OQEP

Annual Report 2024

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Table of Content

Introduction

OQ Exploration and Production SAOG (OQEP) is the Sultanate of Oman's largest pure-play oil and gas exploration and production company. OQEP holds a unique position in the industry as the only upstream oil and gas operator owned by the Government of Oman.We are proud to be the partner of choice for International Oil Companies (IOC) looking to enter the Omani market. We have successfully fostered joint venture partnerships with 13 marquee global industry leaders. Our portfolio includes 14 high-quality upstream oil and gas exploration and production assets, both onshore and offshore, making us a significant player in maximizing Oman's energy resources. Our operations are guided by health, safety, security, and environmental stewardship principles, which drive our success. At OQEP, we strive to leverage advanced technologies to continuously optimize and enhance performance, ensuring top-quartile returns and a commitment to achieving net-zero emissions by 2050.

OQEP's commitment to excellence is reflected in our role in driving economic progress aligned with Oman Vision 2040 while balancing sustainability and ESG priorities.

Ashraf Al Mamari

OQEP Chairman

Message

On behalf of the Board of Directors of OQ Exploration and Production (OQEP), I am delighted to present OQEP's first Annual Report for 2024. This year has been a landmark for OQEP, as we have proudly enlisted on the Muscat Stock Exchange and marked the largest Initial Public Offering IPO in the history of Oman. The success of the IPO has positioned us for a future of growth and innovation. The IPO has not only strengthened our financial foundation but also broadened our investor base, welcoming new stakeholders who share our vision for the future.

OQEP remains a key asset, contributing to Oman's total oil, gas, and condensate production. Our commitment to maintaining a low-cost operating model has enabled us to achieve optimal operating costs and drive substantial Adjusted Free Cash Flow, outperforming industry peers.

Since 2009, OQEP has been the sole entity designated by the Government to exercise its participation rights in new oil and gas developments in Oman. Our strategic partnerships with global oil and gas International oil Companies (IOC) such as BP, Shell, Medco, Eni, Petronas, and OXY underscore our reputation as a preferred partner of choice in the industry. These collaborations have been instrumental in advancing our strategic goals and enhancing our operational capabilities as we grew our portfolio.

Looking ahead, OQEP is focused on several strategic goals:

- Expanding our exploration and production activities to unlock new Future horizons and enable new resources and maximize resource utilization.
- Enhancing our technological capabilities to improve efficiency and sustainability in our operations while increasing efficiency and sustainability.
- Strengthening our commitment to In-Country Value (ICV) by increasing investments in local SMEs and supporting the Government's Omanization strategy. Investing in our people and attracting top talent to drive growth and innovation.

We are also pleased to welcome our new investors and board members, whose expertise and insights will be strongly valued as we navigate the future. Their contributions will be crucial in driving OQEP's strategic initiatives and achieving our long-term objectives. In conclusion, I extend my sincere gratitude to the Government of the Sultanate of Oman under His Majesty Sultan Haitham bin Tariq for its continued support, our shareholders for their trust, and our employees for their dedication. Together, we will continue to build on our successes and contribute to a more prosperous and sustainable future for Oman, in alignment with Oman Vision 2040.

Ahmed Al Azkawi

OQEP, CEO

Message

I am delighted to present OQEP's first Annual Report to our stakeholders. This report highlights our strategic vision, financial and operational performance, and our unwavering commitment to sustainability. This year we have also witnessed the launch of OQEP's new brand identity and our successful enlistment on the Muscat Stock Exchange. 2024 has been marked by significant challenges and notable achievements, and we are pleased to share this journey with you. Over the past 15 years, OQEP has experienced exceptional growth, leading to the average daily production rate of 227,800 barrels of oil equivalent per day (boepd) in 2024 and establishing OQEP's role as a key economic contributor in Oman. By leveraging innovative technologies, focusing on operational excellence, and drawing on our established expertise, we have consistently reduced drilling time, operating costs, and accelerated well construction timelines. A portion of this production comes from our joint venture partnerships, which exemplifies the strength of our collaborative approach in optimizing efficiency and resource development.

Investment in new technological advancements reinforces OQEP's position as a leader in the exploration and production sector. Our success in Block 60 exemplifies our capability in exploration, commercialization, and development as we continue to achieve significant improvements in technical and commercial performance within hydrocarbon exploration and production.

OQEP continues to make significant progress in expansion projects within Musandam and Block 60, reinforcing its commitment to operational excellence and long-term value creation. The Musandam Gas Depletion Compression Project was completed ahead of time and safely, while Bisat-C Expansion Project Bisat Permanent Power Project in Block-60 are progressing as planned and expected to be completed by Q3 2025. Bisat Permanent Power Project will provide reliable source of power and eliminate the inhouse power generation in Block-60 which significantly reduce the carbon emission.

At the same time, our exploration activities in 2024 further highlight OQEP's growth potential. Two successful exploration wells targeting the Upper Gharif reservoir were drilled, significantly boosting production and paving the way for a rapid development project set to begin in 2025. Additionally, the completion of 3D WAZ seismic processing, coupled with ongoing interpretation efforts, is expected to unlock new opportunities within Block 60, strengthening its long-term value. Through our continued focus on efficiency, innovation, and collaboration, OQEP remains dedicated to driving progress and delivering sustainable success for all stakeholders.Aligned with Oman's Vision 2040, our strategic objectives aim to not only monetize the country's hydrocarbon resources but also support the energy transition. With sustainability at the core of our operations, OQEP boasts one of the lowest emission intensity ratios globally, currently at 14.3 KgCO2e/boe in Block 60. We are steadfast in our commitment to reducing emissions and achieving net-zero by 2050.

As a part of our sustainability initiatives, we partnered with TotalEnergies in 2024 to build Marsa Bunkering LNG plant which encompasses renewable power generation alongside its upstream gas production and downstream gas liquefaction operations. A 300MWp (700 GWh/y) solar plant will be built to supply 100% of the Marsa LNG plant and which will be entirely driven by electricity. Accordingly, the plant compensates 100% of its greenhouse gas (GHG) emissions making it the lowest GHG emissions intensity LNG plant ever built worldwide.Central to our sustainability initiatives is stimulating the local economy through talent development, enhancing our contributions to In-Country Value, and supporting our Corporate Social Investment (CSI) projects. OQEP places great importance on social investment in Musandam. Since 2020, we have implemented projects worth over RO 4 million, focusing on urban, environmental, and tourism-related developments. The establishment of Dibba Archaeological Visitor Centre represents our most recent initiative in Musandam.I extend my heartfelt gratitude to OQEP's employees, our most valuable asset. Their dedication and ongoing efforts have been instrumental in achieving numerous milestones. At OQEP, we are committed to enhancing our employees' skills through training and development programs, empowering them to succeed in their careers. In closing, I would like to express my sincere gratitude to the Board of Directors for their steadfast support, and to our new investors following the IPO for the trust they have placed in OQEP. Together, we are well-positioned to drive a prosperous future for OQEP and the Sultanate of Oman.

Corporate Governance Report

Governance Report for Annual Report

In 2024, OQEP transitioned from a Limited Liability Company (LLC) to a closed joint-stock company (SAOC) and subsequently to a public joint-stock company (SAOG). Following this transition, the shareholders elected the Board of Directors to oversee the company's governance and strategic direction. After the successful listing of OQEP on the market, the shareholders expanded the Board by appointing two additional members to strengthen its leadership further. The Board, as currently constituted, will serve for the upcoming term, ensuring stability and continuity in guiding the company's growth and compliance with regulatory requirements.

The governance report provides a comprehensive overview of the corporate governance practices, board composition, committee activities, and stakeholder engagement policies in compliance with the regulatory requirements outlined by the Financial Services Authority and Commercial Companies Law

This report demonstrates the Company's dedication to maintaining high governance standards, fostering transparency, and aligning with the best practices prevalent in Oman's energy sector. Additionally, the report highlights the Company's commitment to environmental sustainability and social responsibility, consistent with Oman's Vision 2040.

Board of Directors

- **Composition:**

  The Board comprises seven directors, including four independent members, in compliance with theFinancial Services Authority's Code of Governance. Members were elected at the Constitutive General Meeting on 9 July 2024, for a term of three years.

- **Profiles:**

  The Board members bring a wealth of expertise across energy, finance, and management sectors, ensuring strategic oversight and operational excellence.

Ashraf Al Mamari

Chairman of the Board and Group Chief Executive Officer at OQ, with nearly 20 years of experience in energy sector leadership roles. He holds a Bachelor's degree in General Management from Sultan Qaboos University and is pursuing a DBA at Coventry University (UK)

Abdulwahhab Al Hinai

Deputy Chairman, a legal expert with over 20 years of regulatory and legal experience. He holds an LLM from King's College London and an MBA from the University of Strathclyde.

Aflah Al Lawati

An independent director specializing in corporate finance and risk management. He has 17 years of experience and holds a BSc in Commerce from the University of Northern British Columbia and an Executive Diploma in Strategic Management from CMI (UK).

Dr. Sulaiman Al Toubi

A seasoned executive with over 44 years of experience, including leadership in oil and gas development and production. He holds a DBA from Liverpool John Moores University.

Alwaleed Rashid Awadh Al Shukaili

Board Member with 21 years of experience in Oman's energy sector. He holds a Master's degree in Petroleum Engineering from Heriot-Watt University.

Khalid Al Kamyani

Khalid Al Kamyani is a distinguished finance professional with a robust background in investment banking and Islamic finance. Khalid holds a Master of Science Degree with Distinction from the University of Reading, Henley Business School, ICMA Centre, UK.

Intisar Al Kindi

Intisar Al Kindi is a distinguished professional with over 30 years of technical and leadership experience in the oil and gas industry, both in Oman and internationally. Intisar holds a Master's degree in Petroleum Geology from Imperial College, London, and a Bachler in Geology from Tulsa University, USA.

OQEP

Roles and Responsibilities:

The Board oversees management's performance, ensures adherence to regulatory standards, and provides strategic guidance to sustain long-term value creation.

Election of Board of Board Members:

The Board of Directors of OQEP is appointed through a transparent election process conducted during the Annual/Ordinary General Meeting, adhering to direct and confidential ballot principles. This procedure ensures that each shareholder exercises voting rights proportionate to their shareholding, allowing for either a unified allocation of votes towards a single nominee or a distribution across several nominees, with the caveat that the total votes cast do not exceed their share ownership. The election outcome, based on the highest number of votes received, exemplifies a commitment to a democratic selection process, with elected nominees assuming their roles on the Board for a designated term of three years.

This tenure is marked by a committed dedication to the shareholders, to whom the Board is primarily accountable. The Board's responsibilities include providing detailed reports at the Annual General Meeting (AGM) or any specially convened shareholder meetings, reflecting a transparent approach to corporate governance. These meetings, announced in advance along with comprehensive agenda notes, ensure robust participation and foster meaningful dialogue among the shareholders. In these meetings, the attendance of all Board Members is expected, which reinforces open communication channels between the Board, the shareholders, and OQEP's Senior Management.

Criteria for Board Membership:

Nominees for Board membership are subject to rigorous criteria outlined by the Commercial Companies Law (CCL), the Governance Code, and Article 115 of the SAOG Executive

- 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 same company to which he is a candidate for membership of its board of directors.
- Not be convicted of a felony or dishonorable crime or adjudicated as bankrupt or insolvent unless rehabilitated.
- Not having caused the 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 acknowledgement that he will lose his membership if he loses his independence capacity.
- Not be a director in more than four (4) public joint-stock companies based in the Sultanate of Oman once appointed to the board in question. He may not be the Chairman of the board of more than two (2) companies.
- 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.

These qualifications ensure that Board Members possess the necessary integrity, experience, and commitment to uphold the Company's Governance standards and contribute to its strategic vision. The selection process adheres to strict compliance measures, ensuring that the Board comprises individuals capable of overseeing OQEP's operations and long-term growth in alignment with its business objectives and regulatory requirements.

Board of Meeting

Frequency

The Board convened quarterly during the fiscal year, with additional ad hoc meetings as needed to address urgent matters

Attendance

Attendance records reflect full participation by all members, demonstrating the Board's commitment to fulfilling their fiduciary duties

Board Meeting	Date	Ashraf Al Mamari	Al Walid Al Shukaili	Sulaiman Al Toubi	Abdul Wahab Al Hinai	Aflah Al Lawati
1	14/7/2024	✓	✓	✓	✓	✓
2	14/7/2024	✓	✓	✓	✓	✓
3	18/8/2024	✗	✓	✓	✓	✓
4	5/9/2024	✓	✓	✓	✓	✓
5	16/9/2024	✓	✓	✓	✓	✓
6	22/10/2024	✓	✓	✓	✓	✓
7	22/11/2024	✓	✓	✓	✓	✓
8	12/8/2024	✓	✓	✓	✓	✓

NRC	Date	Ashraf Al Mamari	Sulaiman Al Toubi	Abdul Wahab Al Hinai
1	9/9/2024	✓	✓	✓
2	12/8/2024	✓	✓	✓

BARC	Date	Al Walid Al Shukaili	Sulaiman Al Toubi	Aflah Al Lawati
1	1/9/2024	✓	✓	✓
2	5/9/2024	✓	✓	✓
3	18/8/2024	✓	✓	✓
4	16/9/2024	✓	✓	✓
5	16/10/2024	✓	✓	✓
6	22/10/2024	✓	✓	✓
7	12/11/2024	✓	✓	✓
8	5/12/2024	✓	✓	✓

Sitting fees

ASHRAF AL MAMARI

Board Meeting Date	Board Meeting Fees	NRC Meeting Date	NRC Fees
7/14/2024	OMR 800	9/9/2024	OMR 800
7/14/2024	OMR 800	12/8/2024	OMR 800
8/18/2024	Not Attended		
9/5/2024	OMR 800		
9/16/2024	OMR 800		
10/22/2024	OMR 800		
11/22/2024	OMR 800		
12/8/2024	OMR 800		
Total OMR: 6,200			

AL WALID AL SHUKAILI

Board Meeting Date	Board Meeting Fees	BARC Meeting Date	BARC Fees
7/14/2024	OMR 700	9/1/2024	OMR 300
7/14/2024	OMR 700	9/5/2024	OMR 300
8/18/2024	OMR 700	9/16/2024	OMR 300
9/5/2024	OMR 700	10/16/2024	OMR 300
9/16/2024	OMR 700	11/12/2024	OMR 300
10/22/2024	OMR 700	9/5/2024	OMR 300
11/22/2024	OMR 700		
12/8/2024	OMR 700		
Total OMR: 7,400			

SULAIMAN AL TOUBI

Board Meeting Date	Board Meeting Fees	BARC Meeting Date	BARC Fees	NRC Meeting Date	NRC Fees
7/14/2024	OMR 700	01/09/ 2024	OMR 300	9/9/2024	OMR 300
7/14/2024	OMR 700	05 /9/ 2024	OMR 300	12/8/2024	OMR 300
8/18/2024	OMR 700	9/16/2024	OMR 300		
9/5/2024	OMR 700	10/16/2024	OMR 300		
9/16/2024	OMR 700	11/12/2024	OMR 300		
10/22/2024	OMR 700	05/12/2024	OMR 300		
11/22/2024	OMR 700				
12/8/2024	OMR 700				
Total OMR: 8,000					

ABDUL WAHAB AL HINAI

Board Meeting Date	Board Meeting Fees	NRC Meeting Date	NRC Fees
7/14/2024	OMR 700	9/9/2024	OMR 300
7/14/2024	OMR 700	12/8/2024	OMR 300
8/18/2024	OMR 700		
9/5/2024	OMR 700		
9/16/2024	OMR 700		
10/22/2024	OMR 700		
11/22/2024	OMR 700		
12/8/2024	OMR 700		
Total OMR: 6,200			

AFLAH AL LAWATI

Board Meeting Date	Board Meeting Fees	BARC Meeting Date	BARC Fees
7/14/2024	OMR 700	9/1/2024	OMR 300
7/14/2024	OMR 700	9/5/2024	OMR 300
8/18/2024	OMR 700	9/16/2024	OMR 300
9/5/2024	OMR 700	10/16/2024	OMR 300
9/16/2024	OMR 700	11/12/2024	OMR 300
10/22/2024	OMR 700	9/5/2024	OMR 300
11/22/2024	OMR 700		
12/8/2024	OMR 700		
Total OMR: 7,400			

Board Committees

Audit Committee

Members

- Alwaleed Rashid Awadh Al Shukaili (Chair)
- Aflah Al Lawati
- Dr. Sulaiman Al Toubi
- Khalid Al Kamyani

Key Responsibilities

- Oversee internal audit processes and ensure alignment with the regulatory framework.
- Review and approve financial statements and audit plans, ensuring compliance with IFRS.
- Evaluate the adequacy of the Company's risk management framework.
- Ensure the independence and effectiveness of external auditors.

Nomination and Remuneration Committee

Members

- Ashraf Al Mamari (Chair)
- Abdulwahab Al Hinai
- Dr. Sulaiman Al Toubi

Key Responsibilities

- Develop policies for Board and executive appointments and remuneration.
- Oversee succession planning and talent management strategies.
- Recommend improvements in performance evaluation processes.

Policies and procedures

1

Financial Integrity: OQEP adopts internationally recognized accounting policies and principles in line with IFRS to ensure transparent and accurate financial reporting.

2

Fraud Prevention: The company enforces strict internal controls and monitoring mechanisms to detect and prevent financial fraud, forgery, and misconduct.

3

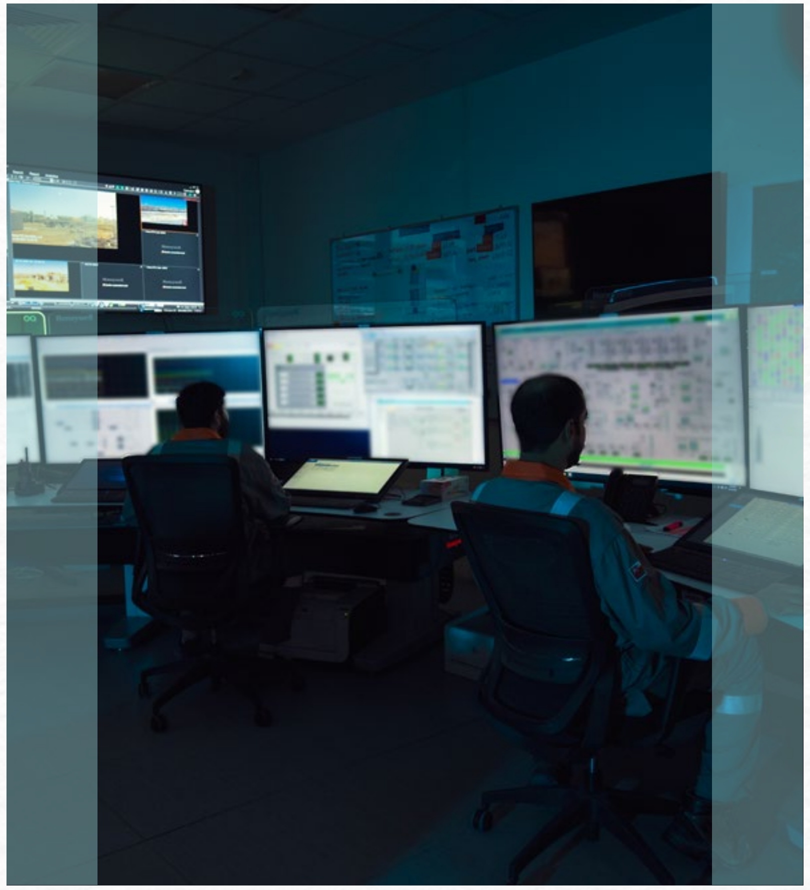
Risk Management: Regular evaluations of the company's risk management framework ensure a proactive approach to mitigating financial, operational, and strategic risks.

