	Undeveloped Reserves are to be produced (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

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Table 3—Reserves Category Definitions and Guidelines

Category	Definition	Guidelines
Proved Reserves	Those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations.	If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data. In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the LKH as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves. Reserves in undeveloped locations may be classified as Proved provided that: A.The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially mature and economically productive. B. I nterpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.

Category	Definition	Guidelines
Probable Reserves	Those additional Reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.	It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.
Possible Reserves	Those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves.	The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability (P10) that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of economic production from the reservoir by a defined, commercially mature project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.
Probable and Possible Reserves	See above for separate criteria for Probable Reserves and Possible Reserves.	The 2P and 3P estimates may be based on reasonable alternative technical interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects. In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area. Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing faults until this

Category	Definition	Guidelines
		reservoir is penetrated and evaluated as commercially mature and economically productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources. In conventional accumulations, where drilling has defined a highest known oil elevation and there exists the potential for an associated gas cap, Proved Reserves of oil should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.

Figure 1.1—Resources classification framework

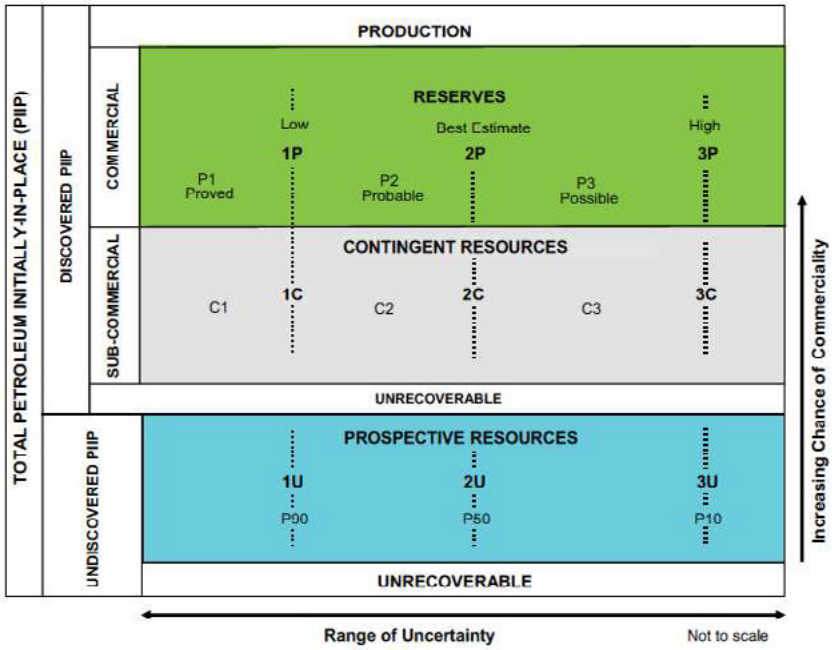
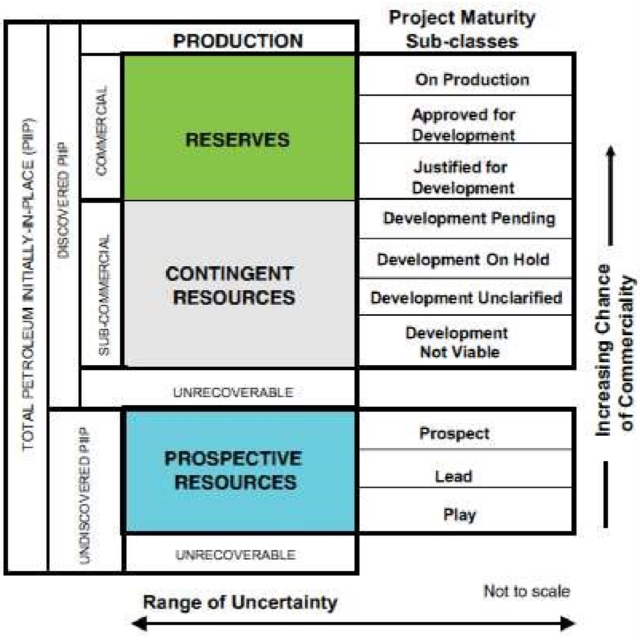


Figure 2.1—Sub-classes based on project maturity



Appendix II
Glossary

GLOSSARY

Standard Oil Industry Terms and Abbreviations

ABEX	Abandonment expenditure
Bbl	Barrels
Boe	Barrels of oil equivalent
Bscf	Billion standard cubic feet
CAPEX	Capital expenditure
CiO	Consumed in Operations
ELT	Economic limit test
FDP	Field development plan
EPSA	Exploration and Production Sharing Agreement
km	Kilometres
km^2	Square kilometres
LKH	Lowest known hydrocarbons
m	Metres
m^3	Cubic metres
Mscf	Thousand standard cubic feet
MM	Million
MMBbl	Millions of barrels
MMBoe	Millions of barrels of oil equivalent
MMscfd	Millions of standard cubic feet per day
NPV	Net Present Value
OPEX	Operating expenditure
%	Percentage
Pd	Chance of Development
Pg	Chance of Geologic Discovery
PRMS	Petroleum Resources Management System
PSA	Production sharing agreement
psia	Pounds per square inch absolute
P10	Value with a 10% probability of being exceeded
P90	Value with a 90% probability of being exceeded
Q1, Q2, Q3, Q4	First, second, third and fourth quarters (of the year)
scf	Standard cubic feet
SPE	Society of Petroleum Engineers
US$	United States Dollar
WI	Working interest
WP&B	Work Plan and Budget
WPC	World Petroleum Council
1C	Low estimate of Contingent Resources
2C	Best estimate of Contingent Resource
3C	High estimate of Contingent Resources
1P	Proved Reserves
2P	Proved plus Probable Reserves
3P	Proved plus Probable plus Possible Reserves
1U	Low Estimate of Prospective Resources
2U	Best Estimate of Prospective Resources
3U	High Estimate of Prospective Resources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