4

Regulatory Compliance: Internal audits, external reviews, and independent assessments uphold compliance with governance regulations and enhance corporate accountability.

Management Remuneration

The remuneration package of the executives is made up of a fixed and a variable component. The fixed component includes a salary, valued perquisites, and retirement benefits. The variable component is a performance-linked incentive, which is calculated based on pre-determined parameters of performance. During the year 2024, the total salary of the top executives of the Company was **RO 698,335.09.**



Employment Contract

OQ Exploration and Production SOAG enters into a formal Contracts of Employment with each employee and such contracts are in line with the regulations of the Ministry of Labor and Omani Labour Law

Directors Remuneration

Breakdown

Directors remuneration comprises fixed annual compensation and sitting fees. Total remuneration for the fiscal year remained within the OMR 300,000 cap mandated by the SAOG regulations.

Transparency

Detailed remuneration disclosures were presented in the Company's financial statements.

Executive Management

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

Ahmed Al Azkawi (Chief Executive Officer):

Ahmed Al Azkawi serves as the Chief Executive Officer of OQ Exploration and Production SAOG (OQEP), the largest listed company by market cap on MSX Oman. He brings 25 years of experience in senior management roles, particularly within Oman's upstream industry.Since 2021, he has been employed by OQEP. His oil and gas career began at PDO in 1997, where he worked across gas fields, light oil, heavy oil, and enhanced oil recovery (EOR). At PDO, he held multiple positions, including Well and Reservoir Team Leader, Senior Value Assurance Consultant, and Petroleum Engineering Cluster Manager. He later assumed various management and executive roles in the energy and logistics sectors, serving as Vice President of Procurement, Contracts, and Inventory at OQ, and as Chief Executive Officer of Oman Logistics Company SAOC (Khazaen).

Additionally, he served as Deputy Chairman of ABRJ and as Chairman of OQGN. During his tenure on the board, he successfully led both ABRJ and OQGN to become listed companies on MSX. He holds a B.Sc. in Physics from Imperial College London and an M.Eng. in Petroleum Engineering from Heriot-Watt University, Edinburgh.

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 2009. 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 conceptualization, 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).

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, organized by the Diwan of Royal Court at Oxford Business School (UK) and IMD Business School (Switzerland).

Said Al-Hashmi (Chief Executive for People, Technology and Culture)

Said Al Hashmi is a senior human resources practitioner with more than 15 years of experience in the energy sector and in Oman's government sector including Ministry of Finance and Ministry of Education. He has been Deputy General Director of Professional Development in the Ministry of Education, while also leading Talent Hunting in OQ Group, VP People, Technology, and Culture in OQEP alongside different roles in his career. His work has seen him ably contribute to talent attraction, development and retention strategies in Oman, Middle East, SE Asia and Europe. Said worked on milestone projects on a national level including Social Protection Fund, the Pension Funds System ,Nakhla and Apple Integration Projects. He brings deep commercial insight, analytical, budget-oriented and compliant approach to his responsibilities. He recently won "CHOR of the Year" in Energy sector at Business Today CXO Awards 2024. He holds a Master's in E-(HR) training from University of Technology Sydney, a Bachelor of Science from SQU.

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).

Environmental & Sustainability Practices

OQEP's environmental and sustainability approach is focused on decarbonisation and energy transition in line with Oman's Vision 2040 and its commitment to net zero by 2050. OQEP has committed to achieve net zero greenhouse gas ("GHG") emissions (Scope 1 and Scope 2) from its operated assets by 2050.

OQEP 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. OQEP obtains, maintains and renews 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. OQEP monitors a dashboard of environmental KPIs that relates to GHG emissions, flaring, energy intensity. Through this approach, OQEP 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.

OQEP 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 organization's sustainability team is tasked with overseeing sustainability initiatives and implementing initiatives as part of the organization's sustainability strategy. The sustainability performance of the organization is also subject to review and oversight by the Board of Directors.

The Board ensures alignment with Oman's corporate governance standards and OQEP's strategic sustainability objectives. After the Board of Directors, accountability for the oversight of sustainability initiatives rests with the OQEP Chief Executive Officer (DEO). OQEP aims to demonstrate its commitment to sustainability by establishing a robust framework of ESG and ESG-related policies. OQEP's sustainability journey revolves around five key milestones, starting with the deployment of sustainability awareness and training, to materiality assessment of ESG topics and stakeholder engagement, to publishing its first dedicated sustainability report by 2025.

Climate Change Commitment

In alignment with Oman's Vision 2040, the Company is actively working towards achieving **net-zero carbon neutrality by 2050.**

Disclosure & Transparency

OQEP ensures transparency and regulatory compliance by preparing and disclosing its quarterly and annual financial statements in accordance with IFRS in a timely manner. All stakeholders receive equitable access to material information through announcements on the MSX platform. Additionally, the company provides comprehensive disclosures covering financial risks, related party transactions, and corporate strategies, reinforcing its commitment to corporate governance and accountability.

Related Party Transactions

OQEP is now required to strictly comply with related party transaction policies. This entails adhering to all relevant approval regulations, ensuring transparency, and maintaining robust governance practices to manage and disclose such transactions appropriately.

OQEP is disclosing that the following companies below qualify as related parties:

omanoil | ABRAJ | OQT | TAKATUF

In 2024, there is total spend transaction of approximately OMR **31.6** million from above related companies.

Means of Communication with the Shareholders And Investors

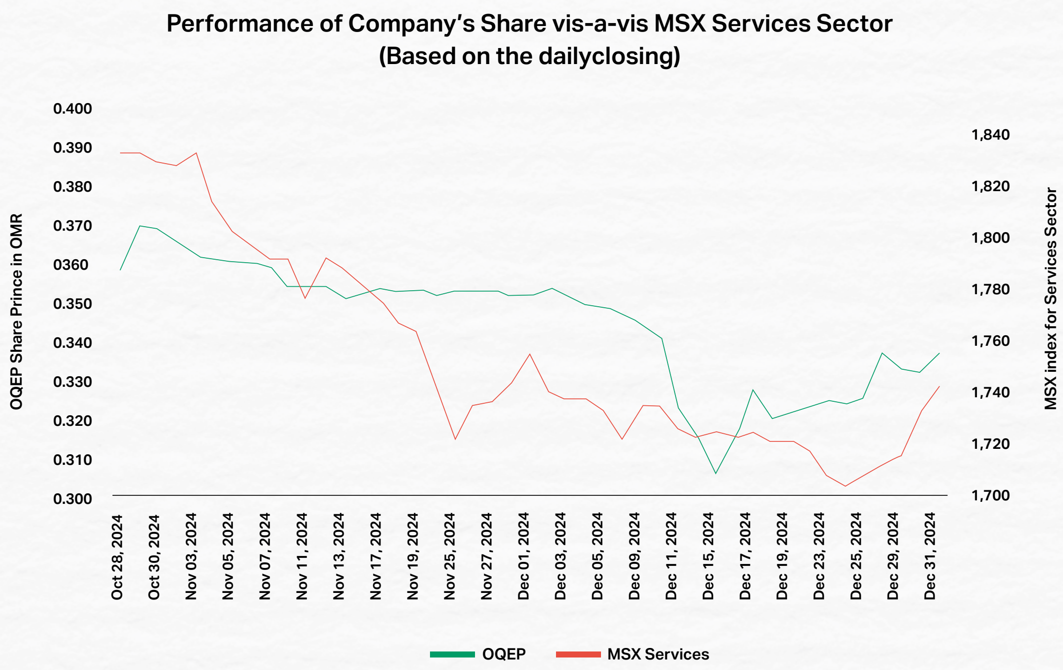
OQ Exploration and Production SAOG has its own web site at the URL **https://oqep.om/,** which was built for our worldwide customers and partners. The website contains detailed about our operations, along with timely updates on analysts. The quarterly/annual results were published in the local newspapers both in Arabic and English. Also, results were uploaded in the Muscat Stock Exchange **(www.msx.om)** website. The results were not sent individually to the shareholders in view of the above. Shareholders wishing to acquire a set of results can download them from the MSX website or were advised to contact our offices directly. A copy of the Management Discussion and Analysis is circulated along with the financial statements.

- **Market Price data**

Market price data for the year 2024-High/low.

Month	Company Share Price (RO)		MSX service Index	
Oct-24	0.390	0.358	1,833	1,828
Nov-24	0.362	0.351	1,832	1,721
Dec-24	0.353	0.306	1,755	1,704

Performance of the Company's share price in comparison to the broad-based MSX Index of the Industrial sector in Oman during the year 2024 based on month-end closing is illustrated in the below chart:



Distribution of shareholding Distribution schedule of each class of equity security with number of holders and percentage in the following categories as at 31 December 2024 is as follows:

Categories	Number of shares	Number of shareholder	% of share capital
Less than 1%	1,357,403,536	73,617	16,97%
1% to less than 5%	642,595,864	3	7.03%
5% to less than 10%	0	0	0%
More than 50%	6,000,000,000	1	75%
Total	7,999,999,4000		100%

The shareholding pattern of shareholders holding more than **5%** as on 31 December 2024 was:

Name of Shareholders	Number of shares	Number of shareholders
OQ SAOC	6,0000,0000	1

Annual General Meeting

The first Annual General Meeting was held on 12 March 2025

CSI Compliance

No annual impact assessment of CSI projects has been done since the CSI policy was only approved in Q4 2024.

Stakeholder Relations

OQEP is committed to providing shareholders, investors, and analysts with clear, reliable, and meaningful information to support informed investment decisions. The company recognizes that accurate, coherent, and balanced communication enhances its reputation and ensures compliance with the disclosure requirements outlined in Part VII of the FSA Executive Regulations issued in 2009. To uphold high standards of corporate transparency, OQEP is in the process of hiring an Investor Relations Officer who will be responsible for fostering open and effective communication with stakeholders. The company disseminates information through the MSX platform and its official website, ensuring timely disclosure of quarterly financial results, the annual report, operational data, and all material information in accordance with FSA regulations. Additionally, OQEP's Executive Management remains accessible to meet with shareholders and analysts upon request, reinforcing its commitment to investor engagement and transparency.

External Auditors

The shareholders of the Company appointed KPMG as the external auditor for the financial year 2024. KPMG LLC in Oman, established in 1973, is a member firm of KPMG Lower Gulf Limited. The firm employs over 160 professionals in Oman, including five partners and five directors, with a strong representation of Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax, and Advisory services, operating in 143 countries and territories with a workforce of approximately 273,000 professionals. KPMG Lower Gulf is an integral part of KPMG International Cooperative's global network, ensuring access to international expertise and best practices in auditing and financial advisory services.

The total fee for audit related services paid to auditors for the year ended 31 December 2024 was OMR 385,079.83 including the support during the IPO.

Board of Directors Acknowledgment

The Board of Directors of OQEP affirms its commitment to maintaining the highest standards of corporate governance, financial transparency, and operational integrity. In this regard, the Board confirms the following

- All Board Members are fully aware of and adhere to the requirements of the Code of Corporate Governance.
- The Company's financial position, operational performance, and business activities are regularly reported to the Board. Performance is closely monitored against budgets and prior periods, with financial information prepared using appropriate and consistently applied accounting policies.
- The Board ensures that all financial statements comply with the provisions of the Commercial Companies Law of the Sultanate of Oman (18/2019) and meet the disclosure requirements stipulated by the Financial Services Authority (FSA).
- The Board collectively assumes responsibility for establishing, maintaining, and reviewing a robust internal control system that provides reasonable assurance of operational efficiency, financial control, and compliance with all applicable laws and regulations.
- The Board is committed to maintaining a strong control environment, with regular reviews encompassing financial, operational, compliance, and risk management controls.
- OQEP has established and formally documented systems and procedures to ensure the accurate, complete, and timely processing of transactions, as well as the safeguarding of assets. Compliance with policies and procedures manuals is continuously monitored.
- A well-defined management structure has been established, clearly outlining roles, responsibilities, and reporting lines. The Board has also approved updated policies related to credit, expenditure, disclosure, and corporate governance.
- The Board is committed to ensuring that all material information related to the Company's business operations is communicated transparently and regularly to stakeholders and the investment community.
- No material events have been identified that could impact the Company's continuity and operations in the next financial year.
- There have been no instances of non-compliance during the year.

Strategic Initiative

Reinforce Competitive Positioning and Lead in Gas and Decarbonisation

Grow hydrocarbon portfolio through new developments, acquisitions and **leveraging Government's participation rights**

De-risk asset portfolio and maintain competitiveness and differentiation

Maintain reserves replenishment with time, achieving or exceeding the industrial benchmark

Invest and expand gas business to meet the growing demand for low-cost, lower carbon intensity energy and promote the energy transition

Grow financial performance across EBITDA and free cash flow

Continued commitment to Oman upstream landscape via selected growth opportunities

- Our strategy is based on the growth prospects of the domestic and global hydrocarbon market. We will grow the productivity of our portfolio by developing our current assets, acquiring new opportunities and leveraging the Government's participation rights.
- We will ensure that we maintain our reserves to provide the basis for growth. From this, we will grow our free cash flow. We will de-risk our portfolio whilst maintaining competitiveness and differentiation.
- We are also weighting our portfolio to gas assets to meet the growing demand for gas as a low cost, lower carbon intensity fuel to promote the global energy transition. And we will remain committed to further Omani upstream growth opportunities.

OQEP's Financial Performance

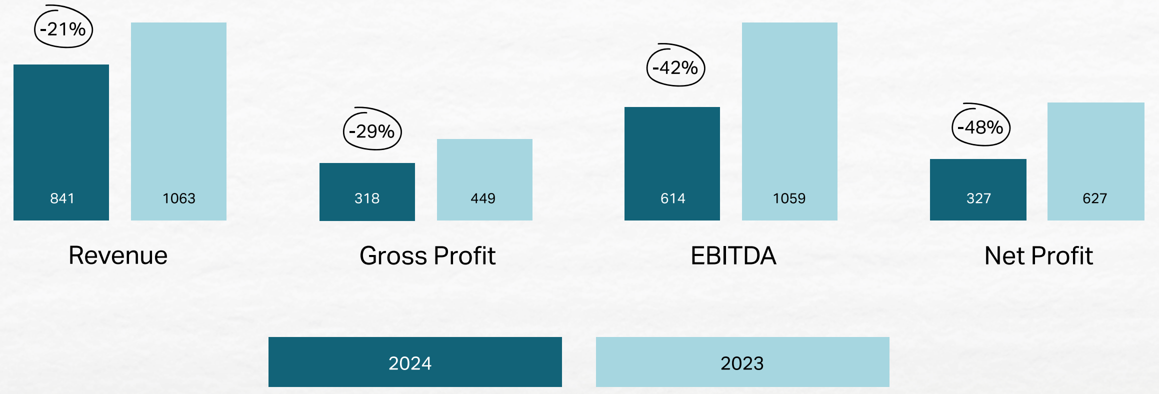
Sales volumes of Oil and Condensate and Gas for 2024 as compared to 2003 and average realized prices are as follows.

	Dec 2024	Dec 2023	Variation (%)
Oil and Condensate Volume (mmbl)	20.3	26.8	-24%
Average realised sales price (US$ per bbl)	80.8	84	-4%
Gas Volume (bscf)	124.17	110.1	13%
Average realised sales price (US$/mmscf)	3.46	3.21	8%

- Oil and condensate decreased primarily due to the divestment of 40% Participating Interest in Block 60 while recovering accumulated historical recoverable costs in the Block in 2023.
- Gas volumes increased due to higher market demand and consequent increase in Block 61 nominations beyond contractual quantities and achievement of full plateau rate in Block-10 with stabilized production in year 2024 whereas in 2023 Block 10 was in a ramp up phase. Block 10 and Block 61 contribute approximately half of Oman's gas.

Financial Review

Rial Omani in Millions



	Dec 2024 RO in '000	Dec 2023 RO in '000	Variation (%)
Revenue	841,265	1,063,281	-21%
Gross Profit	318,364	449,108	-29%
EBITDA	613,687	1,059,213	-42%
Net Profit after tax	326,563	627,010	-48%
Return on Capital Employed	24.01%	29.23%	-42%
Earnings Per Share (Baizas)	40.98	78.38	-48%

- **Main reasons for decrease in Revenue and Net profit are as follows**

40% of Block 60 was divested in 2023 and revenue and expenses for 2023 includes 100% production from Block 60 and resultant one off gain of RO 274.66 million on divestment. Excluding the divestment impact, revenue and net profit for 2024 would have been 5.5% and 2.4% lower respectively as compared to 2023, while 2023 EPS would have been Baizas 41.82.

Average realized oil price in 2024 was $80.8 per barrel as compared to $84 per barrel in 2023 which was partially offsetted by higher gas volumes and average realized price.

The company had undergone IPO and as a part of corporate reorganization, Abraj was transferred to OQ SAOC (holding company) under common control transaction and financial results for the period year ended June 2024 are included in 2024 amounting to RO 10.67 million (2023: RO 16.56 million).

Operational Performance

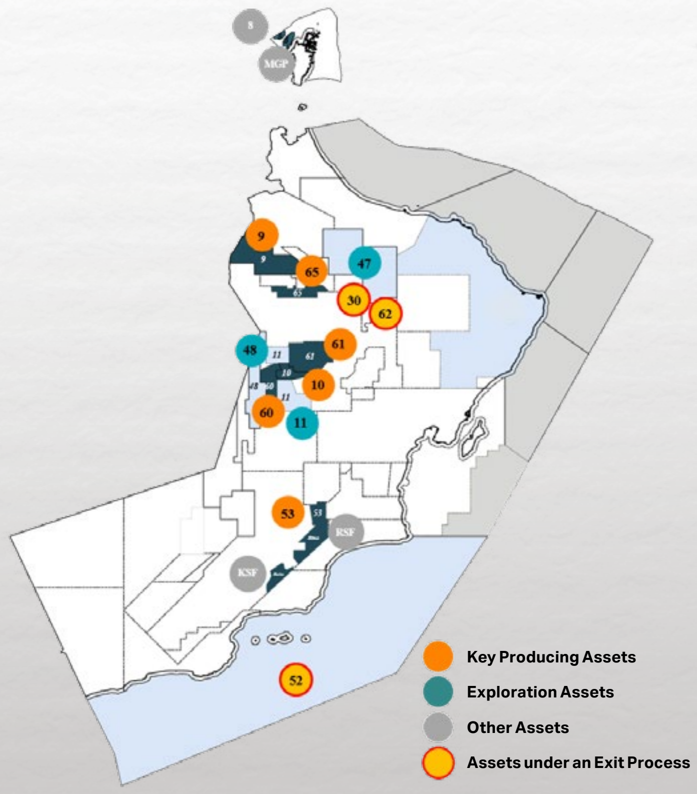
The Company has a high-quality portfolio of 14 upstream oil and gas assets in Oman. These assets range from those in the development and production phase to others being appraised for commerciality or undergoing exploration programmes. Some assets are operated by the Company, while in others, the Company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

The Company's six key producing assets comprise:

1

Block 60, Company's flagship operated asset, an onshore contract area that primarily produces oil, and which accounted for nearly 16% of the Company's total working interest production in 2024.In 2024, Block 60 maintained solid production performance, operational efficiency and effective drilling activities. These achievements underscore OQEP's commitment to sustainable and optimized resource development in Block 60.

Block 60 achieved a total production of **60,550** barrels of oil equivalent (BOE) per day in 2024, maintaining a steady output in line with OQEP's strategic goals. The implemented production strategies were carefully designed to maximize recovery while ensuring the long-term sustainability of Block 60's resources



In 2024, OQEP took a major step in Block 60 by initiating improved recovery techniques. These efforts have resulted in an increase in Block 60's reserves, ensuring a stronger and more sustainable resource base for future development. This was achieved via full field development plan update for Bisat field.

Block 60's performance in 2024 highlights its potential for sustained growth, the Gharif north discovery was immediately followed up with an appraisal plan and development strategy note which is expected to increase the throughput from Block-60 in 2025 looking ahead, OQEP plans to expand exploration activities, the application of improved recovery techniques to further maximize production, optimize operational efficiency to sustain and improve the cost structure, and invest in advanced technologies to enhance recovery and reduce costs.

2 **Block 61,** a non-associated gas and condensate asset, contributed about 40% of the Company's working interest production in 2024, achieving its production target. The asset is undergoing detailed technical evaluations to study the block potential recoverable gas resources for future growth projects.

3 **Block 10,** a non-associated gas and condensate asst came on stream in March 2023 and successfully reached planned production in July 2024.. The Marsa LNG bunkering project was sanctioned in April 2024, and it is planned to go online in 2028, establishing the Middle East's first LNG bunkering facility at the Port of Sohar, with LNG export capability.

4 **Block 9,** an oil and gas asset, accounted for approximately 20% of the Company's working interest production, with oil output slightly below the 2024 target by 4% while gas production has been above planned rates. To support the asset reserves replacement and production improvement, re-interpretation of seismic surveys as well as drilling exploration wells remained key activities in 2024. These efforts are expected to improve the growth opportunity funnel in the block.

40%
A non-associated gas and condensate asset

Middle East's First
LNG bunkering facility

5 **Block 53,** the largest thermal Enhanced Oil Recovery (EOR) project in the Middle East, exceeded oil production targets in 2024. To support the asset growth, intensive effort was done on multiple technical and investment improvement initiatives to support increasing investments, production and reserves as well as production life of Block 53.

6 **Block 65,** an oil and gas asset that has been operational since late 2022. It continues to demonstrate production growth potential. Associated gas monetization commenced on the 18th of November 2024, through an interim Gas Sales Agreement with Integrated Gas Company (IGC). To support the asset reserves replacement and production improvement, re-interpretation of seismic surveys as well as drilling exploration wells remained key activities in 2024.

7 **Block 47, 48 & 11,** Exploration activities continued in the exploration block of 11, 47, and 48 throughout 2024; while block 11 showing good potential and high prospectivity for a potential gas development.

The Company's three exploration assets are Blocks 48, 11 and 47 and five other assets are as follows:

- Block 8, the only offshore production contract area in the Company's portfolio, which the Company operates via its fully owned subsidiary "Musandam Oil and Gas Company LLC", on behalf of the Government through a service agreement;
- Musandam Gas Processing Plan, 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
- Karim Small Fields and Rima Small Fields, two service agreements for producing areas within Block 6. Both assets have achieved and exceeded 2024 production targets and showed strong exploration and appraisal results. There are multiple EOR initiatives being executed and others are under study. The Thermal CSS and Polymer injection pilots have performed as expected.
- 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 Block 52, 62 and 30. Block 42 is already written off.

Operational HSSE

OQEP has established a robust framework to safeguard the health, safety, and welfare of its workforce and communities. Rooted in the company's core values, this framework is guided by a leadership approach that integrates health, safety, and environmental standards across all operations. Our HSSE policies, aligned with international standards under the Integrated Management System (IMS), ensure consistency and adherence to best practices.

The company remains unwavering in its commitment to Health, Safety, and Environmental (HSE) excellence, with a priority on zero harm to people, assets, and the environment. This commitment is supported by a focus on key areas such as occupational health, work safety, road safety, environmental sustainability, contractor management, emergency response, and security. Through the execution of an annual HSE plan, which includes measurable targets and actionable strategies, OQEP drives continuous improvement across its operations.

In 2024, OQEP achieved significant milestones in HSE performance, including a sustained reduction in LTIF from 0.30 in 2020 to 0.14 in 2024 and MVIF from 0.34 in 2020 to 0.17 in 2024. The company's commitment to superior safety standards is further evidenced by multiple health and safety awards, including the OPAL Award for Best Practices in the Health and Safety category (CASPER) and the Oman Petroleum & Energy Show (OPES) award for the Digitalization of Incident and Crisis Management.

'Caring for People'

ISO 14001 2015
Environmental Management

Ensuring Consistency and Adherence to Best

ISO 45001 2018
Occupational Health and Safety Management Systems

ISO 9001 2015
Quality Management

OQEP is also in the process of obtaining key ISO certifications, including **ISO 14001** for environmental management, **ISO 45001** for occupational health and safety, and **ISO 9001** for quality management, demonstrating the company's commitment to aligning with international standards. Additionally, the 'Caring for People' strategy, which focuses on four key areas—occupational medicine, medical emergency response, industrial hygiene, and ergonomics—underscores OQEP's commitment to maintaining the health and well-being of its employees.

Regular third-party audits (excluding surveys and ESMA surveillance) and stakeholder engagement initiatives, such as the 12 Life Saving Rules program, contractor safety training, and pre-qualification processes, highlight OQEP's proactive approach to maintaining high HSE standards across its supply chain.

Environmental Sustainability

At OQEP, environmental sustainability is a fundamental pillar of our operations. We adopt a holistic approach that encompasses waste reduction, water conservation, biodiversity enhancement, pollution prevention, energy efficiency, and innovative decarbonization strategies. These efforts are designed to minimize our environmental footprint while aligning with both national and global sustainability objectives, ensuring that our operations contribute positively to the planet and society. OQEP is committed to optimizing resource use and reducing waste through innovative solutions. By reusing drilling mud, replacing conventional packaging materials with sustainable alternatives, and repurposing treated wastewater for irrigation and dust suppression, we actively contribute to responsible resource management and environmental stewardship. Since 2022, the recycling and reuse of drilling mud has resulted in avoiding about **3500 m3** of fresh chemicals and **3000 m3** of fresh water use per year. The initiative has also resulted in about **7,000 m3** of waste elimination each year since 2022.

Replacing conventional packaging materials has resulted in eliminating 560 paper sacks of drilling chemicals and 14 wooden pallets **(~480 kgs)** of waste per well drilled. Further the empty jumbo bags have been diverted from disposal at landfills by identifying a local small and medium enterprise (SMEs) to offtake the waste and recycle as secondary raw material thereby creating circularity. About 8 tons of waste bags has already been taken away for recycling before the end of 2024.

3500 m^3
Raw Chemicals

3000 m^3
Fresh Water Conserved

7000 m^3
Waste Eliminated

8 Tons
Waste Bags Recycled

Biodiversity conservation is another central element of our sustainability strategy. Our ongoing coral reef surveys in Musandam revealed significant coral growth on subsea pipeline rock armoring, reinforcing our commitment to marine ecosystem protection. At the Musandam asset, an underwater survey of an artificially constructed coral habitat recorded an average density of **12** corals per **10** square meters, with the recruitment of two new coral species, highlighting the success of our efforts in marine biodiversity enhancement. In total, **8,000 m²** of new coral habitat structures have been created, further supporting the restoration and resilience of marine ecosystems. Unlike conventional tight-fit subsea pipeline protection, which remains level with the seabed, the design used for the first **200** meters of the pipeline incorporates natural limestone rocks placed in a scattered formation. This approach creates numerous nooks, corners, and rough edges where coral larvae can settle and colonize. Over time, this natural colonization will establish a **'mixed coral garden,'** enhancing the diversity and abundance of endemic coral species while also serving as a nursery for fish and other marine fauna.

Energy efficiency is a key focus in our journey toward net-zero emissions by 2050. Comprehensive energy efficiency assessments and the identification of potential methane fugitive emission sources across all operated assets provide the foundation for targeted improvement plans. Another successful environmental initiative is reducing emissions through fuel substitution. In Block 60, hydrocarbon well electrical submersible pumps (ESPs) in the Bisat field have traditionally been powered by portable diesel generators, contributing to emissions of GHGs, SOx, NOx, and VOCs. To reduce these emissions, OQEP is implementing a fuel substitution strategy, replacing diesel-based power generation with natural gas-powered electricity supplied through an infield overhead line. This transition significantly lowers emissions while improving overall energy efficiency through centralized power generation.

Technology and innovation are integral to OQEP's sustainability efforts. We piloted an advanced Diesel Engine Performance Optimizer designed to monitor and optimize fuel consumption in diesel generators in real time. A nine-month trial on two land drilling rigs in Block **60** successfully demonstrated enhanced generator efficiency, reduced diesel consumption by about 8,000L, reduced carbon emissions, and lowered operational costs, reinforcing our commitment to innovative decarbonization solutions.

OQEP, in partnership with the land rig service provider, has launched an initiative focused on decreasing diesel fuel usage and consequently lowering greenhouse gas emissions. The consolidation of the rig camps has facilitated the use of a single diesel power generator to supply electrical power, rather than relying on two generators. This initiative, over the last two months, has resulted in fuel savings of up to **250** liters per day, which represents nearly **15%** of daily consumption at the camp.

As part of our ongoing commitment to decarbonization, the company has invested in transitioning to electricity sourced from the National Grid. This strategic investment, which is set to be commissioned by **Q2 2025**, will enable us to import up to **100 MW** of cleaner electricity. By reducing reliance on carbon-intensive energy sources, this initiative will significantly lower our operational carbon footprint. Leveraging grid-based electricity which supports national sustainability goals and enhances the efficiency of our operations, marking an important step toward achieving our long-term decarbonization objectives.

Additionally, sustainable land management is a significant part of our environmental commitment. We proactively avoid damaging trees and development in vegetated areas through strategic planning and pre-development assessments. To further enhance the existing ecosystem, we utilize treated wastewater for irrigating native trees and shrubs within our camp areas in Block **60,** ensuring a net-positive environmental impact. As of 2024, we successfully planted over **1,000** native trees, shrubs, and flowering plants that contribute towards the national 'Greening the Desert' initiative as well as actively enhancing carbon sequestration while fostering local biodiversity.

OQEP manages ambient air quality monitoring stations at the Musandam and Block 60 facilities. These continuously operating stations not only provide assurance that the effects on air quality from OQEP operations remains within acceptable levels, but they also demonstrate compliance with relevant national air quality regulations and transparency. OQEP also runs a meteorological station in Block 60 that consistently records various parameters. We have successfully integrated these air quality and meteorological monitoring stations with the nation-wide monitoring networks that are maintained by the national authorities. Real-time and validated data of OQEP's operational locations is now publicly accessible on online platforms, facilitating planning and decision-making for all stakeholders.

OQEP's commitment to environmental sustainability is unwavering, as demonstrated by our comprehensive approach to minimizing our environmental impact. By integrating waste reduction, water conservation, biodiversity enhancement, pollution prevention, energy efficiency, and decarbonization strategies, we are actively working to reduce our footprint and support broader sustainability goals. As we move forward, OQEP remains dedicated to fostering a sustainable future, ensuring that our operations not only meet but exceed environmental expectations, while contributing to the well-being of the communities we serve and the planet as a whole.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Parent company and consolidated financial statements
for the year ended 31 December 2024

Registered office

P.O Box 200, P.C 102
Bawsher, Muscat
Sultanate of Oman

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Parent company and consolidated financial statements
for the year ended 31 December 2024

Content	***Pages***

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Consolidated and Parent statement of profit or loss and other comprehensive income

for the year ended 31 December 2024

	Notes	Consolidated		Parent	
		31-Dec-24	*31-Dec-23 Represented**	***31-Dec-24***	*31-Dec-23*
		RO'000	*RO'000*	***RO'000***	*RO'000*
Continuing operations					
Revenues	*5*	**841,265**	1,063,281	**584,188**	797,600
Cost of sales	*6*	**(522,901)**	(614,173)	**(415,309)**	(499,900)
Gross profit		**318,364**	449,108	**168,879**	297,700
Lease income	*28*	**21,509**	22,512	**21,509**	22,512
Other income	*7.3*	**11,562**	125	**19,055**	139,553
Administrative expenses	*7.1*	**(36,822)**	(44,870)	**(36,798)**	(35,609)
ECL reversal on trade receivables		**-**	323	**-**	-
Operating profit		**314,613**	427,198	**172,645**	424,156
Finance income	*7.2*	**10,851**	8,706	**10,889**	8,695
Finance cost	*8*	**(14,414)**	(19,949)	**(12,559)**	(19,779)
Gain from divestment	*18*	**-**	274,659	**-**	274,659
Share of profit of joint venture	*30*	**7,622**	-	**-**	-
Profit before tax		**318,672**	690,614	**170,975**	687,731
Income tax expenses	*10*	**(2,779)**	(80,163)	**(865)**	(77,173)
Profit from continuing operations		**315,893**	610,451	**170,110**	610,558
Discontinued operations					
Profit from discontinued operations	*37*	**10,670**	16,559	**-**	-
Profit for the year		**326,563**	627,010	**170,110**	610,558
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Effective portion of changes in fair value of cash flow hedges – net of tax	*35*	**(1,554)**	(3,274)	**(1,554)**	(3,274)
Items not to be reclassified to profit or loss in subsequent year					
Remeasurements of the defined benefit liability	*24*	**(31)**	(59)	**(31)**	(59)
Other comprehensive income for the year		**(1,585)**	(3,333)	**(1,585)**	(3,333)
Total comprehensive income for the year		**324,978**	623,677	**168,525**	607,225
Profit for the year attributable to:					
Equity holders of the Parent Company		**321,335**	620,172	**170,110**	610,558
Non-controlling interest		**5,228**	6,838	**-**	-
Total comprehensive income for the year attributable to:					
Equity holders of the Parent Company		**319,750**	616,839	**168,525**	607,225
Non-controlling interest		**5,228**	6,838	**-**	-
Earnings per share					
Basic and diluted earnings per share -OMR	*36*	**0.04082**	0.07838	**0.02126**	0.07632
Earnings per share - continuing operations					
Basic and diluted earnings per share -OMR	*36*	**0.03949**	0.07631	**0.02126**	0.07632

*The comparative information has been represented due to a discontinued operation. See note 37.

The attached notes 1 to 43 form part of these “parent company and consolidated financial statements”.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Consolidated and Parent Statement of financial position

As at year ended 31 December 2024

	Notes	Consolidated		Parent	
		31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Assets					
Non-current assets					
Oil and gas properties	*12*	**866,172**	930,569	**385,219**	385,407
Exploration and evaluation assets	*13*	**8,362**	6,675	**2,820**	4,819
Other property, plant and equipment	*14*	**240**	191,406	**240**	1
Right of use assets	*27*	**22,267**	40,751	**22,267**	35,249
Lease receivable	*28*	**204,858**	223,702	**204,858**	223,702
Deferred consideration	*18.1*	**30,990**	36,214	**30,990**	36,214
Interest in joint venture	*30*	**10,647**	-	**-**	-
Deferred tax assets	*10*	**998**	-	**256**	-
Intangible assets	*15*	**-**	232	**-**	-
Investments in subsidiaries	*29*	**-**	-	**128,745**	363,345
Other non-current assets		**-**	4,701	**-**	-
Total non-current assets		**1,144,534**	1,434,250	**775,395**	1,048,737
Current assets					
Inventories	*16*	**76,665**	99,085	**67,814**	65,124
Trade and other receivables	*17*	**219,418**	227,621	**104,125**	159,998
Advances and prepayments	*19*	**5,365**	13,831	**350**	548
Deferred consideration	*18.1*	**7,690**	7,702	**7,690**	7,702
Lease receivable	*28*	**12,682**	5,822	**12,682**	5,822
Derivatives	*35*	**-**	1,554	**-**	1,554
Due from related parties	*34*	**32,452**	-	**114,421**	89,062
Cash and cash equivalents	*20*	**160,154**	246,764	**111,270**	205,982
Restricted cash	*21*	**-**	10,081	**-**	10,081
Total current assets		**514,426**	612,460	**418,352**	545,873
Total assets		**1,658,960**	2,046,710	**1,193,747**	1,594,610
Equity and liabilities					
Equity					
Share capital	*22.1*	**80,000**	250	**80,000**	250
Statutory reserve	*22.2*	**17,094**	84	**17,094**	84
Hedging reserves	*35*	**-**	1,554	**-**	1,554
Other reserves		**20,997**	24,505	**33,333**	3,475
Capital reserves	*22.3*	**102,880**	103,041	**102,880**	103,041
Subordinated loans	*22.4*	**-**	532,774	**-**	532,774
Retained earnings		**691,409**	637,419	**327,165**	424,065
Equity attributable to equity holders of the parent		**912,380**	1,299,627	**560,472**	1,065,243
Non-controlling interest	*41*	**-**	71,431	**-**	-
Total equity		**912,380**	1,371,058	**560,472**	1,065,243
Non-current liabilities					
Bank borrowings	*23*	**382,806**	72,060	**382,806**	-
Employees’ end of service benefits	*24*	**995**	3,136	**956**	874
Provision for decommissioning	*25*	**42,532**	39,606	**36,792**	37,333
Lease liabilities	*27*	**11,062**	18,657	**11,062**	15,086
Other non-current liabilities		**-**	1,539	**-**	1,540
Deferred tax liabilities	*10*	**-**	3,870	**-**	47
Deferred income	*31*	**4,783**	8,368	**4,783**	7,218
Total non-current liabilities		**442,178**	147,236	**436,399**	62,098
Current liabilities					
Intercompany loans and borrowings		**-**	-	**-**	83,382
Bank borrowings	*23*	**-**	102,001	**-**	88,770
Lease liabilities	*27*	**4,963**	10,748	**4,963**	8,540
Accounts payables and accrued liabilities	*26*	**288,028**	328,478	**186,296**	207,468
Income tax payable	*10*	**11,411**	87,189	**5,617**	79,109
Total current liabilities		**304,402**	528,416	**196,876**	467,269
Total liabilities		**746,580**	675,652	**633,275**	529,367
Total equity and liabilities		**1,658,960**	2,046,710	**1,193,747**	1,594,610

Chairman **Board Member** **Chief Financial Officer**

The financial statements were approved by the Board of Directors and authorized for issue on __.

The attached notes 1 to 43 form part of these “parent company and consolidated financial statements”.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Consolidated statements of changes in equity

for the year ended 31 December 2024

	Share capital RO'000	*Statutory reserve RO'000*	*Hedging reserves RO'000*	*Other reserve RO'000*	*Capital reserve RO'000*	*Subordinated loans RO'000*	*Retained earnings RO'000*	*Equity attributable to equity holders RO'000*	*Non-controlling interest RO'000*	*Total equity RO'000*
At 1 January 2023	250	84	4,828	-	103,041	986,089	325,386	1,419,678	-	1,419,678
Total comprehensive income										
Net profit for the year	-	-	-	-	-	-	620,172	620,172	6,838	627,010
Changes in fair value on cashflow hedges	-	-	(3,274)	-	-	-	-	(3,274)	-	(3,274)
Remeasurements of the defined benefit liability (note 24)							(59)	(59)	-	(59)
Transactions with owners of the Company										
NCI at the time of disposal of shares of subsidiary	-	-	-	-	-	-	-	-	72,141	72,141
Repayment of subordinated loan	-	-	-	-	-	(453,315)	-	(453,315)	-	(453,315)
Dividends paid (note 11)	-	-	-	-	-	-	(308,080)	(308,080)	(7,548)	(315,628)
Reserve on divestment*	-	-	-	24,505	-	-	-	24,505	-	24,505
At 31 December 2023	250	84	1,554	24,505	103,041	532,774	637,419	1,299,627	71,431	1,371,058
At 1 January 2024	**250**	**84**	**1,554**	**24,505**	**103,041**	**532,774**	**637,419**	**1,299,627**	**71,431**	**1,371,058**
Total comprehensive income										
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**321,335**	**321,335**	**5,228**	**326,563**
Remeasurements of the defined benefit liability (note 24)	**-**	**-**	**-**	**-**	**-**	**-**	**(31)**	**(31)**	**-**	**(31)**
Currency translation differences	**-**	**-**	**-**	**(33)**	**(161)**	**-**	**(999)**	**(1,193)**	**-**	**(1,193)**
Transactions with owners of the Company										
Increase in share capital (note 22.1)	**79,750**	**-**	**-**	**-**	**-**	**-**	**(79,750)**	**-**	**-**	**-**
Adjustment of sub-ordinated loan against transfer of 51% shares of Abraj to OQ SAOC (note 37.1)	**-**	**-**	**-**	**-**	**-**	**(71,461)**	**-**	**(71,461)**	**-**	**(71,461)**
Repayment of subordinated loan (note 22.4)	**-**	**-**	**-**	**-**	**-**	**(461,313)**	**-**	**(461,313)**	**-**	**(461,313)**
Dividends paid (note 11)	**-**	**-**	**-**	**-**	**-**	**-**	**(173,030)**	**(173,030)**	**(8,001)**	**(181,031)**
Elimination of NCI on transfer of 51% shares of Abraj to OQSAOC (note 41)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(68,658)**	**(68,658)**
Other movements										
Transfer to retained earnings from other reserve (note 18)	**-**	**-**	**-**	**(3,475)**	**-**	**-**	**3,475**		**-**	**-**
Transfer of hedging reserve	**-**	**-**	**(1,554)**	**-**	**-**	**-**	**-**	**(1,554)**	**-**	**(1,554)**
Transfer to legal reserve (note 22.2)		**17,010**	**-**	**-**	**-**	**-**	**(17,010)**	**-**	**-**	**-**
At 31 December 2024	**80,000**	**17,094**	**-**	**20,997**	**102,880**	**-**	**691,409**	**912,380**	**-**	**912,380**

* During 2023, there was a divestment of Block 48 and shares of Abraj. By 31 December 2023, a total reserve of RO 24.5 million was established, with RO 3.469 million attributable to the divestment of Block 48 and the remaining amount relating to the divestment of the Abraj's shares. In 2024, reserve pertain to Block 48 is recognised in Retained Earnings.

The attached notes 1 to 43 form part of these “parent company and consolidated financial statements”.

6

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Parent statements of changes in equity

for the year ended 31 December 2024

	Share capital RO'000	*Statutory reserve RO'000*	*Hedging reserve RO'000*	*Other reserve RO'000*	*Capital reserves RO'000*	*Subordinated loan RO'000*	*Retained earnings RO'000*	*Total equity RO'000*
At 1 January 2023	250	84	4,828	-	103,041	986,089	121,646	1,215,938
Total comprehensive income								
Net profit for the year	-	-	-	-	-	-	610,558	610,558
Changes in fair value on cashflow hedges	-	-	(3,274)	-	-	-	-	(3,274)
Reserve on divestment of block 48	-	-	-	3,475	-	-	-	3,475
Remeasurements of defined benefit obligation	-	-	-	-	-	-	(59)	(59)
Transactions with owners of the Company								
Repayment of subordinated loans (note 22.4)	-	-	-	-	-	(453,315)	-	(453,315)
Dividends paid (note 11)	-	-	-	-	-	-	(308,080)	(308,080)
At 31 December 2023	250	84	1,554	3,475	103,041	532,774	424,065	1,065,243
At 1 January 2024	**250**	**84**	**1,554**	**3,475**	**103,041**	**532,774**	**424,065**	**1,065,243**
Total comprehensive income								
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**170,110**	**170,110**
Remeasurements of defined benefit obligation (note 24)	**-**	**-**	**-**	**-**	**-**	**-**	**(31)**	**(31)**
Currency translation difference	**-**	**-**	**-**	**-**	**(161)**	**-**	**(664)**	**(825)**
Transactions with owners of the Company								
Increase in share capital (note 22.1)	**79,750**	**-**	**-**	**-**	**-**	**-**	**(79,750)**	**-**
Adjustment of sub-ordinated loan against transfer of 51% shares of Abraj to OQ SAOC (note 37.1)	**-**	**-**	**-**	**-**	**-**	**(71,461)**	**-**	**(71,461)**
Repayment of subordinated loans (note 22.4)	**-**	**-**	**-**	**-**	**-**	**(461,313)**	**-**	**(461,313)**
Dividends paid (note 11)	**-**	**-**	**-**	**-**	**-**	**-**	**(173,030)**	**(173,030)**
Reserve on transfer of 51% shares of Abraj to OQ SAOC	**-**	**-**	**-**	**33,333**	**-**	**-**	**-**	**33,333**
Other movements								
Transfer to retained earnings from other reserves (note 18)	**-**	**-**	**-**	**(3,475)**	**-**	**-**	**3,475**	**-**
Transfer of hedging reserve	**-**	**-**	**(1,554)**	**-**	**-**	**-**	**-**	**(1,554)**
Transfer to legal reserves (note 22.2)	**-**	**17,010**	**-**	**-**	**-**	**-**	**(17,010)**	**-**
At 31 December 2024	**80,000**	**17,094**	**-**	**33,333**	**102,880**	**-**	**327,165**	**560,472**

The attached notes 1 to 43 form part of these “parent company and consolidated financial statements”.

7

Consolidated and parent statements of cash flows

for the year ended 31 December 2024

		Consolidated		Parent	
		31-Dec-24	31-Dec-23	**31-Dec-24**	31-Dec-23
	Notes	**RO'000**	RO'000	**RO'000**	RO'000
Cash flows from operating activities					
Profit after taxation		**326,563**	627,012	**170,110**	610,558
Adjustments for:					
Depreciation, depletion and amortization	9	**277,913**	384,858	**199,165**	287,203
Gain on divestment of block (farm out)	18	**-**	(274,659)	**-**	(274,659)
Provision (release) for obsolescence of inventories	16	**665**	509	**665**	(64)
Liabilities no longer payable	7.3	**(10,739)**	(757)	**(10,728)**	-
Reversal of ECL provision		**-**	(323)	**-**	-
Exploration and evaluation assets written off on block 42	6	**2,828**	-	**2,828**	-
Provision for impairment on exploration and evaluation assets on block 52	6	**6,502**	-	**6,502**	-
Employees' end of service benefits charge for the year	24	**527**	1,115	**527**	623
Deferred income	31	**(1,729)**	5,254	**(2,435)**	7,218
Interest on borrowings	8	**8,551**	12,495	**8,551**	12,514
Unwinding of discount on decommissioning provision	8	**3,177**	3,502	**2,829**	3,347
Interest on lease liabilities	27	**1,167**	4,118	**1,167**	3,794
Finance income	7.2	**(10,851)**	(8,706)	**(10,889)**	(8,695)
Share of profit of joint venture	30	**(7,622)**	-	**-**	-
Dividend income	7.3	**-**	-	**(8,327)**	(7,856)
Gain on divestment of shares of subsidiary	29.2	**-**	-	**-**	(39,624)
Gain on liquidation of subsidiary	29.1	**-**	-	**-**	(91,958)
Income tax	10	**2,779**	79,948	**865**	77,173
Lease income	28	**(21,509)**	(22,512)	**(21,509)**	(22,512)
Operating cashflows before working capital changes		**578,222**	811,854	**339,321**	557,062
Working capital adjustments:					
Trade and other receivables (including advances and prepayments)	17,19	**(25,716)**	127,533	**56,071**	170,180
Due from related parties	34	**(32,452)**	-	**(25,359)**	(68,765)
Inventories	16	**(2,031)**	10,914	**(3,355)**	16,352
Deferred consideration	18.1	**7,690**	(43,916)	**7,690**	(43,916)
Accounts payable and accrued liabilities	26	**26,840**	(129,965)	**(11,743)**	(60,755)
Lease receivable gross	28	**33,136**	33,188	**33,136**	33,188
Cashflows generated from operating activities		**585,689**	809,608	**395,761**	603,346
End of service benefits paid	24	**(474)**	(853)	**(474)**	(639)
Income tax paid	10	**(76,789)**	(3,575)	**(74,659)**	-
Net cash from operating activities		**508,426**	805,180	**320,628**	602,707
Cash flows from investing activities					
Addition of oil and gas properties and exploration and evaluation assets	12,13	**(245,633)**	(265,011)	**(195,385)**	(197,479)
Cash received on farm out transaction-net of transaction cost		**-**	400,138	**-**	400,138
Proceed from disposal of shares of subsidiary		**-**	87,090	**-**	-
Interest on bank deposit	7.2	**8,313**	8,583	**8,351**	8,582
Dividend income	7.3	**-**	-	**8,327**	7,856
Net cash used in investing activities		**(237,320)**	230,800	**(178,707)**	219,097
Cash flows from financing activities					
Investment in subsidiaries	29	**-**		**196,412**	92,518
Borrowings received during the year	40	**382,806**	83,836	**382,806**	-
Repayment of subordinated loan	22.4	**(461,313)**	(453,315)	**(461,313)**	(453,315)
Repayment of related party loans and borrowings		**-**	-	**(83,382)**	83,382
Repayment of bank borrowings	23	**(88,770)**	(213,550)	**(88,770)**	(118,492)
Repayment of lease liabilities-principal portion	27	**(9,719)**	(20,800)	**(9,719)**	(18,141)
Dividend paid	11	**(173,030)**	(315,628)	**(173,030)**	(308,080)
Interest paid (including interest on lease liability)	27	**(9,718)**	(16,613)	**(9,718)**	(16,308)
Restricted cash	21	**10,079**	(1,568)	**10,081**	(1,560)
Net cash used in financing activities		**(349,665)**	(937,638)	**(236,633)**	(739,996)
Net change in cash and cash equivalents		**(78,559)**	98,342	**(94,712)**	81,808
Cash and cash equivalents at beginning of the year		**238,713**	148,422	**205,982**	124,174
Cash and cash equivalents at the end of the year	20	**160,154**	246,764	**111,270**	205,982

The attached notes 1 to 43 form part of these "parent company and consolidated financial statements".

Notes to the consolidated and parent company financial statements

for the year ended 31 December 2024

1 Corporate and general information

1.1 Legal status and principal activities

OQ Exploration and Production SAOG (the "Parent Company" or "OQEP" or the "Company") is a public joint stock company registered in the Sultanate of Oman. The Parent Company was incorporated as a limited liability company on 20 May 2009. On 30 July 2024, the Parent Company transferred from a limited private company to a closed joint stock company. Further on 28 October 2024, OQEP successfully listed its shares on the Muscat Stock Exchange and became 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 Holding Company owns 75% of the shares of OQEP and remaining 25% of the shares has been issued to the general public as part of the initial public offering during the year.

The Parent 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 Group are shown under note 29 – *investment in subsidiaries*.

1.2 Significant agreements

The Group has following significant agreements:

- Block 9 Exploration and Production Sharing Agreement (EPSA) was entered on 23 Jan 2017 between Occidental Oman BV (Occidental) (55% participating interest), and OQEP (participating interest 45%).

- Block 53 EPSA was entered on 21 June 2005 between Occidental Oman BV (47% participating interest), Oman Oil Company SAOC (20% participating interest), Liwa Energy Limited (15% participating interest), IOCL Exploration and Production Oman Limited (17% participating interest) and Partex Oman Corporation (1% participating interest). On 15 December 2010, Oman Oil Company SAOC had assigned its interest to OQEP.

- Block 60 EPSA was entered on 19 March 2011 with 100% participating interest. During 2023, OQEP sold 40% participating right to MedcoEnergi Oman (20%) and Medco Daya Oman (20%). At year end, OQEP has 60% participating right in the block 60 (2023: 60% participating interest).

- Block 47 EPSA was entered on 14 January 2019 between ENI Oman BV (90% participating interest), and OQEP (10% participating interest).

- Block 52 EPSA was entered between ENI Oman BV (ENI) (55% participating interest), OQEP (15% participating interest) and Others (30% participating interest) on 14 November 2017. During the year due to commercial non-viability this block has been impaired.

- Block 65 EPSA was entered between Occidental Oman BV (51% participating interest) and OQEP (49% participating interest) on 16 December 2018.

1 Corporate and general information *(continued)*

1.2 Significant agreements *(continued)*

- Block 48 EPSA was entered on 31 January 2017 with 100% of participating interest. During 2023, OQEP divested 40% participating interest to MedcoEnergi Oman (20%) and Medco Daya Oman (20%). At year end, OQEP has 60% participating right in the block 48 (2023: 60% participating interest).

- Block 61 EPSA was signed on 20 February 2014 with BP (60% participating interest) and Makarim Gas Development LLC (100% owned by OQEP) had 40% participating interest. During the year 2018, Makarim Gas Development LLC divested 10% interest to PC Oman Ventures Limited.

- Musandam Gas Plant entered into a Supplemental Tariff Agreement on June 2012 between the Government of Sultanate of Oman and Musandam Gas Plant LLC. Further there is a processing fee agreement between the OQEP, the Government of Sultanate of Oman and Musandam Oil and Gas Company LLC.

- Block 10 Concession Agreement was entered on 21 Dec 2021 between Almajd Gas Development (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). TotalEnergies EP Oman Development B.V (TE) owns 80% and Almuzn Liquified Natural Gas LLC Almuzn, a subsidiary of OQEP, owns 20% in Marsa LNG. In 2024, the final investment decision was made that Marsa will set up a 1 million tonnes per annum (MMTPA) LNG liquefaction facility at Sohar port to supply LNG as marine bunkering fuel to retail business. Marsa will have access to its equity share of 150 million standard cubic feet per day of gas from Block 10 to supply its LNG plant. Effective from 1 January 2024, an agreement was signed that established between the participants that resulted exerting significant influence hence accounting treatment of Marsa Liquified Natural Gas LLC has been changed from Joint operation to Joint venture.

- Block 11 EPSA was entered on 15 September 2022 between Shell Integrated Gas Oman BV (67.5% participating interest), and Alizz Gas Development LLC (10% participating interest) and Total Energies EP Oman (22.5% participating interest).

- The Parent Company also has gas purchase and sale contracts relating to the Dolphin field with Dolphin Energy Limited where Parent Company purchase from Dolphin field and sell to the Government of Oman.

1 Corporate and general information *(continued)*

1.3 Activities of the Group

The Group has the following material interests, all of which are located within the Sultanate of Oman.

Participating Interest	31 December 2024	31 December 2023	Operator	Activity
Block 60	60%	100%	OQEP	Exploration and production
Block 48	60%	100%	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
Block 52	15%	15%	ENI	Exploration
Block 47	10%	10%	ENI	Exploration
Block 11	10%	10%	SDO	Exploration

All interests of less than 100% are Joint Operations and Joint Venture.

2 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and in compliance with the relevant requirements of the Financial Services Authority (formerly the Capital Market Authority) and the applicable provisions of the Commercial Companies Law of 2019.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

Functional and presentation currency

The functional currency of the Parent Company is US Dollar (“US$”) which is the currency in which the majority of transactions are denominated, while the presentation currency is Omani Rial (“RO”) which is used to meet the requirement of the Financial Services Authority (formerly the Capital Market Authority). The exchange rate used for conversion is US$ 1 = RO 0.3845. RO which is effectively pegged to US$.

2 Basis of preparation *(continued)*

Functional and presentation currency *(continued)*

All financial information presented in RO has been rounded to the nearest thousands, unless otherwise indicated.

Basis of consolidation

These financial statements comprise the financial statements of the Parent Company and its subsidiaries. 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.

2 Basis of preparation *(continued)*

Basis of consolidation *(continued)*

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 Company'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. 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 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.

2 Basis of preparation *(continued)*

Basis of consolidation *(continued)*

Transactions with related parties

The Group is ultimately held and controlled by the Government of the Sultanate of Oman. The Group operates in an economic environment dominated by entities directly or indirectly controlled by the Government of the Sultanate of Oman through its government authorities, agencies, affiliations, and other organisations, collectively referred to as government-related entities.

The Group has elected to take the exemption available under IAS 24 Related Party Disclosures, to disclose only the key transactions and outstanding balances, including commitments, with the Government of the Sultanate of Oman and any other entity that is considered to be a related party because the same government has control, joint control or significant influence over itself and the other entity.

The Group has transactions with other government-related entities, including but not limited to sales and purchases of goods, rendering and receiving services, use of public utilities and financing. These transactions are conducted in the ordinary course of the Group on terms comparable to those with other entities that are not government related.

Common control transactions

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. For business combinations under common control, the Group applies the book value method of accounting. According to this method, the assets and liabilities taken over are recorded in the consolidated financial statement at the recorded book values immediately prior to the acquisition date. The difference between the net assets taken over and the consideration paid is recognised in equity under retained earnings.

2.1 Application of new and revised International Financial Reporting Standards (IFRS)

New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Group’s financial statements.

2 Basis of preparation *(continued)*

2.1 Application of new and revised International Financial Reporting Standards (IFRS) *(continued)*

New and amended standards adopted by the Group *(continued)*

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments have not had an impact on the classification of the Group’s liabilities.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. The amendments have not had an impact on the Group’s financial statements.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

2 Basis of preparation *(continued)*

2.1 Application of new and revised International Financial Reporting Standards (IFRS) *(continued)*

Standards issued but not yet effective *(continued)*

Lack of exchangeability – Amendments to IAS 21 (continued)

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the Group's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

IFRS 18 Presentation and Disclosure in Financial Statements (continued)

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

2 Basis of preparation *(continued)*

2.1 Application of new and revised International Financial Reporting Standards (IFRS) *(continued)*

Standards issued but not yet effective *(continued)*

IFRS 19 Subsidiaries without Public Accountability: Disclosures (continued)

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. As OQEP's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

3 Material accounting policy information

The accounting policies set out below, which comply with IFRS, have been applied consistently to all periods presented in these financial statements, unless stated otherwise (refer note 2.1). These describe the Group's significant accounting policies adopted in the preparation of these financial statements, which are relevant for an understanding of the consolidated and parent's financial statements.

3.1 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.

3 Material accounting policy information *(continued)*

3.1 Investment in associates and joint ventures *(continued)*

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.

3.2 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.

3.3 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.

3 Material accounting policy information *(continued)*

3.3 Foreign currency transactions *(continued)*

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.

3.4 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-license costs

Pre-license costs are expensed in the period in which they are incurred.

License acquisition costs

Exploration license acquisition costs are capitalised as intangible assets and are presented within E&E assets. License costs paid in connection with a right to explore in an existing exploration area are capitalised and are presented within E&E assets. License 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 and probable reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.

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

3 Material accounting policy information *(continued)*

3.4 Oil and gas properties and exploration and evaluation (E&E) assets *(continued)*

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 with any excess accounted for by the Group as a gain on disposal.

Farm-outs - other than in the exploration and evaluation

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 farmer, and which is calculated in accordance with IFRS 15
- 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 or delineation wells, is capitalised within oil and gas properties.

3 Material accounting policy information *(continued)*

3.5 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.

Depreciation / amortization

The net book value of oil and gas producing properties 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 leases are depreciated over the shorter of lease term and estimated useful life.

3 Material accounting policy information *(continued)*

3.5 Oil and gas properties and other properties, plant, and equipment *(continued)*

Depreciation / amortization (continued)

Items of property, plant and equipment are measured at cost less accumulated depreciation / amortisation 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

3.6 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.

3.7 Disposal of assets

The consideration receivable on disposal of an asset is recognised initially at its fair value by the Group. Gains or losses are recognised in income when the asset is derecognised.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

3 Material accounting policy information *(continued)*

3.8 Disposal of assets *(continued)*

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.

3.9 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 (post tax) 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.

3 Material accounting policy information *(continued)*

3.10 Financial instruments

The Group uses financial instruments such as, 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, in the normal course of business.

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)

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.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

3 Material accounting policy information *(continued)*

3.10 Financial instruments *(continued)*

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.

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.

3 Material accounting policy information *(continued)*

3.10 Financial instruments *(continued)*

Measurement *(continued)*

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.

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 Material accounting policy information *(continued)*

3.10 Financial instruments *(continued)*

Measurement *(continued)*

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.

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.

3 Material accounting policy information *(continued)*

3.10 Financial instruments *(continued)*

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 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 hedge accounting

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 XX

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.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

3 Material accounting policy information *(continued)*

3.11 Derivative financial instruments and hedge accounting *(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 32). 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.

3 Material accounting policy information *(continued)*

3.11 Derivative financial instruments and hedge accounting *(continued)*

Hedge accounting

The Group designates derivatives as hedging instruments in respect of interest rate risk in cash flow hedges.

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.

3 Material accounting policy information *(continued)*

3.11 Derivative financial instruments and hedging activities *(continued)*

Hedge accounting *(continued)*

Cash flow hedges (continued)

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.

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.

3 Material accounting policy information *(continued)*

3.13 Fair values *(continued)*

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 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 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.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

3 Material accounting policy information *(continued)*

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 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.

3 Material accounting policy information *(continued)*

3.15 Leases *(continued)*

Group as a lessee *(continued)*

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 lea 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 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 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 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.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

3 Material accounting policy information *(continued)*

3.15 Leases *(continued)*

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 is less than RO 1,926.

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.

3 Material accounting policy information *(continued)*

3.16 Provisions *(continued)*

The Group records a provision for decommissioning cost mainly relating to oil wells and fuel stations. Decommissioning 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 Decommissioning 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 Decommissioning 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 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 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 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.

3 Material accounting policy information *(continued)*

3.17 Taxation *(continued)*

Deferred tax

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.

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 statement of comprehensive income.

3 Material accounting policy information *(continued)*

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.

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 39.

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.

3 Material accounting policy information *(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.

3 Material accounting policy information *(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.

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 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 Material accounting policy information *(continued)*

3.24 Events after the reporting date

The Group 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 financial statements when material.

3.25 Directors' remuneration

The board of directors' remuneration is accrued within the limits specified by the Financial Services Authority and the requirements of the Commercial Companies Law of the Sultanate of Oman. These costs are recorded as expenses in the period in which they are incurred.

4 Significant judgments, estimates and assumptions

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 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 financial statements.

(a) 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.

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 23.1. This arrangement was settled in August 2024.

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. However this arrangement has been settled during the year.

4 Significant judgments, estimates and assumptions *(continued)*

(a) Critical accounting judgements *(continued)*

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. This arrangement was settled in August 2024.

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 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 license; the likelihood of license renewal or extension; and the success of a well result or geological or geophysical survey.

Carrying value of oil & gas properties (note 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.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

4 Significant judgments, estimates and assumptions *(continued)*

(a) Critical accounting judgements *(continued)*

Carrying value of oil & gas properties (note 12) (continued)

Reserves estimates used in the calculation of Depreciation, Depletion and Amortisation (DD&A) and impairment of oil & gas properties (note 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.

Decommissioning obligation

Provision for decommissioning obligation is estimated based on the expected dismantling cost valued by the independent valuer. Further, Management uses a discount rate to measure the present value and considered in the inflation impact of the future dismantling costs.

5 Revenues

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.

5 Revenue *(continued)*

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Revenue recognised point-in-time				
Sale of oil and condensate	**630,194**	849,214	**532,809**	749,019
Sale of gas	**165,193**	154,011	**4,070**	5,972
Total revenues	**795,387**	1,003,225	**536,879**	754,991
Revenue recognised over time				
Processing and service fees (i)	**45,878**	60,056	**47,309**	42,609
Total revenues	**841,265**	1,063,281	**584,188**	797,600
Primary geographical markets				
Export – United Arab Emirates	**630,194**	849,214	**532,809**	749,019
Local – Sultanate of Oman	**211,071**	214,067	**51,379**	48,581
	841,265	1,063,281	**584,188**	797,600

(i) Processing and service fees includes:

- Revenue from the sale of gas purchased from Dolphin field has been recognized on net basis as the Company is considered as an agent in that arrangement.
- Processing fees for the Musandam Gas processing plant under Supplementary Tariff Agreement with Government and Gas processing agreement with Operator.
- Processing fee with respect to fields operated under service agreements.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

6 Cost of sales

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Operating costs (note 6.1)	**234,993**	250,890	**206,149**	212,697
Depreciation, depletion, and amortisation (note 9)	**262,830**	323,056	**184,082**	246,976
Amortisation - right of use asset (note 9)	**15,083**	40,227	**15,083**	40,227
Exploration and evaluation assets written off in block 42 (note 13)	**2,828**	-	**2,828**	-
Provision for impairment on exploration and evaluation assets of block 52 (note 13)	**6,502**	-	**6,502**	-
Provision against inventory of block 52 (note 16)	**665**	-	**665**	-
	522,901	614,173	**415,309**	499,900

6.1 Operating cost

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Field and support cost	**72,782**	65,313	**64,933**	51,077
Utilities	**43,196**	43,380	**43,196**	41,386
Repair and maintenance	**25,668**	31,143	**22,351**	28,054
Overheads	**23,767**	25,706	**20,627**	22,580
Material costs	**11,678**	23,534	**11,678**	23,534
Employee related costs	**44,150**	41,738	**32,160**	30,087
Other expenses	**13,752**	20,076	**11,204**	15,979
	234,993	250,890	**206,149**	212,697

7 Administrative expenses, finance income and other income

7.1 Administrative expenses

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Employee related expenses (note 7.1.1)	**22,269**	29,510	**21,540**	27,062
Communication expenses	**551**	375	**551**	420
Professional and technical fees	**2,269**	2,201	**2,269**	2,458
Consultancy fee	**1,918**	1,607	**1,918**	1,607
Audit and other services fee	**420**	307	**360**	148
Insurance	**681**	542	**681**	-
Board sitting fee	**30**	-	**30**	-
Other expenses	**8,684**	10,328	**9,449**	3,914
	36,822	44,870	**36,798**	35,609

7 Administrative expenses, finance income and other income *(continued)*

7.1 Administrative expenses *(continued)*

7.1.1 Employee related expenses

	Consolidated		Parent	
	31-Dec-24	*31-Dec-23*	***31-Dec-24***	*31-Dec-23*
	RO'000	*RO'000*	***RO'000***	*RO'000*
Salaries and allowances	**17,173**	22,522	**16,694**	22,496
Other benefits	**3,159**	4,774	**3,159**	2,431
End of service benefits (note 24)	**777**	638	**527**	623
Contribution for social insurance	**1,160**	1,576	**1,160**	1,512
	22,269	29,510	**21,540**	27,062

7.2 Finance income

	Consolidated		Parent	
	31-Dec-24	*31-Dec-23*	***31-Dec-24***	*31-Dec-23*
	RO'000	*RO'000*	***RO'000***	*RO'000*
Interest income – bank deposits (note 7.2 (i))	**8,313**	8,583	**8,351**	8,582
Others	**-**	123	**-**	113
Unwinding of deferred consideration (note 18.1)	**2,538**	-	**2,538**	-
	10,851	8,706	**10,889**	8,695

i. Interest income pertains to call deposits denominated in Rial Omani and carry annual effective interest rate of between 0.25% to 5.55% (2023: 1.25% to 5.80%). The Group has the flexibility to liquidate the call deposits before the scheduled maturity dates.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

7.3 Other income

	Consolidated		Parent	
	31-Dec-24	*31-Dec-23*	***31-Dec-24***	*31-Dec-23*
	RO'000	*RO'000*	***RO'000***	*RO'000*
Gain on liquidation of subsidiary (note 29.1)	**-**	-	**-**	91,958
Dividend income	**-**	-	**8,327**	7,856
Reversal of outstanding liabilities	**4,697**	-	**4,686**	-
Gain from relinquishment of block 42	**6,042**	-	**6,042**	-
Gain on divestment – shares in Abraj (note 29.2)	**-**	-	**-**	39,624
Others	**823**	125	**-**	115
	11,562	125	**19,055**	139,553

8 Finance cost

	Consolidated		Parent	
	31-Dec-24	*31-Dec-23*	***31-Dec-24***	*31-Dec-23*
	RO'000	*RO'000*	***RO'000***	*RO'000*
Interest on borrowings	**8,551**	12,495	**8,551**	12,514
Unwinding of discount on provision for decommissioning (note 25)	**3,177**	3,502	**2,829**	3,347
Interest on lease liabilities (note 27)	**1,167**	3,794	**1,167**	3,794
Unrealized loss on foreign exchange	**1,498**	-	**-**	124
Others	**21**	158	**12**	-
	14,414	19,949	**12,559**	19,779

9 Depreciation, depletion, and amortization

The depreciation, depletion and amortisation charged to the statement of profit or loss is:

	Consolidated		Parent	
	31-Dec-24	*31-Dec-23*	**31-Dec-24**	*31-Dec-23*
	RO'000	*RO'000*	**RO'000**	*RO'000*
Depreciation and depletion – oil & gas properties (note 12)	**262,829**	323,045	**184,081**	246,965
Depreciation – other property, plant & equipment (note 14)	**1**	7	**1**	7
Amortisation other intangible assets (note 15)		4	**-**	4
	262,830	323,056	**184,082**	246,976
Amortisation – right-of-use of assets (note 27) *	**15,083**	40,227	**15,083**	40,227
	277,913	363,283	**199,165**	287,203

*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:

	Consolidated		Parent	
	31-Dec-24	*31-Dec-23*	**31-Dec-24**	*31-Dec-23*
	RO'000	*RO'000*	**RO'000**	*RO'000*
Cost of sales (note 6)	**277,913**	363,283	**199,165**	287,203

10 Income tax

The Group and its subsidiaries (other than concession blocks as referred below) 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 period, the accounting result has been adjusted for tax purposes.

	Consolidated		Parent	
	31-Dec-24	*31-Dec-23*	**31-Dec-24**	*31-Dec-23*
	RO'000	*RO'000*	**RO'000**	*RO'000*
Current liability				
Current tax	**11,411**	87,189	**5,617**	79,109

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

10 Income tax *(continued)*

	Consolidated		Parent	
	31-Dec-24	*31-Dec-23*	**31-Dec-24**	*31-Dec-23*
	RO'000	*RO'000*	**RO'000**	*RO'000*
Current tax	**1,960**	79,948	**787**	77,051
Deferred tax – profit or loss	**819**	215	**78**	122
Tax expense charge to profit and loss	**2,779**	80,163	**865**	77,173
Deferred tax – other comprehensive income	**226**	(626)	**226**	(626)
Tax charge for the year	**3,005**	79,537	**1,091**	76,547

	Consolidated		Parent	
	31-Dec-24	*31-Dec-23*	**31-Dec-24**	*31-Dec-23*
	RO'000	*RO'000*	**RO'000**	*RO'000*
Net deferred tax asset / (liability)				
Opening balance	**(3,870)**	(4,281)	**(47)**	(551)
Charge for the year	**1,045**	411	**303**	504
Abraj common control adjustment (note 37.1)	**3,823**	-	**-**	-
Closing balance	**998**	(3,870)	**256**	(47)

	Consolidated		
	As at 1 January 2024		**31 December 2024**
	RO'000	**Movement RO'000**	**RO'000**
Deferred tax asset / (liability)			
Oil and gas properties	**-**	**741**	**741**
Plant and equipment	**55**	**(22)**	**33**
Provision for trade receivable	**38**	**-**	**38**
Provision for inventory	**86**	**100**	**186**
Derivatives	**(226)**	**226**	**-**
Abraj common control adjustment (note 37.1)	**(3,823)**	**3,823**	**-**
	(3,870)	**4,868**	**998**

10 Income tax *(continued)*

	Consolidated		
Deferred tax asset / (liability)	*As at 1 January 2023 RO'000*	*Movement RO'000*	*31 December 2023 RO'000*
Plant and equipment	(3,972)	(821)	(4,793)
Provision for trade receivables	38	-	38
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)

	Parent		
	As at 1 January 2024 RO'000	***Movement RO'000***	***31 December 2024 RO'000***
Deferred tax asset / (liability)			
Plant and equipment	**55**	**(23)**	**32**
Provision for trade receivable	**38**	**-**	**38**
Provision for inventory	**86**	**100**	**186**
Derivatives	**(226)**	**226**	**-**
	(47)	**303**	**256**

	Parent		
	As at 1 January 2023 RO'000	*Movement RO'000*	*31 December 2023 RO'000*
Deferred tax asset / (liability)			
Plant and equipment	52	3	55
Provision for inventory	38	-	38
Tax losses	95	(9)	86
Deferred expenses	116	(116)	-
Derivatives	(852)	626	(226)
	(551)	504	(47)

10 Income tax *(continued)*

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% (2023: 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 reconciliation of tax as per accounting profit to effective tax is set out below:

	Consolidated		***Parent***	
	31-Dec-24	*31-Dec-23*	***31-Dec-24***	*31-Dec-23*
	RO'000	*RO'000*	***RO'000***	*RO'000*
Profit before tax	**318,672**	690,399	**170,975**	687,731
Income tax @ 15%	**47,800**	103,560	**25,646**	103,159
Non-deductible expenses	**1,525**	-	**1,525**	928
Incremental deferred tax impact on account of difference in carry forward losses	**-**	116	**-**	116
Tax exempt income	**(46,546)**	(23,778)	**(26,306)**	(27,030)
Effective tax	**2,779**	`79,898	**865**	77,173

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 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.

11 Dividends

Dividend of RO 173 million (per share RO 0.021) has been paid during the year (2023: RO 308 million).

12 Oil and gas properties

	Consolidated *RO'000*	*Parent* *RO'000*
Cost		
As at 1 January 2023	3,522,459	2,636,356
Additions	247,973	197,479
Transfer from exploration and evaluation assets (note 13)	90,558	-
Change in provision for decommissioning (note 25)	20,917	20,314
Divestment of Block 60 (note 18)	(493,873)	(493,873)
As at 31 December 2023	3,388,034	2,360,276
As at 1 January 2024	**3,388,034**	**2,360,276**
Additions made during the period	**234,365**	**187,805**
Change in provision for decommissioning (note 25)	**(189)**	**(3,312)**
Reversal of Almuzn assets(note 30)*	**(36,782)**	**-**
Currency translation differences	**(5,279)**	**(3,677)**
As at 31 December 2024	**3,580,149**	**2,541,092**
Accumulated depreciation and impairment		
As at 1 January 2023	(2,475,579)	(2,069,063)
Charge for the year (note 9)	(323,045)	(246,965)
Divestment of block 60 (note 18)	341,159	341,159
As at 31 December 2023	(2,457,465)	(1,974,869)
As at 1 January 2024	**(2,457,465)**	**(1,974,869)**
Charge for the period (note 9)	**(262,829)**	**(184,081)**
Reversal of Almuzn assets depreciation*	**2,488**	**-**
Currency translation differences	**3,829**	**3,077**
As at 31 December 2024	**(2,713,977)**	**(2,155,873)**
Net book value		
As at 31 December 2024	**866,172**	**385,219**
As at 31 December 2023	930,569	385,407

* The reversal pertains to the Almuzn assets due to change in accounting treatment from joint operations to joint venture.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

12 Oil and gas properties *(continued)*

Impairment

During the year, the Group has carried out an impairment analysis for Blocks where indicators of impairment are present. These indicators include changes in reserves, fluctuations in the future commodity prices, changes in the development plans, technological and regulatory changes and cost overruns at the reporting date.

Group used discounted cash flows valuation technique and calculated the Value in use (VIU) to ensure it is higher than carrying value of the underlying assets. Projected cash flows from the respective Blocks are discounted by applying a post-tax discount rate over the useful life of each Block.

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 calculation of VIU for oil and gas assets is based upon the following key assumptions:

- Future reserves;
- Inflation rates;
- Future commodity prices; and
- Discount rate.

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.

The Group engages independent third-party experts to verify reserves every three years. In 2024, management appointed an external reserves valuation specialist, and the reserves base used for the VIU calculations is derived from this report.

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 2024 was 2% and is based on USD inflation rate (2023: 2%).

Commodity prices
To estimate future oil prices, the Group used Brent 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.

12 Oil and gas properties *(continued)*

Discount rate
Discount rates used reflect the estimated weighted average cost of capital rates specific to the cash generating unit from market participant's perspective. The cash flows were discounted using a post-tax discount rate of 8.6% (2023: 7.8%).

The Company conducted an impairment analysis on relevant assets and recognized no impairment losses during the year (2023: nil).

13 Exploration and evaluation assets

	Consolidated RO'000	*Parent RO'000*
Cost		
As at 1 January 2023	102,655	12,270
Additions	2,029	-
Divestment of block 48 (note 18)	(7,451)	(7,451)
Transfer to oil & gas assets (note 12)	(90,558)	-
As at 31 December 2023	6,675	4,819
As at 1 January 2024	**6,675**	**4,819**
Additions made during the year	**11,027**	**7,339**
Asset written off block 42 (Note 6)	**(2,828)**	**(2,828)**
Provision for impairment against block 52 assets (Note 6)	**(6,502)**	**(6,502)**
Currency translation adjustment	**(10)**	**(8)**
As at 31 December 2024	**8,362**	**2,820**
Net book value		
As at 31 December 2024	**8,362**	**2,820**
As at 31 December 2023	6,675	4,819

The exploration and evaluation assets (E&E) closing balance primarily pertains to Blocks 47 and 48 which are under exploration stage and accounted as per requirements of IFRS 6.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

14 Other property, plant and equipment

	Consolidated		
	Other property, plant and equipment RO'000	*Capital work in progress (CWIP) RO'000*	*Total RO'000*
Cost			
As at 1 January 2023	355,434	10,971	366,405
Additions	4,113	10,783	14,896
Transfers within categories	11,309	(11,309)	-
Disposals / write offs	(4,223)	-	(4,223)
As at 31 December 2023	366,633	10,445	377,078
As at 1 January 2024	**366,633**	**10,445**	**377,078**
Additions	**769**	**22,188**	**22,957**
Transfers within categories	**9,928**	**(9,928)**	**-**
Adjustment under common control transaction (note 37.1)	**(370,784)**	**(22,705)**	**(393,489)**
Other disposals / write offs	**(1,429)**	**-**	**(1,429)**
Currency translation adjustment	**(571)**	**-**	**(571)**
As at 31 December 2024	**4,546**	**-**	**4,546**
	Other property, plant and equipment RO'000	*Capital work in progress (CWIP) RO'000*	*Total RO'000*
Accumulated depreciation and impairment			
As at 1 January 2023	(170,598)	(2)	(170,600)
Charge for the year	(18,834)	-	(18,834)
Disposal	3,005	-	3,005
Reversal of impairment	757	-	757
As at 31 December 2023	(185,670)	(2)	(185,672)
As at 1 January 2024	**(185,670)**	**(2)**	**(185,672)**
Charge for the year*	**(10,015)**	**-**	**(10,015)**
Disposals	**1,381**	**-**	**1,381**
Provision for asset write off	**(336)**	**-**	**(336)**
Adjustment under common control transaction (note 37.1)	**190,045**	**2**	**190,047**
Currency translation adjustment	**289**	**-**	**289**
As at 31 December 2024	**(4,306)**	**-**	**(4,306)**
Net book value			
As at 31 December 2024	**240**	**-**	**240**
As at 31 December 2023	180,963	10,443	191,406

*Charge for the year includes RO 10,014,000 (2023: RO 18,827,000) pertains to Abraj which was transferred to OQ SAOC under common control transaction.

14 Other property, plant and equipment *(continued)*

	Parent		
	Other property, plant and equipment RO'000	***CWIP RO'000***	***Total RO'000***
Cost			
As at 1 January 2023	4,554	-	4,554
As at 31 December 2023	4,554	-	4,554
As at 1 January 2024	**4,554**	**-**	**4,554**
Additions	**241**	**-**	**241**
Disposals / written off	**(247)**	**-**	**(247)**
As at 31 December 2024	**4,548**	**-**	**4,548**
Accumulated depreciation and impairment			
As at 1 January 2023	(4,546)	-	(4,546)
Charge for the year (note 9)	(7)	-	(7)
As at 31 December 2023	(4,553)	-	(4,553)
As at 1 January 2024	**(4,553)**	**-**	**(4,553)**
Disposals / written off	**240**	**-**	**240**
Charge for the year(note 9)	**1**	**-**	**1**
Currency translation adjustment	**4**	**-**	**4**
As at 31 December 2024	**(4,308)**	**-**	**(4,308)**
Net book value			
As at 31 December 2024	**240**	**-**	**240**
As at 31 December 2023	1	-	1

15 Intangible assets

	Consolidated RO'000	***Parent RO'000***
Cost		
As at 1 January 2023	7,600	6,964
Additions	113	-
Transfer from WIP	-	-
As at 31 December 2023	7,713	6,964
As at 1 January 2024	**7,713**	**6,964**
Adjustment under common control transaction (note 37.1)	**(748)**	**-**
Currency translation adjustment	**(12)**	**(11)**
As at 31 December 2024	**6,953**	**6,953**

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

15 Intangible assets *(continued)*

	Consolidated RO'000	***Parent RO'000***
Accumulated depreciation and impairment		
As at 1 January 2023	(7,403)	(6,960)
Charge for the year	(78)	(4)
As at 31 December 2023	(7,481)	(6,964)
Accumulated depreciation and impairment		
As at 1 January 2024	**(7,481)**	**(6,964)**
Charge for the year*	**(42)**	**-**
Adjustment under common control transaction (note 37.1)	**558**	**-**
Currency translation adjustment	**12**	**11**
As at 31 December 2024	**(6,953)**	**(6,953)**
Net book value		
As at 31 December 2024	**-**	**-**
As at 31 December 2023	232	-

*Charge for the year pertains to Abraj (2023: RO 74,000) which was transferred to OQ SAOC under common control transaction.

16 Inventories

	Consolidated		***Parent***	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Oil, gas and condensates	**5,697**	4,578	**5,704**	4,393
Materials, spares and consumables	**72,204**	95,581	**63,596**	61,302
Provision for obsolescence	**(1,236)**	(1,074)	**(1,236)**	(571)
	76,665	99,085	**67,814**	65,124
Provision for obsolescence				
Opening balance	**1,074**	565	**571**	635
Charge for the year (note 6) *	**665**	509	**665**	(64)
Abraj common control adjustment (note 37.1)	**(503)**	-	**-**	-
Closing balance	**1,236**	1,074	**1,236**	571

*During the exploration stage it has concluded that block 52 is not commercially viable and the inventory amounting to RO 665,000 has been provided and charged to statement of profit or loss and other comprehensive income.

17 Trade and other receivables

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Trade receivables – third party	**34,910**	28,596	**9,180**	37,569
Trade receivables – related party (note 34)	**61,067**	42,416	**52,750**	42,216
Expected credit loss (ECL)	**(258)**	(258)	**(258)**	(258)
	95,719	70,754	**61,672**	79,527
Other receivables	**123,699**	156,867	**42,453**	80,471
	219,418	227,621	**104,125**	159,998

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 year-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):

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Balance at the beginning of the year	**(258)**	(581)	**(258)**	(258)
Reversal during the year	**-**	323	**-**	-
Balance at the end of the year	**(258)**	(258)	**(258)**	(258)

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 RO 400.765 million for block 60 and USD 11.504 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.

	Block 60 RO'000	*Block 48 RO'000*	*Total RO'000*
Cash consideration	400,765	11,504	412,269
Deferred consideration (note 18.1)	43,916	-	43,916
Total consideration	444,681	11,504	456,185
Less:			
Working capital and other adjustments as per agreements	(19,917)	-	(19,917)
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 provision for decommissioning (note 25)	21,883	-	21,883
Carrying value of right of use asset (note 27)	(23,499)	-	(23,499)
Carrying value of lease liability (note 27)	15,778	-	15,778
Gain on divestment (block 60) / Other reserve (block 48)	274,659	3,475	278,134

The company derecognized carrying values of block 60 and related working capital adjustment, and then recognized gain of RO 274,659 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, which was subsequently transferred to retained earnings during 2024.

18. Farm out transaction *(continued)*

18.1 Deferred consideration

As per the sale agreement, the buyers (Medco) will pay the Group deferred payments over 6 years starting from 1 December 2024 and last payment will be received on 1 December 2029. The instalment will be due annually on 1 December of each respective year. As the amount will be received beyond one year so the Group has discounted the future cashflows by using 6% rate.

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	**31-Dec-24 RO'000**	*31-Dec-23 RO'000*
Unwinding income on deferred consideration (note 7.2)	**2,538**	-	**2,538**	-
Presented as:				
Current receivable	**7,690**	7,702	**7,690**	7,702
Non-current receivable	**30,990**	36,214	**30,990**	36,214
	38,680	43,916	**38,680**	43,916
As at 1 January	**43,916**	43,916	**43,916**	43,916
Payment received	**(7,690)**	-	**(7,690)**	-
Currency translation difference	**(84)**	-	**(84)**	-
Interest charged (note 7.2)	**2,538**	-	**2,538**	-
Closing balance	**38,680**	43,916	**38,680**	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 year-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 behaviour, the Group does not anticipate a significant increase in credit risk. The impact of the expected credit loss on the separate and consolidated financial statements is not material.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

18. Farm out transaction *(continued)*

18.1 Deferred consideration *(continued)*

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	**31-Dec-24 RO'000**	*31-Dec-23 RO'000*
Deferred consideration receivable				
2024	**-**	7,702	**-**	7,702
2025	**7,690**	7,702	**7,690**	7,702
2026	**9,613**	9,628	**9,613**	9,628
2027	**9,613**	9,628	**9,613**	9,628
2028	**9,613**	9,628	**9,613**	9,628
2029	**9,613**	9,628	**9,613**	9,628
Total deferred consideration - gross	**46,142**	53,916	**46,142**	53,916
Less: unearned finance income	**(7,462)**	(10,000)	**(7,462)**	(10,000)
Present value of deferred consideration receivable	**38,680**	43,916	**38,680**	43,916

19 Advances and prepayments

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	**31-Dec-24 RO'000**	*31-Dec-23 RO'000*
Advances to employees	**177**	149	**181**	147
Advances to suppliers	**404**	1,305	**169**	401
Prepaid expenses	**-**	342	**-**	-
Accrued revenue	**-**	8,650	**-**	-
Other	**4,784**	3,385	**-**	-
	5,365	13,831	**350**	548

20 Cash and cash equivalents

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	**31-Dec-24 RO'000**	*31-Dec-23 RO'000*
Cash on hand	**149**	8	**149**	148
Cash at bank	**160,005**	246,756	**111,121**	205,834
	160,154	246,764	**111,270**	205,982

20 Cash and cash equivalents *(continued)*

Bank balances consist of call and fixed deposits denominated in Rial Omani and carry annual effective interest rate of between 0.25% 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 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. As the PXF facility has been matured and repaid during the current year, the restricted cash has been settled against the last instalment of the loan.

22 Capital and reserves

22.1 Share capital

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Paid up share capital 8 billion shares of RO .0010 each (2023: 250,000 shares of RO 1 each).	**80,000**	250	**80,000**	250
	80,000	250	**80,000**	250

OQ SAOC holds more than 10% of the OQEP's capital, and the shareholding pattern of the Parent Company is as follows:

	2024		2023	
	No. of shares	***% holding***	*No. of shares*	*% holding*
OQ SAOC	**6,000,000,000**	**75%**	250,000	100%

22 Capital and reserves *(continued)*

22.1 Share capital *(continued)*

During the current year, 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 79.75 million has been funded from the Parent Company's retained earnings. Also, the Parent Company has issued 25% of the paid-up share capital to the general public as secondary sale under initial public offering.

22.2 Statutory reserve

As required under the Article 274 of the Commercial Companies Law of the Sultanate of Oman, 10% of the Parent 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 Parent's Company issued share capital.

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 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 financial statements. During the year the Group has repaid RO 461 million (2023: RO 453.31 million) and the balance amount has been settled against the transfer of 51% shares of Abraj to the Holding Company under common control transaction (refer note 37.1).

22 Capital and reserves *(continued)*

22.4 Subordinated loans *(continued)*

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Non-interest bearing				
As at 1 January	**532,774**	986,089	**532,774**	986,089
Abraj common control adjustment (note 37.1)	**(71,461)**	-	**(71,461)**	-
Repayment during the year	**(461,313)**	(453,315)	**(461,313)**	(453,315)
As at 31 December	**-**	532,774	**-**	532,774

23 Bank borrowings

	Note	Consolidated		Parent	
		31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
PXF facility	*23.1*	**-**	88,870	**-**	88,870
Bridge-to-bond credit facility	*23.2*	**192,250**	-	**192,250**	-
Islamic finance facility	*23.3*	**192,250**	-	**192,250**	-
Term loans	*23.4*	**-**	85,291	**-**	-
		384,500	174,161	**384,500**	88,870
Less: unamortised financing costs		**(1,694)**	(100)	**(1,694)**	(100)
		382,806	174,061	**382,806**	88,770

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Long term borrowings - current portion	**-**	102,001	**-**	88,770
Long term borrowings - non current portion	**382,806**	72,060	**382,806**	-
Total borrowings	**382,806**	174,061	**382,806**	88,770

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

23 Borrowings *(continued)*

Movement of borrowings is as follows:

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Balance as at 1 January	**174,061**	303,776	**88,770**	207,262
Proceeds from loan	**382,806**	83,835	**382,806**	-
Payment of loan	**(88,770)**	(213,550)	**(88,770)**	(118,492)
Abraj common control adjustment (note 37.1)	**(85,291)**	-	**-**	-
Total changes from financing cash flows	**382,806**	174,061	**382,806**	88,770

23.1 PXF facility

In December 2017, OQEP 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 instalments 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. The loan has been fully repaid in August 2024.

23.2 Bridge-to-bond credit facility

In September 2024, OQEP obtained RO 192.25 million conventional Bridge-to-Bond credit facility of for a term of two years from a syndicate of commercial banks, with a floating rate of interest set by reference to US$ at SOFR plus 85 basis points, repayable on maturity.

23 Borrowings *(continued)*

23.3 Islamic finance facility

In September 2024, OQEP obtained RO 192.25 million term Islamic financing facility for a term of seven years with a syndicate of banks, structured as a wakala bil-istithmar. The Parent Company pays a variable return on this facility, set by reference to US$ at SOFR plus 125 basis points, and the facility is repayable in semi-annual instalments commencing from January 2027, with a balloon repayment of US$ 162.5 million in July 2031.

The Bridge-to-bond credit facility and Islamic finance facility is unsecured and not guaranteed.

23.4 Term loans

		Consolidated		Parent	
		31-Dec-24	*31-Dec-23*	**31-Dec-24**	*31-Dec-23*
		RO'000	*RO'000*	**RO'000**	*RO'000*
Terms Loan II	Dec-27	**-**	6,395	**-**	-
Terms Loan IV	Dec-29	**-**	18,770	**-**	-
Terms Loan VI	Feb-30	**-**	28,626	**-**	-
Terms Loan VII	Dec-30	**-**	31,500	**-**	-
		-	85,291	**-**	
Less: current portion		**-**	(13,232)	**-**	-
Non-current portion		**-**	72,059	**-**	-

These term loans pertain to the Abraj that has been transferred to the Holding Company under common control transaction (note 37.1).

Unamortised financing costs

	Consolidated		Parent	
	31-Dec-24	*31-Dec-23*	**31-Dec-24**	*31-Dec-23*
	RO'000	*RO'000*	**RO'000**	*RO'000*
Opening balance	**100**	1,418	**100**	1,418
Incurred during the year	**1,883**	(720)	**1,883**	(720)
Amortised	**(289)**	(598)	**(289)**	(598)
Closing balance	**1,694**	100	**1,694**	100

There are no covenants for the loans outstanding at year end and there is no exposure coverage through any security.

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.

24 Employees' end of service benefits *(continued)*

Movement in liability

	Consolidated		Parent	
	31-Dec-24	*31-Dec-23*	**31-Dec-24**	*31-Dec-23*
	RO'000	*RO'000*	**RO'000**	*RO'000*
Balance at the beginning of the year	**3,136**	2,815	**874**	831
Service cost	**777**	1,115	**527**	623
Defined benefit obligation actuarial loss	**31**	59	**31**	59
Abraj common control adjustment (note 37.1)	**(2,440)**	-	**-**	-
Paid during the year	**(504)**	(853)	**(474)**	(639)
Currency translation adjustment	**(5)**	-	**(2)**	-
	995	3,136	**956**	874

The weighted-average duration of the defined benefit obligation is 6.96 years (2023: 10.93 years).

The amount recognized in the parent and consolidated statement of profit and loss is as follows:

	Consolidated		Parent	
	31-Dec-24	*31-Dec-23*	**31-Dec-24**	*31-Dec-23*
	RO'000	*RO'000*	**RO'000**	*RO'000*
Service cost*	**777**	1,115	**527**	623

The amount recognized in parent and consolidated statement of other comprehensive income:

Defined benefit obligation actuarial loss	**31**	59	**31**	59

*Service cost at consolidated level for the year 2023 amounting to RO 477,000 pertains to Abraj which has been transferred to OQ SAOC under common control transaction.

Following are the key assumptions used in the actuarial valuation:

	2024	*2023*
Discount rate	**5.25%**	6%
Future salary increases	**3%**	3%
Retirement age in years	**60**	60

24 Employees' end of service benefits *(continued)*

Sensitive 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 as follows.

	2024		***2023***	
	Increase RO'000	*Decrease RO'000*	***Increase RO'000***	*Decrease RO'000*
Discount rate (0.5%)	**(3)**	3	**(6)**	5
Salary Increase (0.5%)	**3**	(3)	**7**	(7)

25 Provision for decommissioning

	Consolidated		***Parent***	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Movement in liability				
Balance at the beginning of the year	**39,606**	37,020	**37,333**	35,505
Additions during the year (note 12)	**(189)**	20,917	**(3,312)**	20,314
Unwinding of discount (note 8)	**3,177**	3,502	**2,829**	3,347
Divestment of Block 60	**-**	(21,833)	**-**	(21,833)
Currency translation adjustment	**(62)**	-	**(58)**	-
	42,532	39,606	**36,792**	37,333

The Group makes provision for the future cost of decommissioning of 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 free rate specific to the liability. The decommissioning provision represent the present value of decommissioning 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.

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.

25 Provision for decommissioning *(continued)*

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 2024 was 6.47% (2023: 7.34%). The outflow of resources from the settlement of provision are expected to occur between 2027 to 2043.

26 Accounts payable and accrued liabilities

	Consolidated		***Parent***	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Accrued expenses	**45,701**	69,182	**40,904**	44,983
Trade payables - third party	**41,246**	39,159	**22,711**	24,859
Trade payables - related party	**351**	2,368	**50,089**	7,012
Other payables	**25,359**	66,476	**25,281**	51,633
Payable to operator	**175,282**	151,137	**47,231**	78,981
Retentions	**89**	156	**80**	-
	288,028	328,478	**186,296**	207,468

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 Right-of-use assets (ROU) and lease liability

The Group has entered into lease arrangements with various counter parties which include arrangements for:

- Drilling and land rigs
- Tankers and other equipment
- Vehicles
- Oil and gas assets

27 Right-of-use assets (ROU) and lease liability *(continued)*

	Consolidated				
	Drilling and land rigs RO'000	***Equipment and tankers RO'000***	***Vehicles RO'000***	***Oil and gas assets RO'000***	***Total RO'000***
Cost:					
As at 1 January 2023	7,719	3,015	11,472	5,081	27,287
Additions	-	-	2,926	98,975	101,901
Divestment of block 60 (note 18)	-	-	-	(39,590)	(39,590)
Termination & modification adjustment	-	-	(745)	-	(745)
As at 31 December 2023	7,719	3,015	13,653	64,466	88,853
As at 1 January 2024	**7,719**	**3,015**	**13,653**	**64,466**	**88,853**
Lease re-assessment	**-**	**-**	**-**	**2,155**	**2,155**
Abraj common control adjustment (note 37.1)	**(2,094)**	**(2,876)**	**(12,317)**	**-**	**(17,287)**
Currency translation adjustment	**(12)**	**(5)**	**(21)**	**(100)**	**(138)**
As at 31 December 2024	**5,613**	**134**	**1,315**	**66,521**	**73,583**

	Consolidated				
	Drilling and land rigs RO'000	***Equipment and tankers RO'000***	***Vehicles RO'000***	***Oil and gas assets RO'000***	***Total RO'000***
Accumulated depreciation and impairment					
As at 1 January 2023	5,769	3,015	7,426	5,081	21,291
Charge for the year	285	-	2,390	40,227	42,902
Divestment of block 60 (note 18)	-	-	-	(16,091)	(16,091)
As at 31 December 2023	6,054	3,015	9,816	29,217	48,102
As at 1 January 2024	**6,054**	**3,015**	**9,816**	**29,217**	**48,102**
Charge for the year (note 9)*	**161**	**2**	**1,258**	**15,083**	**16,504**
Abraj common control adjustment (note 37.1)	**(592)**	**(2,878)**	**(9,744)**	**-**	**(13,214)**
Currency translation adjustment	**(10)**	**(5)**	**(15)**	**(46)**	**(76)**
As at 31 December 2024	**5,613**	**134**	**1,315**	**44,254**	**51,316**
Net book value					
As at 31 December 2024	**-**	**-**	**-**	**22,267**	**22,267**
As at 31 December 2023	1,665	-	3,837	35,249	40,751

*Charge for the year includes an amount of RO 1,421,000 (2023: RO 2,675,000) which pertains to the transfer of Abraj to OQ SAOC under common control transaction.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

27 Right-of-use assets (ROU) and lease liability *(continued)*

	Parent				
	Drilling and land rigs RO'000	***Equipment and tankers RO'000***	***Vehicles RO'000***	***Oil and gas assets RO'000***	***Total RO'000***
Cost:					
As at 1 January 2023	5,622	134	1,317	5,081	12,154
Additions	-	-	-	98,975	98,975
Divestment of block 60 (note18)	-	-	-	(39,590)	(39,590)
As at 31 December 2023	5,622	134	1,317	64,466	71,539
As at 1 January 2024	**5,622**	**134**	**1,317**	**64,466**	**71,539**
Lease reassessment	**-**	**-**	**-**	**2,155**	**2,155**
Currency translation adjustment	**(9)**	**-**	**(2)**	**(100)**	**(111)**
As at 31 December 2024	**5,613**	**134**	**1,315**	**66,521**	**73,583**
Accumulated depreciation and impairment					
As at 1 January 2023	5,622	134	1,317	5,081	12,154
Charge for the year	-	-	-	40,227	40,227
Divestment of block 60 (note 18)	-	-	-	(16,091)	(16,091)
As at 31 December 2023	5,622	134	1,317	29,217	36,290
As at 1 January 2024	**5,622**	**134**	**1,317**	**29,217**	**36,290**
Charge for the year (note 9)	**-**	**-**	**-**	**15,083**	**15,083**
Currency translation adjustment	**(9)**	**-**	**(2)**	**(46)**	**(57)**
As at 31 December 2024	**5,613**	**134**	**1,315**	**44,254**	**51,316**
Net book value					
As at 31 December 2024	**-**	**-**	**-**	**22,267**	**22,267**
As at 31 December 2023	-	-	-	35,249	35,249

Total amortisation cost for the year is allocated to:

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Profit or loss (note 9)	**15,083**	40,227	**15,083**	40,227

27 Right-of-use assets (ROU) and lease liability *(continued)*

Some leases contain extension options exercisable before the end of the non-cancellable contract period. Where practicable and required, Group seeks to include extension options exercisable upon the agreement of both parties. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The Group has not considered the likely renewal of leases after the initial lease period. The leases contain options to purchase the facilities at the end of lease term at lump sum value. The likely exercise of purchase option has not been considered after the initial lease period.

	Consolidated		**Parent**	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Lease liabilities				
Presented as				
Lease liabilities – current portion	**4,963**	10,748	**4,963**	8,540
Lease liabilities – non current portion	**11,062**	18,657	**11,062**	15,086
	16,025	29,405	**16,025**	23,626

	Consolidated		**Parent**	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
As at 1 January	**29,405**	6,206	**23,626**	-
Addition during the year*	**2,155**	60,522	**2,155**	57,545
Divestment of block 60(note 18)	**-**	(15,778)	**-**	(15,778)
Interest charged (note 8)**	**1,167**	4,118	**1,167**	3,794
Termination and modification related adjustment	**-**	(745)	**-**	-
Payment of lease liability	**(10,886)**	(24,918)	**(10,886)**	(21,935)
Abraj common control adjustment (note 37.1)	**(5,779)**	-	**-**	-
Currency translation adjustment	**(37)**	-	**(37)**	-
As at 31 December	**16,025**	29,405	**16,025**	23,626

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).
*Additions during the year is due to extension of lease terms.
**Interest expense at consolidated level for the year 2023 includes RO 324,000 which pertains to Abraj that has been transferred to OQ SAOC under common control transaction.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

28 Lease receivables

The lease payments are being made to the Group under the Supplementary Tariff Agreement (STA) which became effective from 1 January 2017, to cover the cost of infrastructure development and the annual operating cost of the Musandam Gas Plant and comprise of monthly payments over a period of 20 years.

	Consolidated & Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*
Lease income		
Finance income on net investment in lease	**21,509**	22,512
	21,509	22,512
Net investment in lease	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
As at 1 January	**229,524**	240,200
Receipts	**(11,626)**	(10,676)
Currency translation adjustment	**(358)**	-
As at 31 December	**217,540**	229,524
Presented as		
Lease receivable - current	**12,682**	5,822
Lease receivable - non current	**204,858**	223,702
	217,540	229,524
Amount receivable under finance lease		
2025	**33,136**	33,188
2026	**33,136**	33,188
2027	**33,136**	33,188
2028	**33,136**	33,188
2029	**33,136**	33,188
Remaining	**201,201**	234,277
	366,881	400,217
Less: unearned finance income	**(149,341)**	(170,693)
Present value of minimum lease payment receivable	**217,540**	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.

29 Investment in subsidiaries

Subsidiary	*Principal activities*	*Country of Incorporation*	*Ownership interest (%)*	*Ownership interest (%)*
			31-Dec-24 RO'000	*31-Dec-23 RO'000*
Abraj Energy Services SAOG*	Oilfield services	Sultanate of Oman	**-**	51
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

	31-Dec-24 RO'000	*31-Dec-23 RO'000*
Abraj Energy Services SAOG (Abraj)*	**-**	38,188
Abu Tubul LLC (ABB LLC)	**150**	150
Musandam Gas Plant LLC (MGP LLC)	**150**	150
Musandam Oil & Gas company LLC (MOGC LLC)	**250**	250
Makarim Gas Development LLC (MGD LLC)	**127,451**	323,863
Almajd Gas Development LLC	**248**	248
Almuzn Liquified Natural Gas LLC	**248**	248
Alizz Gas Development LLC	**248**	248
	128,745	363,345

*In 2023, Parent Company has sold the 49% shares of Abraj Energy Services SAOG ("Abraj") to the general public through IPO. The remaining 51% shares has been transferred to the Holding Company during the current period under common control transaction. Refer note 37.

29.1 Liquidation of OOCEP Holding Limited (OOCEPHL)

During 2023, the parent company liquidated its 100% owned subsidiary OOCEPHL, which was incorporated in Cayman Island. The liquidation was made due to the Group's reorganization owing to economic rationalisation. OOCEPHL had shareholdings in Abraj, ABB LLC, MOGC LLC, MGD and MGP.

The following table summarizes the information relating to OOCEPHL at the time of the liquidation and resultant gain.

29 Investment in subsidiaries *(continued)*

29.1 Liquidation of OOCEP Holding Limited (OOCEPHL) *(continued)*

	31-Dec-23 RO'000
Total Assets	98,702
Total Liabilities	(6,744)
Gain on liquidation	91,958

29.2 Divestment of Abraj Energy Services SAOG (Abraj)

During 2023, the Parent Company sold 49% shareholding (300,377,400 shares) of Abraj to the general public through IPO.

The following table summarizes the information relating to divestment.

	31-Dec-23 RO'000
Sales proceeds	72,166
Total cost of IPO	(3,340)
Net sales proceeds	68,826
Investment as of March 2023	(29,202)
Gain on divestment	39,624

During 2024, the remaining 51% shares have been transferred to the Holding Company as common control transaction as explained in note 37.

30 Interest in joint venture

	31-Dec-24 RO'000	*31-Dec-23 RO'000*
Initial cost	**3,025**	-
Share of profit for the year	**7,622**	-
At 31 December	**10,647**	-

OQ Exploration and Production SAOG owns 99% shares of Almuzn Liquifies Natural Gas LLC (the "Company") directly and 1% via Musandam Gas Plant LLC which is also 100% owned by OQ Exploration and Production SOAG. Almuzn Liquifies Natural Gas LLC hold 20% shares in Marsa Liquefied Natural Gas LLC. So, OQ Exploration and Production SAOG effectively owns 20% shares of Marsa Liquefied Natural Gas LLC. Until 31 December 2023, the Group management has accounted for this investment as a Joint operation at consolidation level.

30 Interest in joint venture *(continued)*

Effective 1 January 2024, Group has established that it has significant influence, therefore, accounted for this investment as investment in joint venture under equity accounting method as per IAS 28 guideline.

The summarized financial position and results of the joint venture is as follows:

	31-Dec-24 RO'000
Statement of financial position:	
Non-current assets	**320,671**
Current assets	**5,144**
Non-current liabilities-	**258,410**
Current liabilities	**14,168**
Net assets of the joint venture	**53,237**
Proportionate of the Parent Company's ownership interest in joint venture (20%)	**10,647**

Statement of profit and loss and other comprehensive income:

	31-Dec-24 RO'000
Revenue	**75,782**
Depreciation & amortisation	**17,962**
Income tax expenses	**6,324**
Profit & total comprehensive income (100%)	**38,112**
Profit & total comprehensive income (20%)	**7,622**

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

31 Deferred Income

An analysis of deferred income is set out below:

	Consolidated		***Parent***	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Balance at the beginning of the year	**8,368**	3,114	**7,218**	1,377
Over-lifting of oil	**4,783**	7,218	**4,783**	7,218
Deferred income booked by Abraj	**719**	(570)	**-**	-
Income received during the year	**(7,205)**	(1,394)	**(7,205)**	(1,377)
Abraj common control adjustment (note 37.1)	**(1,869)**	-	**-**	-
Currency translation adjustment	**(13)**	-	**(13)**	-
	4,783	8,368	**4,783**	7,218

In line with the Group accounting policy, deferred income is accounted over the firm contract period and income pertaining to future period is deferred.

32 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 loan is classified as equity due to their terms and conditions. All assets and liabilities for which fair value is measured or disclosed in these condensed 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.

32 Financial instruments *(continued)*

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.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

32 Financial instruments *(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 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.

At the end of reporting year, the interest rate risk profile of the Group's interest-bearing financial instrument was:

	Consolidated		***Parent***	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Variable rate instruments				
Borrowings (note 23)	**382,806**	174,061	**382,806**	88,870
Less: exposure hedged	**-**	(57,133)	**-**	(57,133)
Un-hedge portion	**382,806**	116,928	**382,806**	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 31 December 2024 and there are no open derivative contracts at the end of current reporting year.

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.

32 Financial instruments *(continued)*

Cash flow sensitivity analysis for variable rate instruments *(continued)*

	31-Dec-24		*31-Dec-23*	
	Un-hedged portion		*Un-hedged portion*	
	100 bp Increase RO'000	***100 bp Decrease RO'000***	*100 bp Increase RO'000*	*100 bp Decrease RO'000*
Profit before tax	**3,828**	**(3,828)**	316	(316)
	3,828	**(3,828)**	316	(316)

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.

	Consolidated					
	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***
As at 31 December 2024						
Interest bearing loans (note 23)	**382,806**	**454,712**	**10,646**	**10,531**	**223,498**	**210,037**
Accounts payable and accrued liabilities(note 26)	**288,028**	**288,028**	**288,028**	**-**	**-**	**-**
Lease liabilities(Note 27)	**16,025**	**17,054**	**5,079**	**4,117**	**7,858**	**-**
	686,859	**759,794**	**303,753**	**14,648**	**231,356**	**210,037**
As at 31 December 2023						
Interest bearing loans - (excluding interest and excluding unamortized finance cost)(note 23)	174,061	194,072	70,809	38,893	78,498	5,872
Accounts payable and accrued liabilities(note 26)	328,478	328,478	328,478	-	-	-
Other non-current liabilities	1,539	1,539	-	-	-	-
Lease liabilities(note 27)	29,405	25,745	4,938	4,753	8,198	7,856
	533,483	549,834	404,225	43,646	86,696	13,728

32 Financial instruments *(continued)*

Liquidity risk *(continued)*

	Parent					
	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***
As at 31 December 2024						
Interest bearing loans (note 23)	**382,806**	**454,712**	**10,646**	**10,531**	**223,498**	**210,037**
Accounts payable and accrued liabilities (note 26)	**186,296**	**186,296**	**186,296**	**-**	**-**	**-**
Lease liabilities (note 27)	**16,025**	**17,054**	**5,079**	**4,117**	**7,858**	**-**
	585,127	**658,062**	**202,021**	**14,648**	**231,356**	**210,037**
As at 31 December 2023						
Interest bearing loans (note 23)	88,870	91,931	61,873	30,058	-	-
Accounts payable and accrued liabilities (note 26)	207,468	207,468	207,468	-	-	-
Other non-current liabilities	1,539	1,539	-	-	-	-
Lease liabilities(note 27)	23,626	25,745	4,938	4,753	8,198	7,856
	321,503	326,683	274,279	34,811	8,198	7,856

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 31 December 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 statement of financial position.

The Group's current credit risk grading framework comprises the following categories:

32 Financial instruments *(continued)*

Credit risk *(continued)*

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 is as follow:

	Consolidated		***Parent***	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Trade receivables and other receivables (net) (note 17)	**219,418**	227,621	**104,125**	159,998
Lease receivable (noted 28)	**217,540**	229,524	**217,540**	229,524
Due from related party (note 34)	**32,452**	-	**114,421**	89,062
Deferred consideration (note 18.1)	**38,680**	43,916	**38,680**	43,916
Bank balances (note 20)	**160,005**	246,764	**111,121**	205,834
Derivative (note 35)	**-**	1,554	**-**	1,554
Restricted cash (note 21)	**-**	10,079	**-**	10,081
	668,095	759,458	**585,887**	739,969

To measure the expected credit losses, trade receivables are assessed based on credit risk characteristics and days past due. Refer to note 17 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.

		Consolidated		***Parent***	
Bank Name	*Banks rating*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Bank Muscat	BB+	**159,764**	212,396	**110,880**	171,474
Ahli Bank	BB	**30**	18,245	**30**	18,245
Central Bank of Oman	BB+	**150**	15,812	**150**	15,812
Sohar International Bank	BB	**61**	303	**61**	303
		[illegible]	246,756	[illegible]	205,834

32 Financial instruments *(continued)*

Credit risk *(continued)*

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 31 December 2024 and 31 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.

33 Contingencies and commitments

Contingent liabilities

As at 31 December 2024, the Group has no contingent liabilities and guarantees and legal claims during the current and previous year.

Capital commitments

The Group has the following capital commitments:

	Consolidated		***Parent***	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Capital commitments	**389,575**	385,757	**131,038**	310,391

34 Related party disclosure

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.

34 Related party disclosure *(continued)*

Outstanding balances at the year-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 year ended 31 December 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 parties and the market in which the related parties operate.

		Consolidated		Parent	
		31-Dec-24 RO'000	31-Dec-23 RO'000	**31-Dec-24 RO'000**	31-Dec-23 RO'000
Relationship					
Sale of goods and services					
Subsidiary	Processing fee	**-**	-	**4,614**	4,621
Entity under common control	Sale of oil and condensate	**630,194**	849,214	**532,809**	749,019
Purchase of goods and services					
Subsidiary	Purchase of fuel	**20,417**	24,550	**20,417**	24,550
Parent company	Rent and services	**2,712**	2,442	**2,712**	2,442
Dividend related					
Entity under common control *	Dividend income	**-**	-	**8,327**	7,856
Financing related					
Holding Company	Adjustment of subordinated loan against transfer of 51% shares of Abraj	**71,461**	-	**71,461**	-
Holding Company	Subordinated loans repaid	**461,313**	346,613	**461,313**	346,613
Board of Directors	Sitting fees	**30**	-	**30**	-

Transactions with key management:

Key management comprises of personnel (2023: 5) of the management executive committee in the year 2024. The Company considers the personnel of Management Executive Committee to be key management personnel for the purposes of IAS 24 'Related Party Disclosures'. The remuneration of key management of the group during the year was as follows:

	Consolidated		Parent	
	31-Dec-24 RO'000	31-Dec-23 RO'000	**31-Dec-24 RO'000**	31-Dec-23 RO'000
Short term benefits	**667**	698	**667**	698
Employees end of service benefits	**29**	33	**29**	33

34 Related Party disclosure *(continued)*

Year end balances arising from sale / purchase of goods and services:

	Consolidated			
	Receivables		Payables	
	31-Dec-24 RO'000	31-Dec-23 RO'000	**31-Dec-24 RO'000**	31-Dec-23 RO'000
Parent company and subsidiaries of Parent	**44,727**	12,149	**351**	2,368
Ministry of Energy and Minerals / Ministry of finance	**16,340**	30,267	**-**	-
Associates	**32,452**	-	**-**	-
	93,519	42,416	**351**	2,368

At year end, Group has a total receivable from related parties amounting to RO 93 million (2023: RO 42.4 million),out of which RO 61 million (2023: RO 42.4 million) has been disclosed in Note 17 to these financial statements and the remaining amounting to RO 32.5 million (2023: Nil) has been disclosed on the face of balance sheet.

At year end, Group has a total payable from related parties amounting to RO 0.351 million (2023: RO 2.3 million) which has been disclosed in Note 26 to these financial statements.

	Parent			
	Receivables		Payables	
	31-Dec-24 RO'000	31-Dec-23 RO'000	**31-Dec-24 RO'000**	31-Dec-23 RO'000
Parent company and subsidiaries of Parent	**150,831**	101,012	**50,089**	90,394
Ministry of Energy and Minerals / Ministry of finance	**16,340**	30,267	**-**	-
	167,171	131,279	**50,089**	90,394

At year end, Parent Company has a total receivable from related parties amounting to RO 167 million (2023: RO 131 million), out of which RO 53 million (2023: RO 42.2 million) has been disclosed in Note 17 to these financial statements and the remaining amounting to RO 114 million (2023: RO 89 million) has been disclosed on the face of balance sheet.

At year end, Parent Company has a total payable from related parties amounting to RO 50 million (2023: RO 90 million), out of which RO 50 million (2023: RO 7 million) has been disclosed in Note 26 to these financial statements. However, the balance amount of RO 83 million in the year 2023 has been disclosed on the face of the balance sheet.

34 Related Party disclosure *(continued)*

Year end balances arising from sale / purchase of goods and services:

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.

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.

35 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 has matured during the current year.

35 Derivatives *(continued)*

The following table summarises the profile tenor of the nominal amounts of derivatives designated as hedging instruments in cashflow hedge relationship.

	Consolidated			
	Less than 6 months RO’000	***6 to 12 months RO’000***	***More than 1 year RO’000***	***Total RO’000***
31 December 2024	**-**	**-**	**-**	**-**
31 December 2023	57,133	-	-	57,133
	Parent			
	Less than 6 months RO’000	***6 to 12 months RO’000***	***More than 1 year RO’000***	***Total RO’000***
31 December 2024	**-**	**-**	**-**	**-**
31 December 2023	57,133	-	-	57,133

Movement in cashflow hedge during the year is as follows:

	Consolidated		***Parent***	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Cumulative changes in hedging reserve				
As at 1 January	**1,554**	4,828	**1,554**	4,828
Loss arising on changes in fair value of hedging instruments during the year	**-**	(3,900)	**-**	(3,900)
Deferred tax recognised (note 10)	**-**	626	**-**	626
Reclassified to other comprehensive income	**(1,554)**	-	**(1,554)**	-
Closing balance - net	**-**	1,554	**-**	1,554

Derivative recognised in statement of financial position

Interest rate swaps used for cashflow hedging- gross amount	-	-	-	-
Asset	-	-	-	-
Current portion	-	1,554	-	1,554

The derivatives disclosed above are level 2 financial instruments. The level 2 description has been disclosed in note 35 to these financial statements.

36 Earnings per share

Earnings per share is calculated by dividing the net profit for the year attributable to the shareholders of the Parent Company by the number of shares that are issued at the time of listing as follows:

	Consolidated		Parent	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Earnings per share				
Profit attributable to shareholders	**326,563**	627,010	**170,110**	610,558
Number of shares for basic and diluted EPS (no. in "000")	**8,000,000**	8,000,000	**8,000,000**	8,000,000
Basic and diluted earnings per share-OMR	**0.04082**	0.07838	**0.02126**	0.07632
Earnings per share - continuing operations				
Profit attributable to shareholders	**315,893**	610,451	**170,110**	610,558
Number of shares for basic and diluted EPS (no. in "000")	**8,000,000**	8,000,000	**8,000,000**	8,000,000
Basic and diluted earnings per share-OMR	**0.03949**	0.07631	**0.02126**	0.07632

37 Discontinued operations

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 OQEP (the "Parent Company").

During the current year, the Parent Company has undergone an Initial Public Offering ("IPO"). As part of the IPO process, there was a corporate reorganisation whereby the Parent Company transferred its investment in Abraj to OQ SAOC (the Holding Company) on 4 July 2024. The transaction was recorded as a common control transaction. Abraj was not previously classified as held for sale or as a discontinued operation. The comparative statement of profit and loss and OCI has been re-presented to show the discontinued operation separately from continuing operations.

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

37 Discontinued operations *(continued)*

Subsequent to the disposal, the Group has continued to procure services from Abraj. Although, intra-group transactions have been fully eliminated in the consolidated financial results, management has elected to attribute the elimination of transactions between the continuing and the discontinued operation before the disposal in a way that reflect the continuance of these transactions subsequent to the disposal, because management believes this is useful to the users of the financial information.

To achieve this presentation, management has eliminated from the results of the discontinued operations the intercompany sales, costs less unrealized profits, made before its disposal.

During the year the Group has repaid RO 461 million (2023: RO 453.31 million) and the balance amount has been settled against the transfer of 51% shares of Abraj to the Holding Company under common control transaction (refer note 37.1).

	31-Dec-24 RO'000	*31-Dec-23 RO'000*
Results of discontinued operations		
Revenue	**77,921**	144,346
Elimination of intercompany revenue	**(11,206)**	(24,550)
External revenue	**66,715**	119,796
Expenses	**(65,265)**	(124,850)
Elimination of expenses related to intercompany sales	**11,206**	24,548
External expenses	**(54,059)**	(100,302)
Results from operating activities	**12,656**	19,494
Income tax	**(1,986)**	(2,935)
Results from operating activities, net of tax	**10,670**	16,559

37 Discontinued operations *(continued)*

37.1 Transfer of Abraj net asset under common control transaction

Following net asset has been transferred to OQ SAOC ("the Holding Company") under a common control transaction.

	Note	***31-Dec-24 RO'000***
Other property, plant and equipment	*14*	**203,442**
Right of use asset	*27*	**4,073**
Intangible asset	*15*	**190**
Current assets		**89,410**
Provision against the inventory	*16*	**(503)**
Deferred tax liabilities	*10*	**(3,823)**
Deferred income	*31*	**(1,869)**
Borrowings	*23*	**(85,291)**
Employees' end of service benefits	*24*	**(2,440)**
Lease Liability	*27*	**(5,779)**
Current liabilities		**(57,291)**
Non-controlling interest		**(68,658)**
Net assets of the Abraj transferred to the Holding Company		**71,461**
Consideration received- (adjustment against sub-ordinated loan-note 22.4)		**(71,461)**
Gain/loss on common control transaction		**-**

38 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:

OQ EXPLORATION AND PRODUCTION SAOG AND ITS SUBSIDIARIES

Notes to the consolidated and parent company financial statements
for the year ended 31 December 2024

38 Interests in joint operations *(continued)*

		As at 31 December 2024					***31 December 2024***	
		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 year RO'000***
Block 53	20%	**50,197**	**44,946**	**(104,967)**	**(87,397)**	**(54,770)**	**100,039**	**6,692**
Block 60	60%	**615,083**	**322,117**	**(81,776)**	**(51,959)**	**533,307**	**222,735**	**95,724**
Block 48	60%	**14,088**	**12,493**	**(769)**	**(769)**	**13,319**	**-**	**(229)**
Block 9	45%	**133,918**	**31,686**	**(128,116)**	**(128,116)**	**5,802**	**185,229**	**38,496**
Block 61	30%	**599,558**	**170,004**	**(266,068)**	**(135,221)**	**333,490**	**227,454**	**135,503**
Others (*)	*	**246,366**	**(66,570)**	**(164,884)**	**(38,716)**	**81,482**	**105,808**	**39,707**
		1,659,210	**514,676**	**(746,580)**	**(442,178)**	**912.630**	**841,265**	**315,893**
		As at 31 December 2023					*31 December 2023*	
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 (*)	*	315,208	85,692	(362,196)	(254,324)	(46,988)	117,370	231,961
		2,046,710	612,460	(675,652)	(528,416)	1,371,058	1,063,281	610,451

*Others 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.

39 Segment reporting

For the purpose of these financial statements, the operating segments are structured into business units based on the level of control and influence, resulting in three reportable segments as outlined below:

- Blocks operated by OQEP
- Blocks operated by other entities
- Corporate and others

39 Segment reporting *(continued)*

The Group's organisational structure reflects the various activities in which the Group is engaged.

	Consolidated					
	Blocks operated by OQ EP		***Blocks operated by other entities***		***Total***	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Revenue (note 5)						
- Export	**220,570**	426,220	**409,624**	422,993	**630,194**	849,213
- Local	**12,086**	34,139	**198,985**	179,929	**211,071**	214,068
	232,656	460,359	**608,609**	602,922	**841,265**	1,063,281
EBITDA	**211,422**	667,193	**396,617**	334,345	**608,039**	1,001,538
Depreciation and amortization (note 9)	**96,393**	188,140	**181,520**	175,143	**277,913**	363,283
Finance cost (note 8)	**10,803**	16,448	**3,611**	3,501	**14,414**	19,949
Finance income (note7.2)	**10,851**	8,706	**-**	-	**10,851**	8,706
Net profit / (loss) before tax	**115,077**	471,311	**211,486**	155,701	**326,563**	627,012
Capital expenditure (note 12,13)	**95,839**	163,429	**149,553**	101,582	**245,392**	265,011
Operating expenditure (note 6)	**56,843**	58,505	**178,150**	192,385	**234,993**	250,890

	Parent					
	Blocks operated by OQ EP		***Blocks operated by other entities***		***Total***	
	31-Dec-24 RO'000	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*	***31-Dec-24 RO'000***	*31-Dec-23 RO'000*
Revenue (note 5)						
- Export	**220,570**	426,693	**312,238**	322,326	**532,808**	749,019
- Local	**13,522**	15,503	**37,858**	33,078	**51,380**	48,581
	234,092	442,196	**350,096**	355,404	**584,188**	797,600
EBITDA	**210,609**	727,503	**160,336**	181,342	**370,945**	908,845
Depreciation and amortization (note 9)	**96,393**	188,140	**102,772**	99,063	**199,165**	287,203
Finance cost (note 8)	**10,028**	16,432	**2,531**	3,347	**12,559**	19,779
Finance income (note7.2)	**10,889**	8,695	**-**	-	**10,889**	8,695
Net profit / (loss) before tax	**115,077**	531,626	**55,033**	78,932	**170,110**	610,558
Capital expenditure (note 12,13)	**95,839**	163,429	**99,305**	34,050	**195,144**	197,479
					-	
Operating expenditure (note 6)	**56,841**	75,847	**149,308**	136,850	**206,149**	212,697

39 Segment reporting *(continued)*

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 Chief Operating Decision Maker.

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 630 million (75%) (2023: RO 849 million (80%) of the Group's total revenue. No other single customer contributed 10% or more of the Group's revenue in the year 2024 and 2023.

40 Reconciliation of liabilities arising from financing activities

	Consolidated			Parent		
	Subordinated loan RO'000	***Term loan RO'000***	***Lease liabilities RO'000***	***Subordinated loan RO'000***	***Term loan RO'000***	***Lease liabilities RO'000***
At 1 January 2024	**532,774**	**174,061**	**29,405**	**532,774**	**88,770**	**23,626**
Changes from financing cash flows						
Repayment	**(461,313)**	**(88,770)**	**(9,719)**	**(461,313)**	**(88,770)**	**(9,719)**
Proceeds from loan	**-**	**382,806**	**-**	**-**	**382,806**	**-**
Additions during the year (note 27)	**-**	**-**	**2,155**	**-**	**-**	**2,155**
Interest paid	**-**	**(8,551)**	**(1,167)**	**-**	**(8,551)**	**(1,167)**
Abraj common control adjustment (note 37.1)	**(71,461)**	**(85,291)**	**(5,779)**	**(71,461)**	**-**	**-**
Total changes from financing cash flows	**-**	**374,255**	**14,895**	**-**	**374,255**	**14,895**
Other changes: liability related						
Interest expense	**-**	**8,551**	**1,167**	**-**	**8,551**	**1,167**
Foreign currency adjustment	**-**	**-**	**(37)**	**-**	**-**	**(37)**
Total liability related changes	**-**	**8,551**	**1,130**	**-**	**8,551**	**1,130**
Balance as at 31 December 2024	**-**	**382,806**	**16,025**	**-**	**382,806**	**16,025**

	Consolidated			Parent		
	Subordinated loan RO'000	*Term loan RO'000*	*Lease liabilities RO'000*	*Subordinated loan RO'000*	*Term loan RO'000*	*Lease liabilities RO'000*
At 1 January 2023	986,089	303,776	6,206	986,089	207,262	-
Changes from financing cash flows						
Repayment	(453,315)	(213,550)	(20,800)	(453,315)	(118,492)	(18,141)
Termination and modification related adjustment	-	-	-	-	-	-
Proceeds from loan	-	83,835	-	-	-	-
Divestment of block 60 (note 18)	-	-	(15,778)	-	-	(15,778)
Additions during the year (note 27)	-	-	59,777	-		57,545
Interest paid	-	(12,495)	(4,118)	-	(12,514)	(3,794)
Total changes from financing cash flows	532,774	161,566	(25,287)	532,774	(130,408)	19,832
Other changes: Liability related	-	-	-	-		
Interest expense	-	12,495	4,118	-	12,514	3,794
Total liability related changes	-	12,495	4,118	-	12,514	3,794
Balance as at 31 December 2023	532,774	174,061	29,405	532,774	88,770	23,626

41. Non-Controlling Interest

The Parent Company transferred its investment in Abraj to OQ SAOC (the Holding Company) on 4 July 2024, (note 37).The following table summarizes the information relating to Group Subsidiary that has significant material NCI, before any inter-group eliminations.

Abraj Energy Services SAOG

	30-Jun-24 RO'000	*31-Dec-23 RO'000*
NCI percentage	**49%**	49%
Summarized statement of financial position		
Current		
Assets	**-**	74,267
Liabilities	**(81,887)**	(47,349)
Total current net assets transferred under common control transaction (note 37.1)	**(8,789)**	26,918

Non – Current	***30-Jun-24 RO'000***	*31-Dec-23 RO'000*
Assets	**224,180**	202,204
Liabilities	**(75,271)**	(83,344)
Total non-current net assets transferred under common control transaction (note 37.1)	**148,909**	118,860
Net assets	**140,120**	145,778
NCI as at 30 June/ 31 December	**68,658**	71,431
NCI transferred under common control transaction (note 37.1)	**(68,658)**	-

41. Non-Controlling Interest *(continued)*

Summarized statement of profit and loss for the period.

	30-Jun-24 RO'000	*31-Dec-23 RO'000*
Revenue	**77,921**	144,346
Profit before income tax	**12,656**	19,496
Income tax expense	**1,986**	(2,935)
Net profit	**10,670**	16,561
Total comprehensive income	**10,670**	16,561
Non-controlling interest share of profit for the period*	**5,228**	6,838

*The Profit for the first three months of the year 2023 amounting to RO: 2.6 million pertains to parent and the profit for 9 months started from 1st April 2023 till 31st December 2023 amounting to RO: 14 million has been distributed between the Parent and NCI in the ratio 51:49. At the year ended December 2023, out of RO 16.6 million profit, RO: 9.7 million pertains to Parent and RO: 6.9 million pertains to NCI.

Summarized statement of cash flows for the period

	30-Jun-24 RO'000	*31-Dec-23 RO'000*
Cashflow from;		
Operating activities	**35,571**	32,570
Investing activities	**(33,074)**	(82)
Financing activities	**(6,332)**	(28,537)
Net change in cash and cash equivalent	**(3,835)**	3,951
Opening cash and cash equivalent	**8,071**	4,120
At 30 June / 31 December	**4,236**	8,071

42 Climate-related risks

The Group and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic, and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods, and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts, and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political, and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands, and supply chains. The Group is currently under progress in embedding climate risk in its Risk framework, including the development of appropriate risk appetite metrics and maintaining policies, processes and controls to incorporate climate risks in the management of principal risk categories. Despite the progress, the Group acknowledges the need for further efforts to fully integrate climate in the Group's risk assessments and management protocols.

43 Change in classification

During the current year, 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 18 to these financial statements. Further, the Group has given effect to discontinued operation as explained in note 37.1. These reclassifications have no impact on the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year ended 31 December 2023.

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